

ROYAL OPERA HOUSE ENTERPRISES LIMITED

Annual report and
Financial Statements
Registered number 4112266
For the 53 week period ended
30 August 2020



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Directors' report for the 53 week period ended 30 August 2020

The directors present their report together with the audited financial statements for the 53 week period ended 30 August 2020. The comparative period is the 52 week period ended 25 August 2019.

Principal activity

The principal activities of the Company are the provision of catering to customers and staff of the Royal Opera House, the sponsorship of Royal Opera House productions, multimedia production and distribution, hire of allocated spaces within the Royal Opera House, the sale of merchandise through the Royal Opera House shop, the sale of advertising through the Royal Opera House programmes and the licensing of the Royal Opera House brands.

Registered company address

Royal Opera House
Covent Garden
London WC2E 9DD

Incorporated in England.

Dividends

No dividends were paid in the period (*52 week period ended 25 August 2019: nil*). The directors do not recommend the payment of a dividend in respect of the period ended 30 August 2020 (*52 week period ended 25 August 2019: nil*).

Donations

The company made donations of £1.934m in the period (*52 week period ended 25 August 2019: £6.775m*), under Gift Aid, to Royal Opera House Covent Garden Foundation, all of which was donated in respect of profits for the 53 week period ending 30 August 2020.

Directors

The directors who held office during the period were as follows:

Lady Heywood (Chairman)
Ian Taylor (retired 10 December 2019)
Julian Methereil (appointed 15 January 2020)

Alex Beard CBE
Mindy Kilby

Company Secretary

Leah Hurst (appointed 23rd October 2019)
Ivan Daffern (retired 23rd October 2019)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



Lady Heywood
Director
25 May 2021

Covent Garden
London
WC2E 9DD

Strategic Report for the 53 week period ended 30 August 2020

Business review

The results for the period and financial position of the company are as shown in the audited financial statements. These record an operating profit of £1.9m for the 53 week period ended 30 August 2020 (*52 week period ended 25 August 2019: £4.5m*).

Excluding the discontinued operations and when compared to the prior year turnover, gross profit and operating profit all decreased as a result of the impact of Covid-19 (£7.7m, £2.5m and £2.6m, respectively). Up until 16 March 2020, the business was trading as normal, and was forced to close as of this date and all trading ceased.

The Board of Directors monitored the financial results on a regular basis, considering performance against budget, forecast and other key trading indicators.

Going Concern

The Directors must satisfy themselves as to the Royal Opera House Enterprises Limited's ability to continue as a going concern for a minimum of 12 months from the signing of the financial statements. The Directors reviewed possible options in its assessment of going concern by considering whether, in the face of several challenging yet plausible scenarios identified as a result of Covid-19, the business had adequate resources to meet its obligations as they fall due in and beyond the next 12 months.

From the beginning of the pandemic, the parent company conducted financial modelling, which included Royal Opera House Enterprises Limited and the Directors reviewed and challenged the appropriateness of the scenarios modelled. The scenarios include potential financial impact of the Royal Opera House Enterprises Limited's specific risks associated with Covid-19, namely the closing of the Royal Opera House in Covent Garden and closure of a significant number of cinemas in the UK and worldwide.

Several scenarios have been considered and the most plausible one at the time of signing the Financial Statements had the Opera House re-open to socially-distanced audiences from 17 May 2021, then present a full season's programme to non-socially distanced audiences from September 2021, alongside a reduced cinema schedule of productions commencing in December 2021. Underlying assumptions were updated as the pandemic progressed and more information was released by the government to the public. Although the full impact of the pandemic is difficult to assess with certainty, the current information available leads management to believe that the scenarios are reasonable.

