



ROYAL
OPERA
HOUSE

THE ANNUAL
REPORT
2014/15

WEDNESDAY



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COMPANIES HOUSE

Antonio Pappano honoured with the **100th Royal Philharmonic Society Gold Medal**; *Die Frau ohne Schatten* won best Opera at **The South Bank Sky Arts Awards**; **Critics' Circle Dance Awards** for Natalia Osipova, Francesca Hayward and Carlos Acosta with Christopher Wheeldon winning best Classical Choreography

519 performances at the Royal Opera House, 7 brand new operas, 3 main stage new ballets and a vibrant programme of new choreography in the Linbury Studio Theatre

29% of tickets at £30 or less
39% of tickets at £40 or less
44% of tickets at £50 or less

75% of income generated from ticket sales, fundraising and commercial activity; **£3+** generated through ticket sales, fundraising and commercial activity for every pound of grant received

740,000+ attendances at our Covent Garden theatre: **96% occupancy**

730,000 attendances of ROH Cinema screenings worldwide;
200,000+ Facebook likes; **130,000+** Twitter followers; **51,000+** Instagram followers; **47,900** attended BP Big Screen free outdoor ballet and opera screenings

64,000 attended ROH productions at other theatres

37% of our theatre audience and **86%** of our cinema audience lives beyond Greater London

38.5 million minutes of footage are viewed over the Season on our YouTube channel

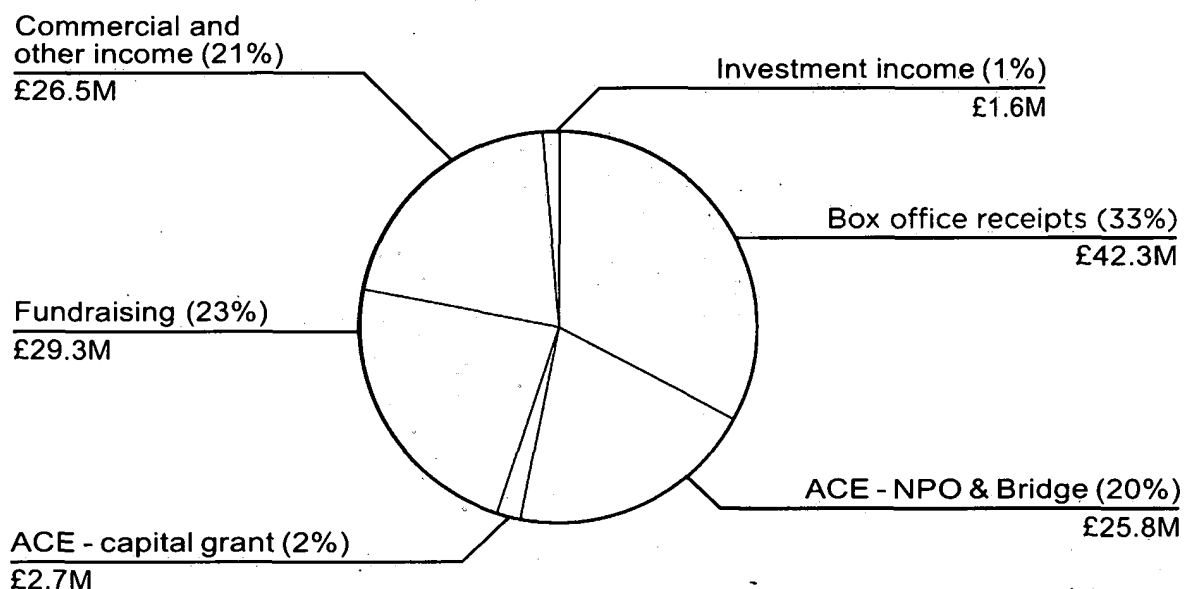
2 productions on BBC television, **1,5** on BBC Radio 3, **16** on Sky Arts 2

33,000 took part in creative learning and participation projects or attended a subsidised performance for families, schools or students

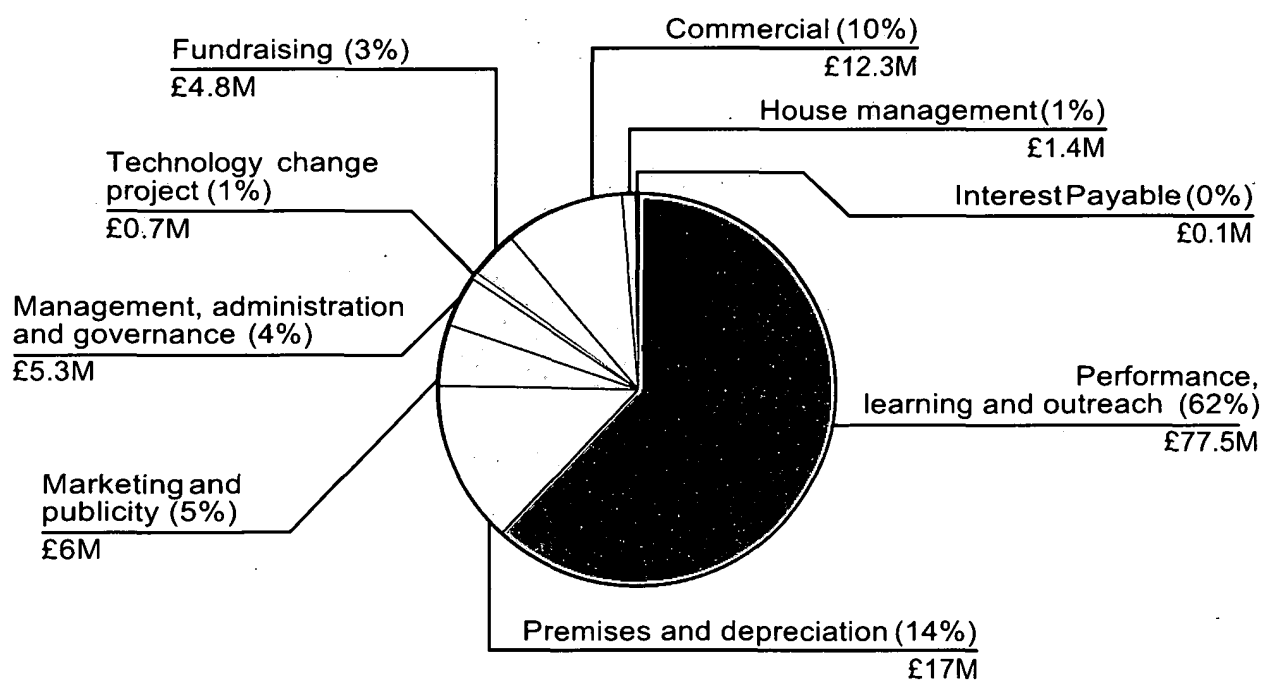
LAST YEAR IN SUMMARY

2015

INCOME



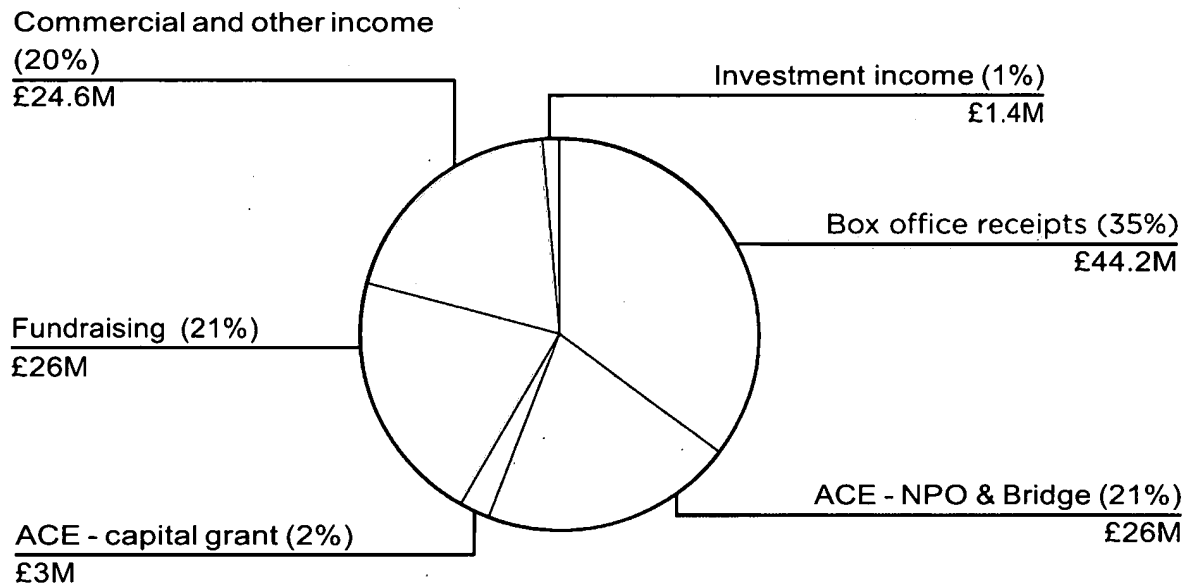
EXPENDITURE



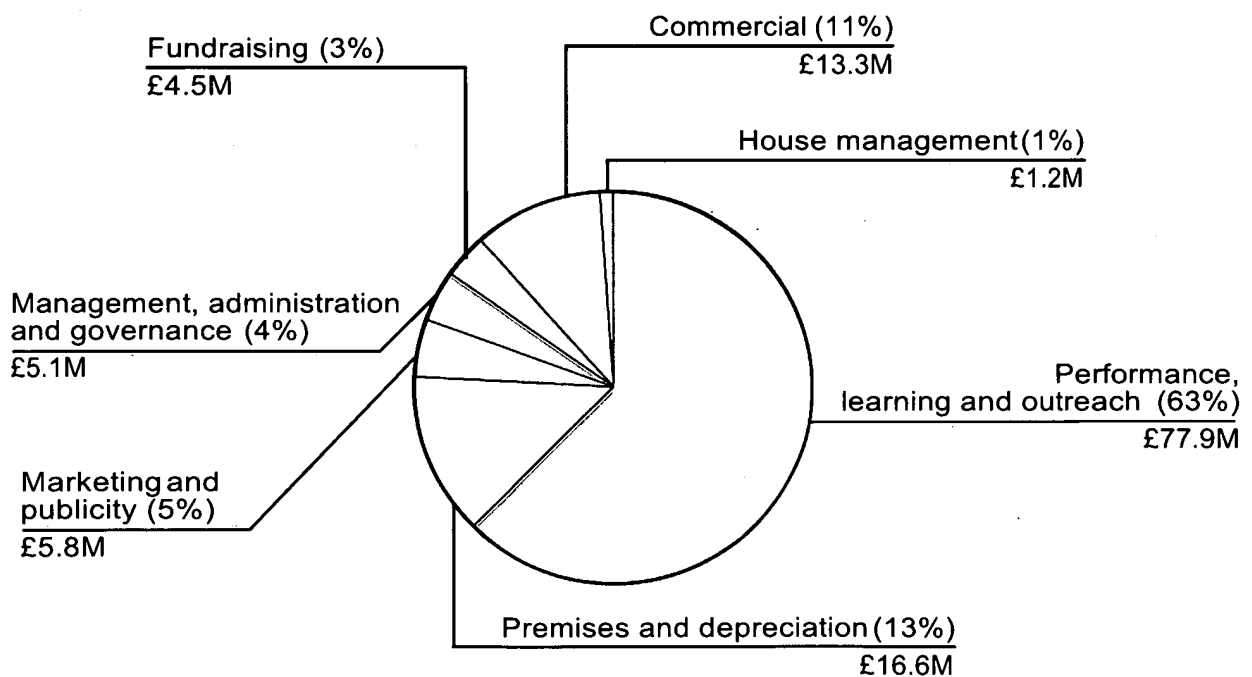
The income and expenditure set out above includes unrestricted general funds, designated funds and restricted funds. This excludes income and expenditure from both the pension scheme and endowment funds, and also excludes donations received for the Open Up Project. For full details, please refer to the financial statements.

2014

INCOME



EXPENDITURE



The income and expenditure set out above includes unrestricted general funds, designated funds and restricted funds. This excludes income and expenditure from both the pension scheme and endowment funds, and also excludes donations received for the Open Up Project. For full details, please refer to the financial statements.

TIMESCALE FOR THIS REPORT

The Trustees are pleased to present their report together with the audited financial statements of the Royal Opera House Covent Garden Foundation for the 52 week period ended 30 August 2015.

The comparative period is the 53 week period ended 31 August 2014. The charitable company changed its name from Royal Opera House Covent Garden Limited to Royal Opera House Covent Garden Foundation on 1 September 2014.

This document will be filed with the Charity Commission and the Registrar of Companies.

SIMON ROBEY *Chair*

Welcome to the Royal Opera House Covent Garden Foundation (Limited by Guarantee) 2014/15 Annual Report.

I am pleased to report a successful artistic and financial twelve months. We achieved a break even financial out-turn for the 16th successive year, while bringing an increasingly wide range of work to the stages of both the historic auditorium and the Linbury Studio Theatre with a growing emphasis on new productions and new commissions. We managed further to extend our reach beyond the stage through our learning and participation activities and a range of digital and broadcast programmes that mirrors the breadth of our artistic offer.

We strive to demonstrate a commitment to artistic excellence combined with a passion for increasing reach and access, whether to audiences here in Covent Garden, to communities in our second home at Thurrock in the Thames Gateway, to audiences across the country through live cinema relays, BP Big Screens and digital content, and representing the best of UK creativity to audiences across the world on screen and on tour. We invest huge effort and commitment around the board table to support the Executive in this task and I would like to thank all my Board and Executive colleagues for their energy and dedication to this peerless organisation.

We live in a tough environment. Public investment, via Arts Council England (ACE), provides the foundation for excellence – the outstanding ballet company, orchestra and chorus on which our international reputation is built and which, in turn, enable us to attract the very best talent to the UK. It also plays a vital role in supporting our access and opportunity initiatives, from affordable ticket pricing (39% at less than £40) to digital distribution and a wide range of learning and participation activities. Through detailed planning, rigorous examination of spending and procurement and an ambitious approach to developing other income streams, we have managed to steer a prudent course ahead despite significant reductions in public spending in recent years. The introduction of the new Theatre Tax Credit enabled us to sustain an increase in the amount of new work that we create, make important investments in our artistic programme and develop longer term plans for our stages with confidence despite the difficult economic climate.

Over recent years we have seen creative and cultural education rising up the agenda due in no small part to the findings of the Warwick Commission and more recently Arts Council England's Cultural Education Challenge, which urges all those working in the arts and education industries to work together in offering a consistent cultural education for all children and young people. We are determined to play a full and growing role in expanding the opportunities for the next generation of audiences and artists to enjoy and contribute to our art forms.

The success of the Royal Opera House is built on the remarkable support it receives from so many varied sources. We never take their commitment for granted. Each year their contribution enables our work to continue to define excellence and to connect as widely as possible. None of our work is possible without ACE's underpinning investment, still our largest single source, nor without the support from audiences, Friends, Patrons, individuals, trusts and foundations, and corporate supporters.

On behalf of the Board I want to thank all those that work with this remarkable family in Covent Garden, Thurrock and Aberdare for all they do to safeguard our reputation and heritage, to deliver such an exceptional programme of activity day in day out, and to expand our artistic horizons and those of the next generation.

Simon Robey, Chair
09 February 2016

ALEX BEARD *Chief Executive*

We strive to achieve a hugely challenging year-round balancing act. We aim to perform every night at the very highest level, investing in the future repertory by bringing new productions and commissions to the stage, playing an increasingly important part in developing the next generation of audiences and performers, all the while ensuring that we lay the foundations for longer term success.

Across the 2014/15 Season, The Royal Ballet presented main stage world premieres from three of today's most celebrated choreographers. The Company worked for the first time with the much sought-after Israeli choreographer Hofesh Shechter with the staging of *Untouchable*. Artist in Residence Liam Scarlett, collaborating with the British painter and designer, John Macfarlane, created *The Age of Anxiety* and, at the end of the Season, Resident Choreographer Wayne McGregor made his first full-evening ballet for the Company, *Woolf Works*, inspired by the writing of Virginia Woolf. At its centre was a compelling performance by former Royal Ballet Principal, Alessandra Ferri. All three new works showed to great effect the extraordinary versatility and remarkable talents of The Royal Ballet.

The 2014/15 Royal Opera Season's opening night was abuzz for the first revival of Mark-Anthony Turnage's *Anna Nicole* with a house full of students in a very special performance. In addition to *Anna Nicole* Music Director Antonio Pappano conducted *I due Foscari*, *Tristan und Isolde*, *Andrea Chénier*, *Król Roger* and *Guillaume Tell*. It was wonderful to see Tony's immense contribution to the musical life of the UK recognised when he was honoured with the 100th Royal Philharmonic Society Gold Medal. The Season also included well received new productions from Opera Director Kasper Holten and Associate Director John Fulljames in *Król Roger* and *Rise and Fall of the City of Mahagonny*, both examples of The Royal Opera's growing commitment to the early 20th century repertory.

The ballet and opera studio programme in the Linbury Studio Theatre flourished. Productions included the world premiere of *The Mad Hatter's Tea Party* by Katie Prince's inspirational ZooNation, a wonderful hip hop complement to Christopher Wheeldon's *Alice's Adventures in Wonderland* on the main stage. The Linbury also presented new work from Ludovic Ondiviela (*Cassandra*), Søren Nils Eichberg (*Glare*) with return visits from Ballet Black, Phoenix Dance Theatre. *Other Stories* was a captivating collaboration between Royal Ballet Principal Edward Watson and New York City Ballet's Wendy Whelan.

We further extended our collaborations beyond the stage, working with UK ballet companies to develop choreographic talent, and to reach a worldwide audience through World Ballet Day Live alongside the Australian Ballet, Bolshoi Ballet, National Ballet of Canada and San Francisco Ballet. The Opera Machine, a 17-camera view of the theatrical process behind staging a performance, won the Creative Communication award at The Royal Philharmonic Society Awards. At home audiences for live screenings in cinemas of performances continue to grow and The Royal Ballet made a highly successful US tour to Washington, Chicago and New York in the summer of 2015.

A vital aspect of our work is to inspire young people as the audiences and performers of the future. We secured funding for a new National Nutcracker initiative, currently being piloted in our second home in Thurrock, which ultimately aims to make ballet and dance making available to every primary school in the country. We worked with Thurrock Borough Council in 21 local schools with the Thurrock Trailblazer programme ensuring that school children have access to a high quality cultural education. Most pleasingly, our first Chance to Dance participant from Thurrock won a place to the Royal Ballet School.

In Thurrock we also opened the new Bob and Tamar Manoukian Costume Centre at High House Production Park, on time and on budget. It houses the historic costume collection, our production wardrobe alongside a new state of the art workshop, and is also home to the country's first employer led costume construction degree, delivered in partnership with South Essex College. At Covent Garden we secured planning consent from Westminster City Council for the Open Up project, aiming vastly to improve the audience experience, open the Royal Opera House and our art forms to a new daytime public and to create a world class theatre for chamber opera and ballet within the shell of the current Linbury Studio Theatre. The project remains on track to commence in early 2016.

In a challenging economic climate, our mixed funding model has been vital in sustaining our operations. Excluding the generous donations to the Open Up project, we generated over £3.50 for every £1 of public investment. This year we were able to achieve sufficient growth in fundraising to realise our artistic ambitions and deliver a full learning and participation programme, with the new Theatre Tax Credit enabling us to sustain an increase the number of new productions, support innovation and plan ahead in confidence. Thus far, with careful management, we have been able to mitigate the impact of public spending cuts but, at 20% of total income, we remain mindful of the critical role of core ACE funding in underpinning all our achievements.

At the end of the Season we said farewells to Barry Wordsworth and Jeanetta Laurence but we look forward to welcoming Barry back as Principal Guest Conductor and welcome Koen Kessels to pick up the baton as the Royal Ballet Music Director. During the year The Royal Opera celebrated veteran director John Copley in the run up to the final performance of his much-loved production of *La bohème* on 16 July 015. Ultimately it is the people that make the Royal Opera House so special, on stage and back and front of house, and my deepest thanks go to all my colleagues for their inspiration, dedication and professionalism.

Alex Beard, Chief Executive
09 February 2016

About us

The Royal Opera House aims to enrich people's lives through opera and ballet. Home to two of the world's great artistic companies – The Royal Opera and The Royal Ballet, performing with the Orchestra of the Royal Opera House – we seek to be always accessible and engaging, and to break new ground in the presentation of lyric theatre.

We are one of the busiest theatres in the world, presenting more than 500 performances and 1,000 learning and participation sessions each year. The Royal Opera House employs over 1,000 permanent staff and generated a total income of £142m last year. In turn this enabled 1.5m attendances across Covent Garden and in cinemas worldwide, further extended via broadcasting, digital activity and collaboration with touring companies. We also worked with more than 30,000 people of all ages through creative projects in London and South Essex.

Our Mission

We have identified seven key areas of focus that will enable the Royal Opera House to realise its future vision. There are detailed action plans for each one, approved by our Board and shared with our principal funder Arts Council England.

The broad issues they address are:

- | | |
|----------------|------------|
| 1. Repertory | 5. Culture |
| 2. Programme | 6. People |
| 3. Audiences | 7. Legacy |
| 4. Involvement | |

Over the coming pages we have set out how those plans were delivered in 2014/15 in response to the stated mission for each area. We have also indicated how we will deliver them over the coming year.

ACHIEVEMENTS AND FUTURE PLANS

In consultation with staff and the Board, Alex Beard set out a forward plan for the Royal Opera House, spanning the period to 2020, and identified seven priorities. Over the coming pages, we have set out what was achieved against these priorities during 2014/15 and some of our future objectives.

THE REPERTORY

Renew the repertory of opera and ballet productions, working with the world's greatest artists and craftspeople to create transformational new work and to offer new insights about the historic canon to contemporary audiences.

'The Royal Ballet's *Wolf Works*: McGregor not only finds a convincing connection with Woolf but with the support of his superb collaborators and cast (including a lavishly atmospheric score from Max Richter, astounding lighting design from Lucy Carter, and a piercingly affecting central performance from 52-year-old ballerina Alessandra Ferri) he seems to be choreographing in a richer, freer space than I've seen from him before.'

Judith Mackrell, *The Guardian*.

- The Royal Ballet presented three new main stage commissions. Wayne McGregor's *Wolf Works* was a bold and ambitious reflection on the life and writing of Virginia Woolf, combining breathtaking choreography with inventive stage and lighting designs, a moving new score from Max Richter and a charismatic central performance from Guest Principal Alessandra Ferri. The Season also included Liam Scarlett's elegiac response to Auden's *The Age of Anxiety*, and Hofesh Shechter's Company debut with the fresh, powerful and challenging ensemble dance piece *Untouchable*, as well as the London premiere of Kim Brandstrup's *Ceremony of Innocence*.

The Royal Opera's *Król Roger*: 'Staging the work at Covent Garden for the first time in the company's history, Kasper Holten and Antonio Pappano are to be congratulated wholeheartedly. Pappano surpasses himself in his detailed preparation of the score and minute command of the pacing so that the musico-dramatic tension, though often unbearably intense, never loses its thread nor becomes excessive.'

Guy Dammann, *The Spectator*.

- The Royal Ballet Studio Programme offers a dynamic programme of work by the Company and visiting artists in the Linbury and a platform for emerging ballet choreographers. New Studio Programme commissions included Kate Prince and

ZooNation's energetic, hip-hop infused Christmas show *The Mad Hatter's Tea Party*; Ludovic Ondiviela's poignant *Cassandra*; and Shobana Jeyasingh's well-received *Bayadère – Ninth Life*, which examined Petipa's classical ballet and the cultural assumptions of the era in which it was created through a contemporary lens. A new twice-yearly mentoring, development and showcasing programme for choreographers was established in collaboration with the other UK ballet companies, leading to a performance in May with Rambert, Northern Ballet and Scottish Ballet. Charlotte Edmonds became the first participant in The Royal Ballet Young Choreographer Programme.

- The Royal Opera's Season included seven new main stage productions. David McVicar's production of Giordano's *Andrea Chénier* was superbly conducted by Antonio Pappano and spotlit the immense talent of Jonas Kaufmann and Eva-Maria Westbroek. Our celebrated Music Director returned to the pit to conduct Szymanowski's sumptuous score for *Król Roger*, in a powerful production by Kasper Holten that attracted much critical acclaim. *Guillaume Tell* provided another musical highlight and sparked intense debate among audiences and the media regarding Damiano Michieletto's staging. John Fulljames's impressive *Rise and Fall of the City of Mahagonny* explored commercialisation, and was complemented by a wide-ranging programme of live and digital discussion.
- The Royal Opera is one of the world's leading commissioners of contemporary opera, and 2014/15 saw the premieres of new operas by Philip Glass, Søren Nils Eichberg, Matt Rogers, Elspeth Brooke and Harrison Birtwistle. Younger audiences were delighted by the inventiveness of Zonzo Compagnie's *John Cage: Listen to the Silence* and by the rich storytelling and beautiful puppets of Opera North's presentation of Jonathan Dove's *Swanhunter*. Working with the Guildhall School of Music and Drama, the Company continued to support Doctoral Student in Residence Philip Venables. Students on the new MA in Opera Making observed rehearsals, received seminars and composed for the Youth Opera Company.
- The Royal Opera's first co-production with the Roundhouse, *Orfeo*, provided a fresh context for Monteverdi's opera and a showcase for emerging talent. In his operatic debut, Michael Boyd directed an accomplished cast that included several Jette Parker Young Artists, nine chorus members from the Guildhall School of Music and Drama and 20 young dancers recruited through East London Dance.