Our forecast model which covers the period to June 2022 assumes that catering, cinema and retail activities for the Royal Opera House are unlikely to be available until at least May 2021, which means that from September 2020 until May 2021 there was no income from catering or venue hire, income from retail is restricted to online sales, and there were significant reductions to sponsorship income. From May 2021 we are assuming a more regular, albeit restricted, schedule of performances and continued uncertainty will mean levels of income for those product lines are significantly less than pre-pandemic levels for the remainder of the 20/21 financial year and into the 21/22 financial year. For cinema activity we are assuming a reduced programme of back catalogue titles being delivered from October 2020 through the 20/21 financial year. From December 2021 we are forecasting that we will deliver a reduced number of live cinema programmes. If further restrictions applied into the next season, a further review of all costs to reduce and conserve cash would be undertaken. Overall, the most plausible scenario is prudent in terms of the net income generated from the business activities and has the potential to outperform.

In reviewing the forecast model, where there is a reduction of activity and therefore income, ROH Enterprises Limited is able to flex associated expenditure to match thus the Trustees are confident that these risks have adequate mitigation to ensure the entity remains a going concern.

After consideration of the scenarios and the forecast model the Directors consider that Royal Opera House Enterprises Limited has adequate resources to continue its operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason the financial statements have been prepared on a going concern basis.

Future plans

Plans in the short-to-medium term will focus on recovery from the pandemic, through attracting customers back to enjoy the public spaces of the Opera House and delivering a cinema programme that attracts people back to cinemas in the UK and worldwide. In the longer term, our targets will focus on our core strategic priorities: to increase our reach and revenue from cinema, both within the UK and internationally; and maximise earnings from our catering and retail outlets within the Royal Opera House. We are reviewing our performance-related catering offer in light of the pandemic and adjusting to expected changes from our audiences as they return to our building. We are improving our on-line sales platform, which continued to deliver products to customers during the pandemic. We are capitalising on the marketing expertise within the parent company and are working closely with them on improved marketing for UK cinema. We also continually look at ways to maximise value for money from our supplier base.

Risks and uncertainties

The parent company, Royal Opera House Covent Garden Foundation, has a risk management strategy in place and its trustees receive regular reports. The risk management strategy for Royal Opera House Covent Garden Foundation includes addressing the risks for Royal Opera House Enterprises Limited as it is a wholly owned subsidiary. There are systems in place to mitigate identified risks.

The Covid-19 pandemic is the most significant risk impacting Royal Opera House Enterprises Limited in its recent history. The rapid spread of Covid-19 has caused governments to implement policies to restrict travel, close businesses and enact social distancing rules to prevent the spread of the virus. These measures have resulted in a slow down to the economy and significantly altered the working lives of employees, customers and key service providers resulting in disruption to our business and cashflow.

In response to the unprecedented challenge that the pandemic caused, the parent company has responded quickly to ensure the continued operation of the business. Action has been taken to reduce cashflow requirements and maintain sufficient liquidity. To ensure the long-term sustainability of the business a significant restructure was implemented in the last quarter of 2020 and a loan through the Culture Recovery Fund was secured. The parent company continues to monitor and take necessary actions to ensure we come through this period with sufficient reserve levels to operate.

A significant proportion of Royal Opera House Enterprises Limited's activity is reliant on the Royal House Covent Garden being open to the public. Catering, retail and venue hire revenues continue to be at risk where significant government restrictions are in place that affect our ability to welcome customers into the building. Although we have been able to generate revenue through increased online retail sales, the level of income has not matched revenue from the shop in the Opera House. The reduced performance programme in the Opera House impacts the revenue we are able to generate through corporate sponsorships and advertising and will continue to be at risk until we are able to start to deliver a more intensive level of performance activity to full audiences. Government restrictions concerning opening of entertainment venues, ability of venues to operate in a Covid-safe way and ability of venues to remain cost effective in the face of reduced demand continue to put the cinema programme at risk around the world.

There remains ongoing uncertainty regarding the prolonged impact of the pandemic and when Royal Opera House Enterprises Limited will be able to fully re-open its activities to customers. The ability of Royal Opera House Enterprises Limited to grow its operations again will be dependent on the UK having relatively few restrictions in place. With the progress of the vaccine rollout and the current government roadmap for indoor events with reduced capacity from May 2021 onwards, the speed at which not only the country, but also the rest of the world, recovers will prove an important factor in Royal Opera House Enterprises Limited's ability to return to normal operations.