LOOKING AHEAD:

- The 2015/16 Season includes Liam Scarlett's first full-length, main-stage ballet *Frankenstein*, Carlos Acosta's new one-act ballet *Carmen* and new one-act ballets from Christopher Wheeldon and Wayne McGregor and the world premiere of Georg Friedrich Haas's opera *Morgen und Abend*, plus seven other new main stage opera productions.
- Following a busy Autumn and Winter, the Linbury Studio Theatre will close for transformation into a truly world class theatre for chamber opera and ballet, matching in quality and ambition the smaller scale programmes of The Royal Opera and The Royal Ballet. During the two year construction programme The Royal Ballet will focus on developing young choreographic talent, while The Royal Opera will present performances at the Lyric Hammersmith and the Barbican.
- We continue to identify practitioners – composers, directors, choreographers, conductors, librettists and designers – who have not worked at the Royal Opera House previously such as choreographer Charlotte Edmonds, conductor Alice Farnham and composer Unsuk Chin. We search for those with the potential to make transformative work that develops the presentation of opera and ballet, that inspires and stretches our audiences and that reflects the richness and diversity of the world around us.

THE PROGRAMME

Present an inspiring public programme encompassing performances, events and workshops made available across a wide range of platforms, including cinema, broadcast and other digital media, and delivered in engaging, participatory ways that support and inspire learning.

- We presented more than 550 performances in the Royal Opera House, with a further 105 performances (18 overseas) in other venues. In addition to the new work outlined above, both Companies presented a rich array of titles from their repertory including The Royal Ballet's first revival of Acosta's *Don Quixote* and a hugely popular Christmas revival of Wheeldon's *Alice's Adventures in Wonderland* which, in its first four years, has already been seen by more than 270,000 people in theatres and cinemas. The Royal Opera presented the final performances of John Copley's production of Puccini's *La bohème* (first seen in 1974) and an acclaimed revival of Wagner's *Tristan und Isolde*.
- *Chance to Dance* continues to take The Royal Ballet into primary schools in south London and Thurrock, identifying and supporting (through community classes, performance opportunities and kit) 200 children with exceptional potential who might not ordinarily take up ballet; the programme was featured on CBBC's *Blue Peter*. Jacob Tidmarsh, a Chance to Dance graduate, was accepted into The Royal Ballet School in September 2014 and several other Chance to Dance participants have become Junior Associates of The Royal Ballet School.
- Awards included a 100th Royal Philharmonic Society Gold Medal for Royal Opera Music Director Antonio Pappano and Critics' Circle Dance Awards for Natalia Osipova, Francesca Hayward, Carlos Acosta and Christopher Wheeldon.

'@RoyalOperaHouse So excited to be watching
#ROHdongiovanni in Wellington, New Zealand. Thank you so
much! @chrismaltman's Don is exquisite!'

Twitter

- The Deloitte Ignite festival explored myth through performances and free events around the building and included new work from choreographers including Robert Binet, Kim Brandstrup, Charlotte Edmonds, Kristen McNally and Aakash Odedra.
- *Orfeo* included students from the Guildhall School of Music and Drama and performers recruited through East London Dance. 52 nine to 12-year-olds rehearsed and performed throughout the year with the Youth Opera Company. The Orchestra of the Royal Opera House supported Southbank Sinfonia through training and performance opportunities. Working with schools with a special focus on Birmingham and Thurrock, the Fanfare competition, attracted 200 applications. Ten young composers participated in orchestration and recording sessions with the Orchestra and their fanfares are now being used to remind audiences to take their seats before and after intervals of performances.
- In July, we welcomed a range of guest companies to our stage. Welsh National Opera in collaboration with The Royal Opera presented the London premiere of Richard Ayres's *Peter Pan*, the second year of this special partnership between the two flagship national opera companies, followed by Carlos Acosta's *Cubania* and performances from the Buena Vista Social Club and singer-songwriter Ben Folds.
- Eleven productions were screened live on more than 2000 cinema screens across 48 countries. 'Encore' (repeat Sunday afternoon) performances were successfully introduced.
La bohème and *Don Giovanni* were relayed live, free of charge, to 22 BP Big Screens in parks and public spaces around the country. *Romeo and Juliet* followed in September.
- *Orfeo*, *Sampling the Myth*, *The Mad Hatter's Tea Party* and, through the new Opera Europa streaming platform, *Król Roger*, were streamed free of charge, as were various Insight events.
- Two productions were screened on BBC Four, 16 on SkyArts2, and 15 were broadcast by BBC Radio 3.

- We continue to contribute to other research projects, including supporting a PhD student examining opera and cinema at King's College London.
- The Royal Opera House Thurrock Community Chorus joined forces with Brighton Festival Chorus, the Orchestre de Picardie and the Orchestre Symphonique de Bretagne to perform an exhilarating performance of Verdi's Requiem Mass along with soloists from the Jette Parker Young Artists programme at the Backstage Centre Purfleet in July 2015.

LOOKING AHEAD:

- In Christmas 2015, a new *National Nutcracker* pilot inspires schoolchildren to develop their own creative response to one of the most famous productions, supported by classroom resources and a showing of the Nutcracker itself in their local cinema. Our ambition is to extend the project across the country to attract participation among a broad range of schools. The aim is to reverse the current trend of lack of participation in ballet, especially among low-income families, and to influence the quality of dance teaching in schools.
- We are also extending the reach of our Design Challenge programme and exploring new opportunities to develop dramatic singing in schools.
- The Open Up capital project will create new opportunities for discovery and participation within our Covent Garden building.

AUDIENCES

Strengthen and grow relationships with audiences of today and tomorrow, with a particular focus on diversity and young people and those new to opera and ballet.

‘None of these children had ever been to a ballet before. They were in awe of the building and amazed at the performance. There is no doubt they will remember this visit – possibly for the rest of their lives. They were introduced to a new art form which they showed open minds to. These children will encourage others to go the ballet, they have talked to their friends and families about this trip. I believe cultural barriers will be broken down.’

V. E. Northall, Tudor Court Primary School, Essex.

- 1.5 million people experienced a live performance. Attendances at performances in our home theatre averaged 96% of capacity across the Season: 741,129 attendances, with a further 64,000 outside Covent Garden. UK cinema attendance increased 8% to 373,700 (86% outside London) and a further 356,300 attendances took place overseas. 47,900 enjoyed a BP Big Screen relay.
- 44% of main stage tickets were priced at £50 or less and 17,628 low-cost tickets were provided through targeted schemes for families, schools (including special schools), students and isolated older people.
- The opening night of the Season saw the theatre filled with 16–25-year-olds who paid £1–£25 per ticket to see Mark-Anthony Turnage’s opera *Anna Nicole*. Glitter balls, flags and balloons decorated the foyers, with selfie opportunities, live jazz, a red carpet and diner-themed food. A second student night around the opera *King Size* in the Linbury Studio Theatre was also well received and the popular student amphitheatre evenings continued. A ‘two for £10’ student scheme was introduced at cinemas.
- Family programming included *The Mad Hatter’s Tea Party*, the West End revival of *The Wind in the Willows*, *John Cage: Listen to the Silence* and *Swanhunter*. There were seven Schools’ Matinees and two performances for new family audiences. Around 600 children and carers attended each monthly Family Sunday event. The Royal Opera House’s Learning and Participation team and ROH Bridge were instrumental in bringing the *Pop Up* children’s festival and *Big Draw* to High House Production Park.

‘Walking through the doors of the Royal Opera House with ZooNation to open a hip hop dance production is one of the proudest and unbelievable moments of my life. The incredible facilities and support we received from every department was equal to the warmth of the welcome we were given’

Kate Prince ZooNation.

LOOKING AHEAD:

- The Deloitte Ignite festival in September 2015 was the biggest yet, filling Covent Garden Piazza and our building with a vibrant array of free performances, workshops and craft activities, complemented by a selection of ticketed contemporary performances in the Linbury Studio Theatre.
- We are increasing our cinema screenings to 12 every Season, six opera and six ballet as well as reviewing our rights framework to reflect changing digital priorities.

INVOLVEMENT

Encourage a greater sense of ownership and involvement among audiences, participants, friends and supporters, extending the opportunity to contribute and respond to all aspects of the Royal Opera House's work and employing digital technologies to the full.

'The arts keep you off the streets, it's something to do in your free time instead of staying at home and playing video games. It will help me in the future too because this can go on my CV, and people will see that I was involved in theatre and that I was in a professional production.'

Young performer in the Roundhouse *Orfeo* project.

- The Royal Ballet took part in *World Ballet Day* with other international ballet companies, attracting 307,000 live views, reaching two million within six months of transmission, and 159 million Twitter impressions. *The Opera Machine* – an extraordinary multi-angled view of the intricate theatrical process behind the scenes during a performance – received an RPS Award for Creative Communication.
- Social media activity grows year on year, increasing our ability to engage audiences, listening to their feedback and deepening our relationships. Facebook 'likes' rose above 200,000, Twitter followers above 130,000, YouTube subscribers above 133,000 and Instagram followers above 51,000.

'@RoyalOperaHouse A wonderful performance of a fascinating piece #ROHroger watched in NE Scotland via @OperaPlatform'

Król Roger streaming: David Ward .

- 24,519 people support the Royal Opera House as Friends of Covent Garden, including Patrons and Young Friends. We are enormously grateful for their support and continue to develop new ways to make their association with us special with bespoke events and unique digital content.
- The total number of people who have given a donation to the Royal Opera House has doubled.
- We held a public exhibition about the Open Up project, inviting members of the public to share their thoughts in advance of the planning decision.

LOOKING AHEAD:

- A further *World Ballet Day* took place in October 2015, including for the first time English National Ballet, Birmingham Royal Ballet and Northern Ballet and together we plan to work with these other UK ballet companies to present a day dedicated to British ballet.
- We are investigating ways in which we might extend our membership, philanthropy and legacy programmes to involve the growing number of people experiencing our work via cinema, digital media and broadcasting.

CULTURE

Advance the position of opera and ballet as an essential part of the culture in the UK and beyond, through developing a national and international network of partners and collaborators, embracing projects beyond the Royal Opera House, advocating for the importance of the arts in education and wider society to be fully recognized and supported, and representing UK creativity to the world.

- In advance of the General Election, in association with the Creative Industries Federation, we hosted a streamed debate featuring all five culture spokespeople from the Conservative Party, Labour, Liberal Democrats, the Green Party and UKIP.
- We partner around 44 UK cultural organisations, more than 30 international theatres and companies, and numerous schools and colleges. Organisations that we partnered for the first time included Rambert, ZooNation, Ballet de Lorraine, the Roundhouse, Zonzo Compagnie, Polka Theatre, Mimbire, Creative Barking and Dagenham, Lambeth Children's University and Dream Arts.
- We co-hosted a conference with the British Council promoting the mid-scale UK arts sector, introducing organisations to potential European co-producers and partners.
- The Royal Ballet undertook a hugely successful tour to Washington, New York and Chicago (this first visit for over 30 years). Reception in each city was nothing short of ecstatic, with audiences keen for a swift return. We reviewed our international strategy and agreed target territories for the coming years.

‘The Continued Professional Development (CPD) empowers teachers and that enables teachers to empower children to lead the learning and that takes it who knows where?’

Sam Otto, Head of School and Senior Leadership Scheme, Herringham Primary School (a Trailblazer school.)

- We were commissioned by Thurrock Council to launch a year-long pilot project, Thurrock Trailblazer, to ensure high quality access to cultural learning for 23 Thurrock schools. Ten cultural organisations were involved in the pilot, including Historic Royal Palaces, the BBC Symphony Orchestra, Boxclever Theatre and Discover.
- We continued in our role as Bridge organisation for Arts Council England, connecting children and young people with arts and culture across Essex, Hertfordshire, North Kent and Bedfordshire. ROH Bridge’s work with Anglia Ruskin University and Billericay Teaching Schools Alliance received an award from the British Education Research Association. A busy *Ahead for Culture* symposium featured renowned speakers such as Munira Mirza, Nii Sackey and Sir Anthony Seldon.
- Skills and expertise were shared with Mid-Wales Opera, Pavilion South West Dance, StopGap Dance, Dance Woking and Revelation St Mary’s through the Royal Opera House Links scheme. The Culture Change programme for small and medium-sized cultural organisations in the East of England reached its conclusion, promoting sustainable business practice across its participants.
- We hosted an event facilitated by *Devoted and Disgruntled* which involved more than 200 artists, organisations and interested parties exploring the future of opera.

LOOKING AHEAD:

- The Royal Opera toured Japan in September 2015; this will be followed by a Royal Ballet tour to Japan in Summer 2016, cementing our reputation and relationship with audiences in that country.
- The Royal Ballet is undertaking an increased number of co-productions with partners including San Francisco Ballet and the Bolshoi Ballet.

- Following an independent evaluation, Thurrock Trailblazer is being rolled out more widely across the local authority over the coming three years. Twenty eight schools are now enrolled in the programme.
- With the support of government we look forward to developing our training and theatre craft mentoring programme in China.

PEOPLE

Nurture a supportive environment in which the world's most exceptional artists can thrive and in which all those working at, and with, the Royal Opera House feel valued, challenged and satisfied.

- The quality of dancing at every level of The Royal Ballet, and across both revivals and new work, was evident in its critical response and audience enthusiasm. The new Aud Jebsen Young Dancers Programme is enabling the Company to support five recently graduated dancers through a year's contract working with the corps de ballet, mentoring and coaching.
- Notable debuts included Anna Tsygankova (dancer), Hofesh Shechter (choreographer/composer), Kate Prince (choreographer/dancer), Serena Malfi (mezzo-soprano), Maria Agresta (soprano), Marc Minkowski (conductor) Thaddeus Strassberger (director), Damiano Michieletto (director), Michael Boyd (director), Søren Nils Eichberg (composer) and Matt Rogers (composer).
- Royal Opera casting throughout the Season included singers Jonas Kaufmann (the title role of *Andrea Chénier*), Nina Stemme (Isolde in *Tristan and Isolde*), Bryn Terfel (Dulcamara in *L'elisir d'amore* and the title role of *Der fliegende Holländer*) and Kristine Opolais (the title role of *Madama Butterfly*). At the heart of the Company's work was a series of superb performances from the Orchestra of the Royal Opera House and the Royal Opera Chorus. The Orchestra, under Music Director Antonio Pappano, also gave a concert from the stage, featuring early 20th-century works that complemented The Royal Opera's production of *Król Roger*.
- The Royal Ballet implemented Smartabase, a tailor-made database which keeps up to date information on the health and fitness of the dancers, assisting the support staff and the dancers themselves with every aspect of their physical well-being.

- We said a fond farewell to Jeanetta Laurence, Associate Director of The Royal Ballet, on her retirement on the final night of The Royal Ballet's tour of America. Jeanetta joined The Royal Ballet Touring Company on her graduation from The Royal Ballet School in 1969. Other members of staff who left during the year included Rob Greig, Chief Technology Officer, Elizabeth Bridges, Director of Personnel and Stefano Pace, Technical Director. They all leave a strong legacy for their successors.

'@RoyalOperaHouse Really looking forward to seeing The Nutcracker at the cinema. A great Christmas treat without having to travel 200 miles!'

Joan Hopton @jmhopton40.

- We established a project, Join the Conversation, to improve information shared across all staff and artists groups, and provide greater access to information, scheduling processes and general news about the organisation. Results from this initiative will assist in the formation of a renewed programme of training and personal development, led by the Human Resources team.
- In a remarkable partnership between the ROH, South Essex College and the University of the Arts London, the first industry-led degree in Costume Construction will be taught from the Bob and Tamar Manoukian Costume Centre.

There are currently 12 students on the course who began studying at the beginning of September 2015.

- The Royal Opera House recognises its responsibilities under the Control of Noise at Work Regulations (2005) and continues to work with its orchestral players, performing companies, composers, conductors, the Musician Union, the enforcing authorities and relevant suppliers in order to meet those legal obligations. A cross-House Noise Working Group has been formed to assist the management to develop a collective approach to the many facets of managing noise issues across the building and fulfil necessary legal responsibilities. The aim is both to:
 - Develop a long term approach to the management of noise and the reduction of noise exposure which will be adopted as part of the overall artistic strategy, and
 - Ensure all parties are clear about, and are complying with, their responsibilities, to ensure we are working together in the most effective way on this issue.

LOOKING AHEAD:

- We are recruiting a Diversity Recruitment Project Manager who will establish and deliver a 12-month action plan to review and influence recruitment practice and help embed diversity considerations more fully across Royal Opera House recruitment activities.
- Appointed to the Executive team, we welcomed Heather Walker to the new position of Director of Visitor Experience, Mark Dakin as Technical Director, Joe McFadden as Chief Technology Officer and Jane Crowther as Director of Human Resources.
- We are reviewing our staff learning and development and are introducing an expanded induction programme and additional management training.

LEGACY

Build a strong legacy for the future by identifying and nurturing new talent, developing skills, sector-leading environmental stewardship and sound financial management, while caring for our Grade 1 listed theatre and realising the potential of the ROH estate more widely.

'You have inspired Blaize and set her on a path for a life of singing. She now aspires to becoming an opera singer and her learning and experience with the Youth Opera Company has given her a discipline and focus to achieve her ambition.'

Parent of Youth Opera Company graduate 2015

- The Bob and Tamar Manoukian Costume Centre was completed on time and on budget in June 2015. The building was designed and built to the highest environmental standards, achieving a BREEAM Excellent award. It will house over 20,000 costumes currently in the Royal Opera House repertory, as well as over 6,000 costume items from the historic Royal Opera House Collection.
- The Open Up project was granted Planning Permission in March 2015. Open Up will transform the experience of coming to the Royal Opera House, creating new opportunities to inspire visitors with our art forms and bringing the building alive throughout the day. The building programme will create new entrances from Bow Street and Covent Garden Piazza, enlarge and bring natural light to the foyers and completely re-make the Linbury Studio Theatre as a truly world class theatre for chamber opera and ballet.
- We continued to support emerging operatic talent. Five singers with potential to forge international careers joined the two-year Jette Parker Young Artists Programme.
- We hosted 152 work experience placements and increased the number of formal apprenticeships to a total of 17. Many students from colleges associated with the National Skills Academy entered the Royal Opera House's Design Challenge.
- Supported by Arts Council England's Capital Fund, we refreshed all of the technology within the Royal Opera House (including telephone systems, office applications, digital asset management and disaster recovery). This first phase

created a modern and stable IT platform for the organisation.

- Reductions in public funding and increased inflation and costs were covered by further efficiencies and vigorous fundraising efforts, with notable growth in donations from individuals and in public appeals.
- We signed National Portfolio and Bridge funding agreements with Arts Council England for the period April 2015 to March 2018.

LOOKING AHEAD:

- The profile of legacies has been raised across all platforms including the website and cinema, and a new leaflet has been produced to highlight the work of the Royal Opera House Endowment Fund.
- A Procurement Manager has been appointed to ensure that we maximise value for money, and we are working with sector colleagues on joint procurement.
- We will conclude the procurement process for the Open Up project and commence the construction phase.
- We will focus on supporting staff to get the best out of our new technology infrastructure.

Risk Management

During the period the Trustees have operated a risk management strategy which comprises:

- Detailed review by the Audit and Risk Committee of strategic and operational risks, including Major Incident Plan, at least three times during the year;
- An annual review by the full Board of Trustees of the risks which the charity may face;
- The establishment of systems and procedures to mitigate those risks identified; and
- Procedures designed to minimize any potential impact on the charity should any of those risks materialize.

A detailed review of the risks associated with the achievement of the Royal Opera House's objectives including health and safety, business continuity and security has been completed. The governance and management of risk is divided between **Strategic risk** (managed directly by the senior executive team) and **Operational risk**. Operational risk is reviewed and updated by the Operational Risk Group which meets quarterly and operates under clear terms of reference. The membership of the Operational Risk Group is made up of senior managers from across the Royal Opera House with representation from technical, finance, business affairs, facilities, personnel, information technology, health and safety and Royal Ballet. The Director of Finance attends the Operational Risk Group meetings and a regular report is produced and discussed with the senior executive.

During the year there have been three major reviews of risk at the Audit and Risk Committee, of both progress on operational risk and full discussion of strategic risks. At its annual review of risk management, the Board discussed the strategic risks and assured themselves of the adequacy of the controls and mitigations in place. These are listed below:

Strategic Risks

1. **Reputation:** The risk that the Royal Opera House loses its reputation and suffers damage, including financially, is mitigated by maintaining high internationally recognised artistic quality and standards whilst engaging in clear conversation with our audience, and ensuring a growing recognition for this through an active advocacy strategy. Strong governance is also an important control with supporting policies on areas such as procurement, expenses, fundraising and bribery act.
2. **Financial Sustainability:** The risk of not being able to continue to operate as a going concern is controlled by ongoing work ensuring budgets are balanced including appropriate levels of contingency, planning seasons several years ahead, tightly controlling costs through procurement and tendering, and achieving box office, fundraising and commercial targets. The Finance and Operations Committee regularly review reserve levels with a formal review of reserves policy annually. However, the Board is keenly aware there is a recognised residual risk that not all of this uncertainty can be mitigated, and a further downturn in the economy remains a considerable threat to financial sustainability.
3. **Expanding reach and diversity:** The risk that this important goal is not achieved is mitigated by such initiatives as careful consideration of artistic planning, pricing, regular reviews of audience initiatives and increasing digital initiatives, underpinned by a diversity plan.

4. **Maintaining a good Arts Council relationship:** Arts Council England continues to be a key partner and stakeholder, contributing substantially, through the annual grant, to helping the Royal Opera House fulfil its potential. Over the three-year funding agreement from 2015, the Royal Opera House will work closely with Arts Council England to meet both organisations' strategies and nurture a stronger, more resilient arts sector.
5. **Cultural shifts:** The risk that classical live performance, and opera and ballet specifically become culturally marginalized resulting in lower audiences and less private and public investment. This is countered by playing a leadership role in the sector on arts education, partnership strategies with other cultural organisations, placing a priority on contemporary engagement with digital strategies and our new National Nutcracker programme.
6. **Succession Planning:** The inability to attract and retain key senior posts is a major risk, and great attention is paid to maintaining high standards of artistic leadership. Effective recruitment procedures are in place as well as a review of the succession map against the business plan.
7. **Staff Relations:** Maintaining good staff relations is a very important objective. Full engagement with staff on the ROH Plan has involved road shows and workshops. Alongside this, there are regular newsletters, team briefings and staff quarterly meetings. Policies and procedures such as development reviews, are regularly reviewed and updated.
8. **Organisational Stretch:** The risk that both quality of product and staff relations are compromised due to over-stretched resources, which is mitigated by careful alignment of our organisational, artistic and business planning processes, project management and executive monitoring.
9. **Operational Risk:** The Operational Risk Group meets quarterly and reports to senior executive. It maintains a detailed risk register, including major areas such as technology, health and safety, building operations and stage equipment. Its membership. Its membership has a good cross organisational representation, as well as Health and Safety group with Chief Executive and union attendance.
10. **Major Incident Plan:** The risk that the Royal Opera House does not adequately plan for a major incident and suffers major loss as a consequence. The Plan is regularly updated and tested annually, in full or in part.
11. **Open Up:** The risk that this transformational project is not completed within budget and does not achieve the necessary cultural change is mitigated by strong project governance and funding commitments.
12. **Security:** The risk to staff, audiences, buildings and systems from physical or cyber attack is mitigated by considered and appropriate security measures, including staff training, liaison with security agencies and testing of measures in place.

Finance and Governance

The Royal Opera House continues to present an ambitious programme of work while balancing its books in its unrestricted activities in each full financial year.

The results for the period are set out in the consolidated statement of financial activities. Note 1 to the financial statements sets out the basis on which these financial statements have been prepared.

The ROH's business plan includes a set of key performance indicators (KPIs), agreed with the Executive team and Board of Directors. Linked to a detailed action tracker, these include the level of new work being generated; public engagement across performances, digital activity and learning and participation initiatives; diversity of audiences, participants, staff and artists; results against budget; and environmental performance. Performance against the KPIs is reviewed in detail at the end of each year. Progress with the action tracker is reviewed by the full Executive team every 3-4 months. During 2014/15 two-thirds of the numbers specified within the KPIs were either achieved or over-achieved (in some by a significant margin) and good progress was made realising the strategy to realise our ambitions in all areas.

In addition, the Board of Directors and Arts Council England receive Management Accounts on a monthly basis, enabling them to closely monitor progress against financial targets throughout the year.

The important continuing investment from Arts Council England enables the undertaking of a range and depth of work and investment in new work, artist development, craft excellence, engagement and access which could not be sustained through a wholly commercial model.