Looking ahead focus will therefore be on recovery and to build back customer demand and utilise public spaces fully that were so key to success up to the start of the pandemic. We will continue to develop a portfolio of products that drive up revenue while applying downward pressure on costs associated with all business lines.

Key performance indicators

In monitoring the performance of the company, the Board of Directors have chosen a number of key performance indicators to monitor the progress and ensure the business is on track to deliver its strategy. These include: turnover; operating profit; and overall results against budget. Until March 2020, these KPIs were monitored regularly during the period, with variances against targets reported on regularly, and until that time, the results for the year were in line with expectations.

On behalf of the board



Lady Heywood
Director
25 May 2021

Covent Garden
London
WC2E 9DD

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Lady Heywood
Director
25 May 2021

Covent Garden
London
WC2E 9DD

Independent auditor's report to the members of Royal Opera House Enterprises Limited

Opinion

We have audited the financial statements of Royal Opera House Enterprises Limited (the 'company') for the 53 week period ended 30 August 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Redfern

Michael Redfern
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
25th May 2021

Statement of Comprehensive Income

for the 53 week period ended 30 August 2020

		53 week period ended			52 week period ended		
		30-Aug 2020			25-Aug 2019		
		Continuing operations £'000	Discontinued operations £'000	Total	Continuing operations £'000	Discontinued operations £'000	Total
Turnover		12,503	-	12,503	19,782	448	20,230
Cost of sales		(9,113)	-	(9,113)	(13,937)	(370)	(14,307)
Gross profit		3,390	-	3,390	5,845	78	5,923
Administration expenses		(1,434)	-	(1,434)	(1,305)	(69)	(1,374)
Operating profit before interest		1,956	-	1,956	4,540	9	4,549
Interest payable and similar charges	5	(22)	-	(22)	(31)	-	(31)
Operating profit		1,934	-	1,934	4,509	9	4,518
Profit on disposal of operations	6	-	-	-	-	2,257	2,257
Profit before taxation	2	1,934	-	1,934	4,509	2,266	6,775
Taxation	7						
Taxation charge for current year's profits		(367)	-	(367)	(1,317)	-	(1,317)
Taxation relief for current year's profits		367	-	367	1,317	-	1,317
Profit for the financial period		1,934	-	1,934	4,509	2,266	6,775

There is no difference between the profit on an historical cost basis and that shown in the Statement of Comprehensive Income.

The revenue and profit for the period are derived from continuing operations. The company had no other comprehensive income other than profit for the year.

The notes on pages 13-19 form part of these financial statements.

Balance sheet

As at 30 August 2020

	Note	30-Aug 2020 £'000	25-Aug 2019 £'000
Fixed assets			
Tangible fixed assets	8	-	-
Total fixed assets		-	-
Current assets			
Stocks	9	422	303
Debtors: amounts falling due after more than one year	10	1,330	1,806
Debtors: amounts falling due within one year	10	1,011	2,180
Cash at bank and in hand		192	539
		2,955	4,828
Creditors: amounts falling due within one year	11	(2,179)	(3,852)
Net current assets		776	976
Total assets less current liabilities		776	976
Creditors: amounts falling due after more than one year	12	(600)	(800)
Net assets		176	176
Shareholder's funds			
Share capital	13	126	126
Retained earnings		50	50
Total shareholder's funds		176	176

The notes on pages 13-19 form part of these financial statements.

These financial statements were approved by the board of directors 25 May 2021 and were signed on its behalf by:



Lady Heywood
 Director

25 May 2021

Statement of Changes in Equity

for the 53 week period ended 30 August 2020

	Share capital £'000s	Retained earnings £'000s	Total £'000s
Closing balance at 26 August 2018	126	50	176
Net profit after taxation	-	6,775	6,775
Donations under the gift aid scheme	-	(6,775)	(6,775)
Closing balance at 25 August 2019	126	50	176
Net profit after taxation	-	1,934	1,934
Donations under the gift aid scheme	-	(1,934)	(1,934)
Closing balance at 30 August 2020	126	50	176

The notes on pages 13-19 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the FRS102 accounting standard. There are no material departures from that standard in these financial statements and the triennial review for gift aid has been adopted.