A grant in aid of £25.1m (*53 week period ended 31 August 2014: £24.6m*) was received from Arts Council England, representing 23% of total (unrestricted) net incoming resources (*53 week period ended 31 August 2014: 23.3%*). Royal Opera House were one of only four National Portfolio Organisations to be awarded funding from Arts Council England to lead the Bridge programme for Bedford Borough, Central Bedfordshire, Luton, Hertfordshire, Essex, Thurrock, Southend, Dartford, Gravesham, Swale and Medway. Total funding of up to £2.2m is to be provided over three years, of which £0.7m has been received in the current year (*53 week period ended 31 August 2014: £0.8m*). Royal Opera House also received grants totalling £2.7m from Arts Council England (*53 week period ended 31 August 2014: £3.7m*) for capital projects.

An overall balanced financial result on the unrestricted general funds has been achieved for the 16th successive year. This has been achieved through careful financial stewardship: managing the reduction in the Arts Council grant with carefully considered box office pricing, continued growth in fundraising income and targeted efficiencies and cost reductions through procurement and tendering activity, within the overall contingency set for the year.

Our trading subsidiary, Royal Opera House Enterprises Limited, recorded a profit of £4.4m for the 52 week period ended 30 August 2015 period (*53 week period ended 31 August 2014: £4.97m*).

The overall result for the group for the 52 week period ended 30 August 2015 was a surplus on unrestricted general funds of £0.4m (*53 week period ended 31 August 2014: surplus of £0.1m*)

after transfers from restricted funds of £9.3m (53 week period ended 31 August 2014: £4.6m), net transfers to unrestricted designated funds of £6.2m (53 week period ended 31 August 2014: £0.6m transfers to unrestricted designated funds) and nil transfers from endowment funds (53 week period ended 31 August 2014: nil transfers).

At 30 August 2015 unrestricted funds were £186.2m (31 August 2014: £179m) before unrestricted pension reserve deficit of £16.9m (31 August 2014: £15.8m). There is £182.2m (31 August 2014: £175.4m) held in Unrestricted Designated Funds.

At the end of the period Restricted Fund balances were £18.7m (31 August 2014: £8.7m). Restricted funds include funds granted specifically to finance capital expenditure on the Bob and Tamar Manoukian Production Workshop and the Bob and Tamar Manoukian Costume Centre, funds granted specifically to finance capital expenditure on our Open Up Project and unspent funds received from Arts Council England for the Bridge programme. At the end of period the Endowment Fund balances of £34.1m (31 August 2014: £33.7m) is represented by restricted capital assets of the Royal Opera House Endowment Fund 2000.

The Royal Opera House group held positive cash balances throughout the period. Unrestricted cash held at the period end was £37.1m (31 August 2014: £34.9m), including advance bookings of £11.8m, as well as cash required to meet the charity's working capital requirements and reserves.

Reserves

The Trustees regularly review reserve levels, and designated the following amounts at the period end:

- Fixed Asset Fund and Heritage Asset fund equivalent to the tangible and intangible fixed assets owned by the charity, plus the current anticipated excess of capital expenditure over depreciation in the next season.
- Designated Future Project Fund. This fund comprises specific amounts put aside for future activity, which includes a fund of £2.5m toward the planned artistic activity in future seasons.

The level of free reserves (represented by the Unrestricted General Fund) at 30 August 2015 of £4m (52 week period ended 31 August 2014: £3.6m) equates to only 3.7% of total unrestricted incoming resources. The Trustees agree that a higher level of reserves is desirable, and it remains a medium to long term objective to build free reserves. A target level of free reserves of nearer £6m would protect against a major downturn in box office and fundraising, however it is acknowledged that building free reserves over the next two to three years will be a challenging task.

The financial strategy continues to be to budget for a minimum £2m contingency in annual budgets, while building designated funds for specific future, longer term planning. In the current environment trustees are content that, while not ideal, these levels of reserves are adequate for future planning.

Levels of unrestricted funds, both current and forecast, are monitored closely to ensure they remain at an adequate level in order to provide financial flexibility and a buffer against operational risk.

Pension scheme

In line with the requirements of FRS 17: 'Retirement Benefits' the Royal Opera House defined benefit Pension Scheme liability and related costs are included in these financial statements. Within the Statement of Financial Activities employer contributions as determined by the actuary are recorded as an operating cost in the unrestricted general fund. The difference between contributions paid and the current service cost and other net finance income charged to the statement of financial activities in accordance with FRS 17 was an expense of £0.5m (53 week period ended 31 August 2014: £0.7m) (refer to note 29 of the financial statements). The actuarial loss for the period was £1.7m (53 week period ended 31 August 2014: loss of £6.1m). The gross pension liability at the period end was £16.9m (31 August 2014: £15.8m). It is important to note that the liability represented by this value (being based upon actuarial assumptions) will alter in response to changes to the future funding and structure of the pension scheme (as well as to economic and investment market conditions) and does not crystallize in the short or medium term.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest funds not immediately required for its purposes in such investments, securities or property as may be considered appropriate by the Trustees. Aside from balances held with the Royal Opera House bankers, Coutts and Co, monies are only invested in funds that are regulated by the FSA. The Trustees of the Royal Opera House Endowment Fund 2000 have no restrictions on their investment powers and are permitted to invest and reinvest the Trust Fund, providing the objectives and purposes of the charitable fund are met, and subject to such consents as may be required by law.

The Trustees reviewed and agreed an Investment Policy in line with the Charities Commission Guidance CC14. This is not shown in full in the accounts but a summary of the key investment objectives are as follows:

- Generate investment income to maximize the grant income available to support the Royal Opera House Covent Garden Foundation;
- Deliver capital growth, as well as income, to maintain the real value of investments for future years;
- To achieve the above objectives the Trustees have set the investment benchmark of a blended return of RPI +4% on a rolling basis.

The investment managers, FF&P Asset Management Limited, Troy Asset Management Limited and Newton Investment Management Limited, achieved a combined capital growth and income return of 5% for the year ended 31 August 2015 (year ended 31 August 2014: 7.6%). This is higher than the blended target yield RPI plus 4% (equating to 4.0% in this financial year). Investments with FF&P Asset Management Limited which are long term in nature are being progressively wound down.

Financial Risk Management

The following statements summarize the Board's policy in managing identified forms of financial risk.

Credit Risk: Risk on amounts owed to the charity by its customers is low as payment for ticket sales and operations through the trading subsidiary are mostly settled at the point of purchase.

Price risk: Payroll costs represent 43% of total expenditure for the Royal Opera House and higher levels of inflation represent a risk as 20% of the total income for the Royal Opera House group comes from Arts Council England, which has decreased for the past three years and has decreased further from April 2015. The Royal Opera House has freedom over its ticket pricing, and box office income represents 30% of revenue. The pricing strategy aims to increase ticket prices by no more than inflation and hold the lowest ticket price at an accessible level as this has been found to be the best way of maximizing revenue and increasing access.

Cash flow risk: Excluding Endowment assets, surplus funds are placed on short-term deposits with major clearing banks and CCLA. Short-term deposits are those with a term no greater than six months.

Liquidity risk: The Royal Opera House has one loan only with an outstanding loan balance for the year ended 30 August 2015 of £1.45m. Risk on repayment of loans is low as the annual loan payment is less than 1% of total income and the property for which the loan was secured is mortgaged against the loan.

Going Concern

The charity substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will match expenditure (in the unrestricted general fund). The financial statements are drawn up on a going concern basis. In making this assessment the trustees have considered the changes in Arts Council England funding, including the 5% cut from April 2015 for the next three year NPO funding period. The Trustees believe that despite this drop in funding the group will continue in operational existence for the foreseeable future, and based on future forecasts prepared to August 2017, be in a position to continue to meet its liabilities as they fall due for at least 12 months from signing these financial statements.

Directors and Trustees

The directors of the charitable company ('The Royal Opera House' or 'the charity') are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees who held office during the period and since period end were as follows:

Simon Robey (Chairman)
Dr Peter Cruddas
Dr Genevieve Davies
Lloyd Dorfman CBE
Dame Vivien Duffield DBE
Lady Heywood
Sir Nicholas Hytner
John Kingman
Julian Metherell
Munira Mirza
Dame Heather Rabbatts DBE
Roland Rudd
Sir Anthony Salz - Senior Independent Director
Dame Sue Street DCB (*retired 31 July 2015*)
Ian Taylor
Laura Wade-Gery
Samuel Walsh
Danny Wyler

Chief Executive
Alex Beard CBE

Company Secretary
Fiona Le Roy

Governing Document

The Royal Opera House Covent Garden Foundation is a company limited by guarantee (company number: 480523) governed by its Memorandum and Articles of Association, which were last amended on 7 February 2012 for changes in Trustee re-appointment terms. It is registered as a charity at the Charity Commission (charity number: 211775).

Charitable objects

Our charitable objects, as stated in the Royal Opera House governing document, are:
To promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, to raise the artistic taste of the country, and to procure and increase the appreciation and understanding of the musical art in all its forms.

Public benefit

The Trustees refer to the Charity Commissions' general guidance on public benefit when shaping and reviewing the Charity's aims, objectives and future strategies. In setting the level of ticket prices, charges and concessions, and in developing digital and broadcast distribution, the Trustees give careful consideration to the accessibility of the Royal Opera House to those on low incomes. As outlined in this report, this is addressed through maintaining a wide range of ticket prices, as well as through several ticket subsidy schemes, free events, digital and broadcast activity and an extensive learning and participation programme.

Appointment of Trustees

Trustees are appointed for an initial term of up to four years. Trustees are self-appointing with new Trustees being elected at Board meetings, to be ratified at the next following Annual General Meeting of the Company. On the expiry of such initial term they may be re-appointed for a second term of four years. Where the Trustees consider there are exceptional circumstances, Trustees may be reappointed for a third and final term of up to four years. The Trustees appoint a Chair for a term of five years or less and on expiry of such term he or she may be re-appointed for a second term of three years or fewer by approval of the Trustees provided that on expiry of such second term he or she shall, unless the Trustees otherwise exceptionally determine, retire from office.

Trustee Induction and training

New Trustees undergo an induction session with the Company Secretary to brief them on their obligations under charity and company law, the contents of the Memorandum and Articles of Association, the board manual and the committee and decision-making processes. During the induction new Trustees are also introduced to key employees and other Trustees.

Organisation

The direction and control of the Royal Opera House is determined by the Board of Trustees, which meets at least six times a year. The role of the Board is to direct the Royal Opera House strategy and to ensure that the Royal Opera House is on the approved strategic course (including artistic strategy) and that it is properly and effectively managed. The following sub-committees of the Board are established (which in the case of Development, Learning and Participation, and Enterprises include members who are not Trustees).

Audit and Risk: The committee meets at least three times a year. The committee is chaired by Julian Metherell.

Other members are Sir Nicholas Hytner, John Kingman, Dame Heather Rabbatts, Simon Robey, Lady Heywood, Danny Wyler and Dame Sue Street until she retired at 31 July 2015. Alex Beard, Sally O'Neill (Chief Operating Officer), and Mindy Kilby (Director of Finance) report to all meetings. The committee is responsible for considering and reviewing matters relating to the control environment and risk management, including consideration of matters raised by the external auditors. The committee is responsible for the appointment of the external auditors, meets regularly with them and reviews their performance and independence.

Finance and Operations: The committee meets six times a year. The committee is chaired by Lady Heywood. Other members are Sir Nicholas Hytner, John Kingman, Dame Heather Rabbatts, Simon Robey, Julian Metherell, Danny Wyler and Dame Sue Street until she retired at 31 July 2015. Alex Beard, Sally O'Neill (Chief Operating Officer), and Mindy Kilby (Director of Finance) report to all meetings. The committee is responsible for reviewing and assessing the balance, integrity and transparency of financial information, the adequacy of financial planning, budgeting and forecasting, and the Royal Opera House's annual financial statements. It makes recommendations to the Board on major capital expenditure and revenue contracts and on the overall framework for delegated financial authority in the Royal Opera House.

Development: Ian Taylor chairs this committee. Other members are Roger Barron, Sue Butcher, The Countess of Chichester, Dr Genevieve Davies, David Hancock, Simon Holden, Martin Houston, Viscount Linley, Thomas Lynch, Bernard Mensah, Julian Metherell, Sir Simon Robertson, Simon Robey, Kristina Rogge, Dame Gail Ronson, Natalie Tsukanova, Danny Wyler and Lady Young of Graffham. Alex Beard and Amanda Saunders (Director of Development) report to all meetings. The committee supports the Development department in maximizing fundraising opportunities and income.