The company meets the definition of a qualifying entity under FRS102 as the results of the company are consolidated into the ROHCGF's financial statements which are publicly available. A qualifying entity is a member of a group where the parent of that group prepares publicly available consolidated financial statements and that member is included in the consolidation. In accordance with FRS102 S1.12, the company has taken advantage of the exemptions in respect of the preparation of a cash flow statement, disclosure of the remuneration of key management personnel and the disclosure of financial instruments.

As the company is a wholly owned subsidiary of Royal Opera House Covent Garden Foundation, the company has taken advantage of the exemption contained in FRS 102 S33.1A and has therefore not disclosed transactions or balances with entities that form part of the group. The consolidated financial statements of Royal Opera House Covent Garden Foundation, within which this company is included, can be obtained from the address given in note 14.

Going concern

The Directors must satisfy themselves as to the Royal Opera House Enterprises Limited's ability to continue as a going concern for a minimum of 12 months from the signing of the financial statements. The Directors reviewed possible options in its assessment of going concern by considering whether, in the face of several challenging yet plausible scenarios identified as a result of Covid-19, the business had adequate resources to meet its obligations as they fall due in and beyond the next 12 months.

From the beginning of the pandemic, the parent company conducted financial modelling, which included Royal Opera House Enterprises Limited and the Directors reviewed and challenged the appropriateness of the scenarios modelled. The scenarios include potential financial impact of the Royal Opera House Enterprises Limited's specific risks associated with Covid-19, namely the closing of the Royal Opera House in Covent Garden and closure of a significant number of cinemas in the UK and worldwide.

Several scenarios have been considered and the most plausible one at the time of signing the Financial Statements has the Opera House re-open to socially-distanced audiences from 17 May 2021, then present a full season's programme to non-socially distanced audiences from September 2021, alongside a reduced cinema schedule of productions commencing in December 2021. Underlying assumptions were updated as the pandemic progressed and more information was released by the government to the public. Although the full impact of the pandemic is difficult to assess with certainty, the current information available leads management to believe that the scenarios are reasonable.

Our forecast model which covers the period to June 2022 assumes that catering, cinema and retail activities for the Royal Opera House are unlikely to be available until at least May 2021, which means that from September 2020 until May 2021 we are forecasting no income from catering or venue hire, income from retail is restricted to online sales, and there are significant reductions to sponsorship income. From May 2021 we are assuming a more regular, albeit restricted, schedule of performances and continued uncertainty will mean levels of income for those product lines are significantly less than pre-pandemic levels for the remainder of the 20/21 financial year and into the 21/22 financial year. For cinema activity we are assuming a reduced programme of back catalogue titles being delivered from October 2020 through the 20/21 financial year. From December 2021 we are forecasting that we will deliver a reduced number of live cinema programmes.

In reviewing the forecast model, where there is a reduction of activity and therefore income, ROH Enterprises Limited is able to flex associated expenditure to match thus the Trustees are confident that these risks have adequate mitigation to ensure the entity remains a going concern.

After consideration of the scenarios and the forecast model the Directors consider that Royal Opera House Enterprises Limited has adequate resources to continue its operational existence for the foreseeable future.

being a minimum of twelve months from when these financial statements are approved. For this reason the financial statements have been prepared on a going concern basis.

Judgements and Estimates

Management have used estimations in the following areas:

In deeming the intra-group balances, (except for the intra-group loan payable to the parent company, Royal Opera House Covent Garden Foundation (Limited by guarantee)), repayable on demand, these balances thus do not require discounting, nor disclosure in debtors or creditors falling due after one year.

The intra-group loan payable to the parent company, Royal Opera House Covent Garden Foundation (Limited by guarantee), is payable in equal annual instalments which was scheduled to commence in the 52 week period year ended 31 August 2014.

Management have exercised their judgement in the following area:

Functional Currency

The company operates primarily economically in the UK and the functional currency as well as the reporting currency is the pound sterling.

Revenue Recognition

Turnover

Turnover represents the amounts derived from catering activities, multimedia production and distribution, sponsorship, venue hire, retail sales, concerts, advertising, licensing and other income. Revenue from venue hire, production sponsorship and concerts is recognised on the day of the event. Other commercial turnover is recognised when services are provided or for the sale of goods, when the significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will be realised and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from the sale of goods is measured at fair value after making provision in respect of future returns of goods and services supplied by the company prior to the balance sheet date. Income is deferred only to the extent that contractual obligations have not been met at period end.

The turnover and profit before tax is attributable to the principal activity of the company and arose in the United Kingdom.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Statement of Comprehensive Income.

Payment to parent charity under Gift Aid

Royal Opera House Enterprises Limited has adopted a policy of paying all its taxable profits to its parent charity, Royal Opera House Covent Garden Foundation, under Gift Aid. These gift aid payments are recognised in Royal Opera House Enterprises Limited as distributions through equity in the financial period in which the profits arise, under the terms of the Deed of Covenant between Royal Opera House Enterprises Limited and Royal Opera House Covent Garden Foundation.

Taxation

Any charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS102.

1 Accounting policies (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounting basis.

Any taxation relief on donations under the gift aid scheme is shown in the Statement of Comprehensive Income where it is probable that the gift aid payment will be made within nine months of the period end date.

Assets

Assets are resources which are controlled by the company as a result of a past event, from which future economic benefits are expected to flow to the company. Assets are recognised only when it is probable that future economic benefits will flow to the company when the item has a cost or value that can be measured reliably.

Debtors

Debtors fall into the definition of assets and encompass trade debtors, accrued income, prepayments and intra-group balances. Debtors are measured at the cost of the transaction as receipt is not deferred beyond normal terms. Measurement is net of provision for doubtful debts.

Liabilities

Liabilities arise when there is a present obligation (legal or constructive) as a result of a past event, from which future economic benefits are expected to flow to the supplier or counterparty. Liabilities are recognised only when it is probable that future economic benefits will flow to the supplier or counterparty and when the item has a cost or value that can be measured reliably.

Creditors

Creditors fall into the definition of liabilities and encompass trade creditors, accruals for costs not yet billed or processed, deferred income and intra-group balances. Creditors are measured at the cost of the transaction where payment is not deferred beyond normal terms. Where payment is deferred beyond normal terms, the creditor is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at annual rates on a straight-line basis to write off the cost of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Fixtures & fittings	- 15 – 33%
Computer Equipment	- 33%

Stocks

Stock is stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Pension

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the Statement of Comprehensive Income.

2 Profit before taxation

The profit before taxation is stated after charging:

	53 week period ended 30-Aug 2020		52 week period ended 25-Aug 2019	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
Amortisation of investment in programming	-	-	-	60

None of the directors received any remuneration for their services as directors during the period (2019: nil). The auditors' remuneration for the 53 week period ended 30 August 2020 was £12,000 in respect of audit services provided to the company and has been borne by the parent company (for the 52 week period ended 25 August 2019: £12,000 borne by the parent company).

3 Gift Aid

The gift aid payment is made to the Royal Opera House Covent Garden Foundation. The gross amount payable for the period ended 30 August 2020 is £1.934m, (2019: £6.775m), all of which was donated in respect of profits for the 53 week period ending 30 August 2020.

Royal Opera House Enterprises Limited has adopted a policy of paying all its taxable profits to its parent charity, Royal Opera House Covent Garden Foundation, under Gift Aid. These gift aid payments are recognised in Royal Opera House Enterprises Limited as distributions through equity in the financial period in which the profits arise, under the terms of the Deed of Covenant between Royal Opera House Enterprises Limited and Royal Opera House Covent Garden Foundation.