Learning and Participation: Dame Sue Street chaired this committee until her retirement (31 July 2015) with Sir Anthony Salz now the new chair. Other members are Alex Beard, Dame Vivien Duffield, David Hall, Anne McElvoy, Munira Mirza, John Holden (retired 31 December 2014), Matthew Peacock (retired 31 March 2015), Abigail Pogson (retired 31 July 2015) and Simon Robey. Jillian Barker (Director of Learning and Participation) reports to all meetings. The committee supports the organization in planning, implementing and monitoring programmes and initiatives focused on learning, participation and widening engagement.

Enterprises Subcommittee: Dame Heather Rabbatts chairs this committee. Other members are Simon Robey, Lloyd Dorfman, Sir David Lees, Peter Alward, Laura Wade-Gery, Dr Genevieve Davies and David Ross. Alex Beard, Sally O'Neill (Chief Operating Officer), Alastair Roberts (Managing Director, Royal Opera House Enterprises, left 31 October 2015) and Mindy Kilby (Director of Finance) also report to all meetings. The committee oversees commercial activities.

Nominations: Simon Robey chairs this committee. Other members are Lady Heywood, Julian Metherell, Dame Heather Rabbatts, Sir Anthony Salz, Dame Sue Street (retired 31 July 2015) and Ian Taylor. Alex Beard also attends these meetings. The committee nominates appointees to the Board and other Senior Executives for approval by the Board. It may co-opt additional members where particular expertise is required and a particular role is under consideration. Under the chairmanship of the Senior Independent Director, the committee will also propose candidates for the Chairmanship of the Board. The committee is also responsible for the continuous review of Board membership to ensure that a proper balance of skills, experience and diversity is maintained.

Remuneration: Simon Robey chairs this committee. Other members are Lady Heywood, Julian Metherell, Dame Heather Rabbatts, Sir Anthony Salz and Dame Sue Street (retired 31 July 2015). Alex Beard and Elizabeth Bridges (Director of Personnel, left 6 April 2015) attend meetings by invitation. The committee is responsible for reviewing and benchmarking internationally the pay, benefits and total compensation of the Executive Team, including the Chief Executive, the Music Director, the Director of the Royal Ballet, the Director of Opera and the Chief Operating Officer.

Executive Team: the day to day management is the task of the Royal Opera House Executives.

The Trustees appoint the Chief Executive and, with him, the most senior management. Royal Opera House operations are managed by the Chief Executive with the assistance of an Executive Team comprising:

Caroline Bailey, Director of Marketing
Jillian Barker, Director of Learning and Participation
Alex Beard, Chief Executive
Elizabeth Bridges, Director of Personnel (left 6 April 2015)
Jane Crowther, Director of Human Resources (started 1 September 2015)
Mark Dakin, Technical Director (started 5 October 2015)
John Fulljames, Associate Director of Opera
Rob Greig, Chief Technical Officer (left 6 March 2015)
Kasper Holten, Director of Opera
Peter Katona, Director of Casting
Mindy Kilby, Director of Finance
Jeanetta Laurence, Associate Director, The Royal Ballet (left 4 August 2015)
Joe McFadden, Chief Technology Officer
(started 8 June 2015)
Christopher Millard, Director of Press and Communications
Sally Mitchell, Orchestra Administrative Director
Kevin O'Hare, Director, The Royal Ballet
Sally O'Neill, Chief Operating Officer
Stefano Pace, Technical Director (left 31 August 2015)
Antonio Pappano, Music Director
Hazel Province, Director of Planning
Alastair Roberts, Managing Director, Enterprises
(left 31 October 2015)

Amanda Saunders, Director of Development
Cormac Simms, Administrative Director, The Royal Opera
Heather Walker, Director of Visitor Experience (started 7 September 2015)
Sarah Younger, Open Up Project Director

The Chief Executive (assisted by the Executive Team) is responsible for the development and implementation of the strategy and business plans of the Royal Opera House. The Executive Team meets weekly to monitor artistic, operational and financial progress against plans approved by Trustees. It should be noted that where the title 'Director' is used in the above table this is an internal management term only and does not indicate directorship according to the Companies Act definition.

The Royal Opera Company and The Royal Ballet Company are internal divisions of the charity. The Royal Ballet has a Royal Charter dating in its original form from 1956. The Royal Opera House, The Royal Ballet and The Royal Opera Company have the Sovereign's permission to use the word 'Royal' in their titles.

We would also to thank the following for support, advice and encouragement throughout the year:

Ambassadors

The Countess of Chichester
Dame Gail Ronson DBE

The Board of the Royal Opera House Endowment Fund

Dame Vivien Duffield DBE Chair, Sir David Lees, Sir Stuart Lipton, Julian Metherell, Baroness Fiona Shackleton, Sir Simon Robertson, Peter Troughton CBE

Board of Honorary Directors

Simon Robey Chair
The Countess of Chichester Honorary Vice Chair
Dame Gail Ronson DBE Honorary Vice Chair
Gregory and Regina Annenberg Weingarten
Lady Ashcroft
Celia Blakey
BP International – Peter Mather
Tim and Sarah Bunting
Dr Peter and Fiona Cruddas
Dr Genevieve Davies
Deloitte – David Sproul
Lloyd Dorfman CBE
Aline Foriel-Destezet
Jane Hamlyn
David Hancock
Dr Catherine Hogel
Aud Jebsen
Anna and Moshe Kantor
Alfiya and Timur Kuanyshev
Thomas Lynch

Julian Metherell
Mrs Susan A OldeOBE
Stefan Sten Olsson
Jette and Alan Parker
Natalie Parker
Mrs Clarissa Pierburg
Yvonne and Bjarne Rieber
Sir Simon and Lady Robertson
Rolex – Arnaud Boetsch
Mrs Lily Safra
Ian and Tina Taylor
Lindsay and Sarah Tomlinson
Tsukanov Family
Dr and Mrs Michael West

Group entities

On 30 August 2015 the group included the charity and:

Royal Opera House Endowment Fund 2000: The Royal Opera House Endowment Fund 2000 supports the work of the Royal Opera House by raising funds to support projects which increase the appreciation and understanding of the musical art in all its forms. It is a separately registered charity, and its board has a majority of Trustees who are independent of the Royal Opera House. Since its inception the Fund has been able to make grants (directly or indirectly) for the benefit of the Royal Opera House. The extent to which the Royal Opera House benefits from the Royal Opera House Endowment Fund 2000 and the extent of grants and consideration of grants to other bodies has been reviewed annually by the Trustees since its creation. Since the beginning of the period ended 25 March 2007, the Trustees have considered it appropriate to consolidate the Royal Opera House Endowment Fund 2000 into the Royal Opera House Covent Garden Foundation Group. In the Trustees' view, Royal Opera House Covent Garden Foundation has dominant influence in that it has the ability to direct and the ability to benefit from the activities of Royal Opera House Endowment Fund 2000. The objects of Royal Opera House Endowment Fund 2000 are substantially confined to the benefit of Royal Opera House Covent Garden Foundation.

Royal Opera House Enterprises Limited: This wholly-owned subsidiary accounts for the catering, retail, venue hire, sponsorship, cinema distribution, recording, production and distribution of audio-visual materials, advertising and brand licensing activity and was wholly owned throughout the period.

ROH Holdings Limited: ROH Holdings Limited is a holding company with one subsidiary, **ROH Developments Limited**, a property development company. ROH Holdings Limited was wholly owned throughout the period. **ROH Management Limited**, a wholly owned property management company which ceased trading on 01 September 2014 was consolidated into ROH Holdings Limited in the comparative year only. The company's trade was taken over by the Royal Opera House Enterprises Limited on 01 September 2014.

Royal Opera House Foundation (the Foundation): dormant from 31 August 2014. This entity was consolidated into the consolidated financial statements in the comparative year only. Its activities are now carried out by Royal Opera House Covent Garden Foundation.

The consolidated financial statements include the results of these entities, as detailed in note 2.

Equality policy/statement

The Royal Opera House has an ongoing commitment to promoting diversity throughout all its work – as an employer, in the art we perform, and in the extent of our audience. We report annually to Arts Council England on our progress against an action plan, which is keenly monitored by the Board of Trustees.

Environmental Strategy

It is the ambition of the Royal Opera House to be a leader in environmental sustainability and to act as a catalyst for positive change in this field.

Recognising our global reach and leadership role within the UK arts sector, we embrace our responsibility and obligation to reduce our impact on the environment and we aim to engage with our audiences, staff, suppliers and partners to raise awareness about sustainability issues. It is our belief that reducing our environmental impact will not only have a positive effect on the environment, but will also make our operations more efficient and economical and will enhance our organizational resilience in the long term.

Health and safety

The charity has a health and safety committee comprised of representatives from many departments. All new employees are issued with a health and safety policy document. In addition, under the supervision of the occupational health unit, there are trained first-aiders in all departments. A full report on Health and Safety is considered annually by the Board.

Employees

The charity informs and seeks the views of its employees by means of regular department meetings open to all employees and newsletters. Regular meetings are held with the recognised unions: BECTU (Broadcasting Entertainment Cinematograph and Theatre Union), The Musicians' Union and Equity.

Disabled persons

The charity encourages the employment of disabled persons. It is Board policy to ensure that continued employment is offered, wherever possible, to employees who become temporarily disabled and special arrangements are made for those permanently disabled.

Political and charitable contributions:

The charity made no political contributions during the period. No charitable contributions were made during the period, other than as disclosed in Note 9 to the financial statements.

Payment policy:

It is the charity's policy to pay suppliers in accordance with agreed credit terms. The Royal Opera House had trade creditors equivalent to 28 days supply at the period end (53 week period ended 31 August 2014: 29 days).

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.

Trustees' responsibilities statement

The trustees (who are also directors of Royal Opera House Covent Garden Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 charitable group will continue in business.

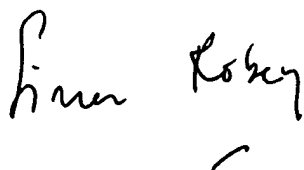
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with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

The Trustees confirm that:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Annual Report, including the Strategic Report, was approved by the Board of Trustees and signed on 09 February 2016.



Simon Robey, Chairman

Independent auditor's report to the members of Royal Opera House Covent Garden Foundation

We have audited the financial statements of Royal Opera House Covent Garden Foundation for the 52-week period ended 30 August 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the Parent Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable 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 charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 40, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 August 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the 52 week 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the 52-week period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Carol Rudge, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, 09 February 2016

FINANCIAL STATEMENTS

ROYAL OPERA HOUSE COVENT GARDEN FOUNDATION
(LIMITED BY GUARANTEE)

(formerly Royal Opera House Covent Garden Limited)

Consolidated financial statements
52 week period ended 30 August 2015

Registered charity number: 211775. Registered company
number: 480523.

Consolidated statement of financial activities for the 52 week period ended 30 August 2015

	Note				52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
		Total Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
		£'000	£'000	£'000	£'000	£'000
Incoming resources						
Incoming resources from charitable activities						
Operation of Royal Opera House (including box office)	3	53,675	-	-	53,675	52,114
Incoming resources from generated funds						
Voluntary Income						
Donations, legacies and similar incoming resources	5	11,406	28,291	(53)	39,644	25,587
Grants from Arts Council England	4	25,077	3,406	-	28,483	28,999
Activities for generating funds						
Commercial trading income	6	18,143	-	-	18,143	19,418
Investment income	7	926	715	-	1,641	1,414
Total incoming resources		109,227	32,412	(53)	141,586	127,532
Resources Expended						
Charitable activities						
Costs of productions, sales and operations	8	(93,176)	(12,974)	-	(106,150)	(104,672)
Costs of generating funds						
Costs of generating voluntary income	10	(4,809)	(120)	-	(4,929)	(4,938)
Costs of commercial activities	11	(13,130)	-	-	(13,130)	(13,935)
Governance costs	12	(222)	-	-	(222)	(245)
Interest payable	14,33	(52)	-	-	(52)	-
Total resources expended	14	(111,389)	(13,094)	-	(124,483)	(123,790)
Net incoming/(outgoing) resources before transfers		(2,162)	19,318	(53)	17,103	3,742
Gross transfers between funds	15	9,280	(9,280)	-	-	-
Net incoming/(outgoing) resources before other recognised gains and (losses)		7,118	10,038	(53)	17,103	3,742
Other recognised gains and (losses)						
Gains on revaluation and disposals of investments	17	-	-	430	430	1,212
Gains on revaluation of heritage assets	17,21	536	-	-	536	70
Actuarial (loss) on the defined benefit pension scheme	29	(1,665)	-	-	(1,665)	(6,099)
Net movement in funds		5,989	10,038	377	16,404	(1,075)
Fund balances brought forward at 1 September 2014		163,263	8,657	33,726	205,646	206,721
Fund balances carried forward at 30 August 2015	25	169,252	18,695	34,103	222,050	205,646

Amounts relating to incoming resources and resources expended in the current and previous period derive from continuing activities. No significant new operations have been acquired in the period or the previous period.