4 Staff Costs

	53 week period ended 30-Aug 2020		52 week period ended 25-Aug 2019	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
Wages and salaries	-	-	-	17
Social security costs	-	-	-	3
Other pension costs	-	-	-	1
	-	-	-	21

Staff are employed by Royal Opera House Covent Garden Foundation undertaking activities on behalf of Royal Opera House Enterprises Limited and are re-charged at full cost which forms part of administration expenses. For the period ended 30 August 2020, there were no contributions to a defined contribution plan is recognised in the Statement of Comprehensive Income (2019: £29,900).

5 Interest payable and similar charges

	53 week period ended 30-Aug 2020		52 week period ended 25-Aug 2019	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
Interest payable to Royal Opera House Covent Garden Foundation	22	-	31	-
	22	-	31	-

Interest payable to Royal Opera House Covent Garden Foundation represents interest on the loan (see Note 13), which is charged at a rate of 2% above the Bank of England base rate.

6 Discontinued operations

The company entered into an agreement to sell the Opus Arte business (the label) on 3 September 2018. The effective date of the transaction was 31 October 2018. Associated results of operations are separately reported as discontinued operations for the prior period.

7 Taxation

UK corporation tax of £367k arose in the period (52 week period ended 25 August 2019: £1,317k), all of which was relieved under the expectation that the taxable profits will be distributed to the Royal Opera House Covent Garden Foundation within nine months of the period end date. No deferred tax has arisen in the period (52 week period ended 25 August 2019: nil).

There is no unrecognised deferred tax asset (25 August 2019: nil).

8 Tangible fixed assets

	Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost at beginning and end of the period	32	128	160
Accumulated depreciation at beginning and end of the period	32	128	160
Net book value at 30 August 2020 and 25 August 2019	-	-	-

9 Stocks

	30-Aug 2020 £'000	25-Aug 2019 £'000
Stocks - finished goods for resale	422	303
	<hr/>	<hr/>

During the 53 week period ended 30 August 2020 £492,082 (*52 week period ended 25 August 2019: £636,180*) of stock was expensed through the income statement.

10 Debtors: amounts falling due after more than one year

	30-Aug 2020 £'000	25-Aug 2019 £'000
Prepayments	1,224	1,450
Other debtors	106	356
	<hr/>	<hr/>
	1,330	1,806
	<hr/>	<hr/>

Debtors: amounts falling due within one year

	30-Aug 2020 £'000	25-Aug 2019 £'000
Trade debtors	728	1,883
Prepayments and accrued income	283	297
	<hr/>	<hr/>
	1,011	2,180
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	30-Aug 2020 £'000	25-Aug 2019 £'000
Trade creditors	27	70
Accruals and deferred income	147	564
Amount due to Royal Opera House Covent Garden Foundation	2,005	3,218
	<hr/>	<hr/>
	2,179	3,852
	<hr/>	<hr/>

12 Creditors: amounts falling due after more than one year

	30-Aug 2020 £'000	25-Aug 2019 £'000
Amount due to Royal Opera House Covent Garden Foundation	600	800
	<u>600</u>	<u>800</u>

Interest is charged on the unsecured loan from Royal Opera House Covent Garden Foundation at a rate of 2% above the Bank of England base rate.

13 Called up share capital

	30-Aug 2020 £'000	25-Aug 2019 £'000
<i>Allotted, issued and fully paid:</i>		
125,987 Ordinary shares of £1 each – fully paid up	126	126
	<u>126</u>	<u>126</u>

14 Ultimate parent undertaking

The company is a subsidiary undertaking of Royal Opera House Covent Garden Foundation, which is the ultimate parent company incorporated in the United Kingdom.

The largest group in which the results of the company are consolidated is that headed by Royal Opera House Covent Garden Foundation, incorporated in the United Kingdom. The smallest group in which they are consolidated is that headed by Royal Opera House Covent Garden Foundation incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from The Royal Opera House, Covent Garden, London WC2E 9DD.