There is no difference between the results for the period stated above and their historical cost equivalents, except for unrealised gains and losses on investments and heritage assets (see note 17).

Notes from pages 51 to 86 form part of the financial statements.

Consolidated income and expenditure account for the 52 week period ended 30 August 2015

	Note	52 week period ended 30-Aug-15 Total Funds £'000	53 week period ended 31-Aug-14 Total Funds £'000
Incoming resources			
Incoming resources from charitable activities			
Operation of Royal Opera House (including box office)	3	53,675	52,114
Incoming resources from generated funds			
Voluntary Income			
Donations, legacies and similar incoming resources	5	39,697	23,716
Grants from Arts Council England	4	28,483	28,999
Activities for generating funds			
Commercial trading income	6	18,143	19,418
Investment income	7	1,641	1,414
Total incoming resources		141,639	125,661
Resources Expended			
Charitable activities			
Costs of productions, sales and operations	8	(106,150)	(104,672)
Costs of generating funds			
Costs of generating voluntary income	10	(4,929)	(4,938)
Costs of commercial activities	11	(13,130)	(13,935)
Governance costs	12	(222)	(245)
Interest payable	14,33	(52)	-
Total resources expended	14	(124,483)	(123,790)
Net income		17,156	1,871

The consolidated income and expenditure account is prepared for Companies Act purposes and presents the group's gross income, expenditure and realised gains and losses. The consolidated statement of financial activities includes the consolidated income and expenditure account along with movements in endowment funds and unrealised gains and losses (as presented in the consolidated statement of total recognised gains and losses).

Consolidated statement of total recognized gains and losses

	Note	52 week period ended 30-Aug-15 Total Funds £'000	53 week period ended 31-Aug-14 Total Funds £'000
Net income (expenditure)		17,156	1,871
New endowment assets	5	(53)	1,871
Gains/(losses) endowment assets	17	430	1,212
Unrealized gains/(losses) on heritage assets	17	536	70
Actuarial (losses)/gains on the defined benefit pension scheme	29	(1,665)	(6,099)
Total recognised gains and losses since 31 August 2014		16,404	(1,075)

Notes from pages 51 to 86 form part of the financial statements.

Consolidated balance sheet as at 30 August 2015

	Note				30 August 2015	31 August 2014
		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
		£'000	£'000	£'000	£'000	£'000
Fixed assets						
Intangible fixed assets	18	911	-	-	911	913
Tangible fixed assets	19	155,992	12,285	-	168,277	163,427
Heritage assets	21	10,590	-	-	10,590	9,989
Investments	20(a)	-	-	28,935	28,935	26,425
Total fixed assets		167,493	12,285	28,935	208,713	200,754
Current assets						
Productions in preparation		1,516	-	-	1,516	2,081
Stocks	22	610	-	-	610	676
Debtors: amounts falling due after more than one year	23	-	-	5,430	5,430	5,430
Debtors: amounts falling due within one year	23	14,256	558	-	14,814	10,081
Cash at bank and in hand		37,100	8,094	-	45,194	37,671
		53,482	8,652	5,430	67,564	55,939
Creditors: amounts falling due within one year	24	(34,792)	(832)	(262)	(35,886)	(35,282)
Net current assets		18,690	7,820	5,168	31,678	20,657
Total assets less current liabilities		186,183	20,105	34,103	240,391	221,411
Creditors: amounts falling due after one year	33	-	(1,410)	-	(1,410)	-
Net assets excluding pension liability		186,183	18,695	34,103	238,981	221,411
Defined benefit pension scheme liability	29	(16,931)	-	-	(16,931)	(15,765)
Net assets including pension liability		169,252	18,695	34,103	222,050	205,646
Funds						
Unrestricted general funds	25	4,004	-	-	4,004	3,628
Unrestricted designated funds	25	182,179	-	-	182,179	175,400
Unrestricted funds before pension reserve		186,183	-	-	186,183	179,028
Unrestricted pension reserve	29	(16,931)	-	-	(16,931)	(15,765)
Restricted funds	25	-	18,695	-	18,695	8,657
Endowment fund	25	-	-	34,103	34,103	33,726
Total Funds		169,252	18,695	34,103	222,050	205,646

These financial statements
were approved by the
board of Trustees on 09
February 2016 and were
signed on its behalf by:


SIMON ROBEY
Trustee

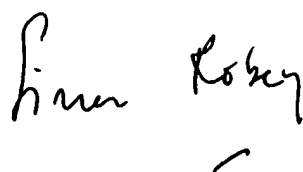

JULIAN METHERELL
Trustee

Notes from pages 51 to 86 form part of these financial statements.

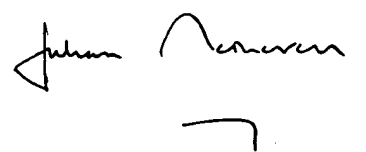
Parent charitable company balance sheet as at 30 August 2015

	Note	Unrestricted Funds	Restricted Funds	30 August 2015 Total Funds	31 August 2014 Total Funds
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	18	575	-	575	562
Tangible fixed assets	19	155,992	12,285	168,277	163,427
Heritage assets	21	10,590	-	10,590	9,989
Investment in subsidiaries	20(b)	6,676	-	6,676	6,676
Total fixed assets		173,833	12,285	186,118	180,654
Current assets					
Productions in preparation		1,516	-	1,516	2,081
Debtors: amounts falling due after more than one year	23	1,800	-	1,800	2,000
Debtors: amounts falling due within one year	23	12,222	410	12,632	8,564
Cash at bank and in hand		36,759	7,428	44,187	34,442
		52,297	7,838	60,135	47,087
Creditors: amounts falling due within one year	24	(34,301)	(264)	(34,565)	(34,309)
Net current assets		17,996	7,574	25,570	12,778
Total assets less current liabilities		191,829	19,859	211,688	193,432
Creditors: amounts falling due after one year	33	-	(1,410)	(1,410)	-
Net assets excluding pension liability		191,829	18,449	210,278	193,432
Defined benefit pension scheme liability	29	(16,931)	-	(16,931)	(15,765)
Net assets including pension liability		174,898	18,449	193,347	177,667
Funds					
Unrestricted general funds	25	3,878	-	3,878	3,810
Unrestricted designated funds	25	187,951	-	187,951	181,172
Unrestricted funds before pension reserve		191,829	-	191,829	184,982
Unrestricted pension reserve	29	(16,931)	-	(16,931)	(15,765)
Restricted funds	25	-	18,449	18,449	8,450
Total Charity Funds		174,898	18,449	193,347	177,667

These financial statements were approved by the board of Trustees on 09 February 2016 and were signed on its behalf by:



SIMON ROBEY
Trustee



JULIAN METHERELL
Trustee

Notes from pages 51 to 86 form part of these financial statements.

Consolidated cash flow statement for the 52 week period ended 30 August 2015

	Note	52 Week Period Ended 30 August 2015 £'000	53 Week Period Ended 31 August 2014 £'000
Cash inflow from operating activities	30	20,415	12,678
Return on investments and servicing of finance	31(a)	1,635	1,428
Capital expenditure and financial investment	31(b)	(15,927)	(8,692)
Net receipt/(repayment) of financing	31(d)	1,398	-
Management of liquid resources	31(c)	(10,000)	5,600
(Decrease)/increase in net cash (excluding liquid resources) in the period	32	<u>(2,477)</u>	<u>11,014</u>

Reconciliation of net cash flow to movement in net funds for the 52 week period 30 August 2015

	Note	30 August 2015 £'000	31 August 2014 £'000
(Decrease)/increase in net cash (excluding liquid resources)	32	(2,477)	11,014
Increase/(Decrease) in liquid resources	32	<u>10,000</u>	<u>(5,600)</u>
Movement in net funds in the period		7,523	5,414
Net funds at 31 August 2014		37,671	32,257
Net funds at 30 August 2015	32	<u>45,194</u>	<u>37,671</u>

Notes from pages 51 to 86 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 financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of investments and heritage assets, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and Companies Act 2006.

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The charity substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will match expenditure (in the unrestricted general fund).

Arts Council England has confirmed funding for the charity to March 2018. The Trustees believe that despite the drop in funding the group will continue in operational existence for the foreseeable future and be in a position to continue to meet its liabilities as they fall due for at least 12 months from signing these financial statements.

Comparative figures are shown for the 53 week period ended 31 August 2014.

Basis of consolidation

The consolidated statement of financial activities and balance sheet include the financial statements of the charity (Royal Opera House Covent Garden Foundation) and its subsidiaries as set out in Note 20(b). All subsidiary results are presented for their statutory financial period which falls within three months of the year end of the charity. The results of the ROH Holdings Group Limited and Royal Opera House Enterprises Limited have been included in the consolidated statement of financial activities throughout the period. ROH Holdings Limited is the holding company of ROH Developments Limited. In the charity's financial statements, the investment in subsidiary undertakings is stated at cost.

Until 31 August 2014, The Royal Opera House Foundation was been treated as a subsidiary undertaking on the basis that it was controlled by Royal Opera House Covent Garden Foundation and was consolidated in full in that period. The Royal Opera House Foundation activities, assets and liabilities were transferred to Royal Opera House Covent Garden Foundation on 31 August 2014, and the assets and liabilities were brought into Royal Opera House Covent Garden Foundation at their fair values and their net value was recognised as an item of income in the statement of financial activities for Royal Opera House Covent Garden.

The Royal Opera House Endowment Fund 2000 has also been consolidated in full throughout the period. Since its inception the Fund has been able to make grants (directly or indirectly) for the benefit of the Royal Opera House. The extent to which the Royal Opera House benefits from the Royal Opera House Endowment Fund 2000 and the extent of grants and consideration of grants to other bodies has been reviewed annually by the Trustees since its creation. Since the beginning of the period ended 25 March 2007, the Trustees have considered it appropriate to consolidate the Royal Opera House Endowment Fund 2000 into the Royal Opera House Covent Garden Foundation Group (formerly the Royal Opera House Covent Garden Limited Group). In the Trustees' view, Royal Opera House Covent Garden Foundation has dominant influence in that it has the ability to direct and the ability to benefit from the activities of Royal Opera House Endowment Fund 2000. Also, the objects

of Royal Opera House Endowment Fund 2000 are substantially confined to the benefit of Royal Opera House Covent Garden Foundation.

Basis of consolidation

A separate Statement of Financial Activities, or income and expenditure account, has not been presented for the charity in accordance with Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. The income and expenditure of the charity are detailed in note 25.

Incoming resources

Box office and other income from the operation of the Royal Opera House is stated net of Value Added Tax and consists primarily of ticket sales together with sales of other goods and services. Revenue from ticket sales is recognised on the night of the performance.

Membership income received is recognised on a time-apportioned basis over the period to which the membership relates.

Grants, donations and legacies are recognised on a receivable basis when their receipt is assured.

Sponsorship income represents income from commercial organisations in support of specific activities. Income is recognised at the point of delivery of goods or services.

Grants from Arts Council England are recognised on entitlement and when their receipt is assured.

Commercial trading income and other income is recognised at the point of delivery of goods or services.

Investment income is recognised on an accrual basis.

Amounts due to the Royal Opera House in respect of the Theatre Tax Credit is included in the financial year to which the claim relates.

Liabilities

Liabilities are recognised upon receipt of goods and services supplied. Contracted commitments are not recorded as liabilities on the balance sheet, as the criteria for recognition have not been met. Commitments are disclosed in note 28(b).

Fund accounting

Unrestricted funds are those that can be used in accordance with the charitable objectives at the discretion of the Trustees and include designated funds, representing unrestricted funds which have been earmarked for particular purposes.

Restricted funds are to be used in accordance with charitable objects and specific restrictions placed by the donor. Restricted funds have been further subdivided into restricted income funds and endowment funds. Restricted income funds are expendable at the discretion of the trustees on specific purposes as required by donors. Endowment funds represent those assets that are required to be invested to produce income to meet expenditure, either as directed by the endowment or for general purposes.

A transfer is made between restricted capital funds, representing tangible fixed assets required to be held for restricted purposes, and unrestricted funds to match depreciation charged on those tangible fixed assets.

Cash at bank and in hand

Cash at bank and in hand includes deposits with more than 24 hours' notice to access. These deposits are presented as liquid resources on the cash flow statement.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Tangible fixed assets costing less than £1,500 are not capitalised and are expensed through the Statement of Financial Activities. 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:

Freehold land and buildings	1 - 10%
Equipment and vehicles:	2 - 33%
Stage, production and technical equipment	2 - 20%
Other equipment	2 - 25%
Computer equipment	33%
Motor vehicles	25%

Assets in course of construction are transferred to functional tangible fixed asset categories when the asset is ready for use, and depreciated thereafter.

Heritage assets

The Royal Opera House maintains the following types of heritage assets:

- Fine art
- Costumes and accessories
- Other collections

Heritage assets are carried at market value. Market value of the fine art collection is based on retail replacement cost. Management have made reference to the latest available external valuations in forming their assessment of period end market value. Gains and losses on revaluation are recognised through 'Other Recognised Gains' in the Statement of Financial Activities.

The Royal Opera House only recognises new acquisitions on the Balance Sheet where the value of these acquisitions is greater than £10,000. Purchases under £10,000 are recognised as an expense in the Statement of Financial Activities in the period they were incurred.

Expenditure which is required to preserve or prevent further deterioration of individual collection items is recognised in the Income and Expenditure account when it is incurred. The Collections department has a rolling programme of review and restoration and the budget put aside for this on an annual basis is £15,000.

Investments

Investments, excluding investments in subsidiaries, are shown at market value as at the balance sheet date. Realised and unrealised gains on investments are recognised in the statement of financial activities.

Investments in subsidiaries are recorded at cost in the individual balance sheet of the charity.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling at balance sheet date. Transactions in foreign currency are translated at the exchange rate ruling at that date of the transaction. Foreign currency gains and losses are recognised as resources expended in the Statement of Financial Activities.

Intangible fixed assets

Intangible fixed assets are investment in programming costs, which are capitalised and amortised over their expected useful life, which is up to two years depending on format and the terms of licences acquired. The costs capitalised are third party costs that include capture costs, post-production costs, rights clearances and other directly attributable costs. These assets are reviewed for impairment where events or changes in circumstances indicate that the carrying amount may not be recoverable. Any anticipated losses on individual projects are expensed in the Statement of Financial Activities.

Loans

Loans are included at their carrying amount and disclosed in Note 33. The long term portion is included in creditors falling due after one year with the current portion included in Note 24.

Resources expended

Costs of Charitable activities comprise costs of productions, sales and operations of the Royal Opera House, and grants and transfers to third party organisations. Direct expenditure on productions staged is charged to costs of production and sales on the day of the first performance. Costs relating to productions which have not had their first performance by the period end are held on the balance sheet under the caption 'Productions in Preparation.'

Costs of generating funds consist of direct fundraising costs and costs of commercial trading operations. These costs are recognised when incurred.

Support costs, including Management and Administration, and Premises and depreciation costs have been allocated across Costs of production, sales and operation, and Costs of generating voluntary income. Support costs are analysed in note 13.

Governance costs, including audit fees and legal and professional fees on statutory and governance matters, are shown separately in the Statement of Financial Activities and are analysed in note 12.

Interest payable is shown separately in the Statement of Financial Activities and in note 33.

Any irrecoverable VAT is included as part of the cost to which it relates.

Leases

As a lessee: Operating lease rentals are charged to the statement of financial activities on a straight line basis over the period of the lease.

As a lessor: Finance leases are leases in which substantially all the risks and rewards of ownership, other than legal title, are transferred to the lessee. Assets acquired and held for use under finance leases are presented as a debtor at an amount equal to the net investment in the lease. Finance income is subsequently recognised at a constant periodic rate of return on that net investment. Contingent rentals arising under finance leases are recognised on receipt.

Pension costs

The charity operates a pension scheme providing benefits based on final pensionable pay. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability method. The pension scheme liability is disclosed on the balance sheet within unrestricted funds. The actuarial gain or loss for the period is disclosed under other recognised gains and losses in the Statement of Financial Activities. The current service costs and finance charge are included within costs of production, sales and operations. These movements are analysed in detail in note 29.

The group also contributes to five defined contribution schemes for dancers, singers, musicians, and administration staff. The amounts charged to the Statement of Financial Activities represent the contributions payable to the schemes during the period.

Stocks

Retail items are included at the lower of cost and net realisable value.

Productions in Preparation

Costs relating directly to a production which are incurred in advance of its staging, such as commissioning, build costs and stocks of production materials, are held in the first instance on the balance sheet and disclosed under the heading 'productions in preparation.' These costs are subsequently charged to the Statement of Financial Activities in the period in which the production's first performance takes place.

Gifts in kind

Investments and other assets donated to the charity are included as donated voluntary income valued at market value at the time of receipt.

2. Subsidiary undertakings

Charitable subsidiaries

The charity has one charitable subsidiary – the Royal Opera House Endowment Fund 2000. The Royal Opera House Endowment Fund 2000 is a connected charity.

Royal Opera House Endowment Fund 2000 (the “Endowment Fund”) supports the work of the Royal Opera House and other organisations by raising funds to support projects which increase the appreciation and understanding of the musical arts in all forms. It is a separately registered charity, and its board has a majority of Trustees who are independent of the Royal Opera House. Since its inception the Endowment Fund has been able to make grants (directly or indirectly) for the benefit of the Royal Opera House. The extent to which the Royal Opera House benefits from the Endowment Fund and the extent of grants and consideration of grants to other bodies has been reviewed annually by the Trustees since its creation. Since the beginning of the period ended 25 March 2007, the Trustees have considered it appropriate to consolidate the Royal Opera House Endowment Fund 2000 into the Royal Opera House Covent Garden Foundation Group. In the Trustees’ view, Royal Opera House Covent Garden Foundation has dominant influence in that it has the ability to direct and the ability to benefit from the activities of Royal Opera House Endowment Fund 2000. Also, the objects of Royal Opera House Endowment Fund 2000 are substantially confined to the benefit of Royal Opera House Covent Garden Foundation.

Until 31 August 2014, the Royal Opera House Foundation (“ROH Foundation”) was a charitable company limited by guarantee which was incorporated in the UK. It operated the membership scheme for the Royal Opera House and other fundraising activities. It was controlled and consolidated by Royal Opera House Covent Garden Foundation (formerly Royal Opera House Covent Garden Limited) since 31 August 2001. ROH Foundation was merged with Royal Opera House Covent Garden Foundation on 31 August 2014. All activities and net assets of ROH Foundation were transferred to Royal Opera House Covent Garden Foundation on this date.

The summary results for both charities are shown below:

	ROH Foundation		Endowment Fund	
	52 Week Period Ended	53 Week Period Ended	Year Ended	Year Ended
	30 August 2015	31 August 2014	31 August 2015	31 August 2014
	£'000	£'000	£'000	£'000
Incoming resources				
Donations, legacies and similar income	-	23,104	255	2,076
Investment income	-	-	1,471	1,251
Resources Expended				
Cost of sales and administrative expenses	-	(3,772)	(45)	(12)
Donations and grants to other group undertakings	-	(19,314)	(1,364)	(1,171)
Other donations and grants	-	(18)	-	-
Other resources expended - transfer to parent company	-	(985)	-	-
Investment managers' fees	-	-	(193)	(206)
Gains on revaluation & disposal of investments	-	-	430	1,212
Net movement in funds	-	(985)	554	3,150

The assets and liabilities of both charities were:

	ROH Foundation		Endowment Fund	
	30 August 2015	31 August 2014	31 August 2015	31 August 2014
	£'000	£'000	£'000	£'000
Fixed asset investments	-	-	28,935	26,425
Current assets	-	-	6,530	8,933
Current liabilities	-	-	(626)	(1,073)
Total net assets	-	-	34,839	34,285
Total funds	-	-	34,839	34,285

Except for fixed asset investments (which at 30 August 2015 had a historical cost of £25.9m (31 August 2014: £23.3m) there is no difference between the carrying values and their historical cost equivalents.

Trading subsidiaries

The charity has two trading subsidiaries – ROH Holdings Limited and Royal Opera House Enterprises Limited. A further trading subsidiary, Royal Opera House Covent Garden Trading Limited, was dissolved on 24 December 2013.

Royal Opera House Enterprises Limited ("ROHEL") is a wholly owned trading subsidiary, whose principal activities are 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. The charity owns the entire issued share capital.

ROH Holdings has a wholly owned subsidiary, ROH Developments Limited. The ROH Holdings Group prepares its accounts to 31 August each year.

Summary trading results of all trading subsidiaries are shown below:

	ROHEL		ROHHL	
	52 Week Period Ended 30 August 2015 £'000	53 Week Period Ended 31 August 2014 £'000	53 Week Period Ended 31 August 2015 £'000	53 Week Period Ended 31 August 2014 £'000
Turnover	18,880	19,882	5	433
Cost of sales	(12,734)	(13,224)	(5)	(433)
Gross profit	6,146	6,658	-	-
Administration and financial expenses	(1,749)	(1,693)	-	-
Net profit for the period	4,397	4,965	-	-
Amount gifted to the charity	(4,228)	(4,937)	-	-
Retained result in subsidiary for the period	169	28	-	-

The assets and liabilities of each trading subsidiary were:

	ROHEL		ROHHL	
	30 August 2015	31 August 2014	31 August 2015	31 August 2014
	£'000	£'000	£'000	£'000
Intangible fixed assets	336	350	320	-
Current assets	4,406	4,397	12	443
Current liabilities	(2,492)	(2,466)	(12)	(123)
Non-current liabilities	(1,800)	(2,000)	-	-
Total net assets	450	281	320	320
Aggregate share capital and reserves	450	281	320	320

3. Incoming resources from operation of Royal Opera House

	52 week period ended 30-Aug-15	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14	53 week period ended 31-Aug-14
	£'000	£'000	£'000	£'000
Unrestricted funds:				
Box office receipts:				
The Royal Opera	27,918		29,872	
The Royal Ballet	14,350		14,363	
		42,268		44,235
Other income:				
Publications	888		907	
Other	4,666		5,757	
Theatre Tax Credit	4,747		-	
		10,301		6,664
UK total		52,569		50,899
Overseas touring receipts		1,106		1,215
		53,675		52,114

4. Grants from Arts Council England

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Unrestricted funds:		
Grant in aid from Arts Council England	25,077	24,586
Restricted funds:		
Bridge funding from Arts Council England	748	759
Capital funding from Arts Council England - NPO funding	-	675
Capital funding from Arts Council England - Large Capital Grant	2,658	2,979
	3,406	4,413

5. Donations, legacies and similar incoming resources

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Membership	7,323	-	-	7,323	7,567
Events	1,638	-	-	1,638	1,208
Donations, gifts and legacies	2,445	25,955	(53)	28,347	16,006
Grants	-	2,336	-	2,336	806
	11,406	28,291	(53)	39,644	25,587

Restricted donations includes £13.3m for the Open Up project.

6. Commercial Trading Income

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Unrestricted Funds		
Catering	9,221	9,457
Sponsorship	3,051	2,827
Sales and broadcast of audio-visual materials	2,667	3,427
Retail	999	1,090
Promotions and summer season	523	1,035
Venue hire	741	627
Advertising	453	473
Property recharges	384	427
Licensing	104	55
	18,143	19,418

7. Investment income

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
	£'000	£'000	£'000	£'000	£'000
Dividend and interest income	618	715	-	1,333	1,124
Finance lease interest income	308	-	-	308	290
	<u>926</u>	<u>715</u>	<u>-</u>	<u>1,641</u>	<u>1,414</u>

Dividend and interest income is earned on funds managed (for the Royal Opera House Endowment Fund 2000) by the investment managers FF&P Asset Management Limited, Troy Asset Management Limited and Newton Investment Management Limited, and interest on bank deposits.

Finance lease interest income is derived from the leases for the retail units on the site of the Royal Opera House.

8. Costs of productions, sales and operations

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
	£'000	£'000	£'000	£'000	£'000
The Royal Opera	18,794	-	-	18,794	18,903
The Royal Ballet	11,415	-	-	11,415	10,743
Orchestra of the Royal Opera House	9,601	-	-	9,601	9,900
Royalties and hire fees	1,260	-	-	1,260	1,412
Production	670	12,212	-	12,882	13,884
Stage and transport	11,573	-	-	11,573	11,212
Touring expenses	1,746	-	-	1,746	1,413
Other production and sales costs	6,184	-	-	6,184	6,386
House management	1,364	-	-	1,364	1,245
Marketing and publicity	5,953	-	-	5,953	5,807
Education, archives & liverelays	3,294	762	-	4,056	3,968
Support costs (note 13)	21,811	-	-	21,811	20,455
Grants (note 9)	10	-	-	10	18
Operating credit on pension scheme (note 29)	(159)	-	-	(159)	(366)
Net finance(credit)/charge on pension scheme (note 29)	(340)	-	-	(340)	(308)
	<u>93,176</u>	<u>12,974</u>	<u>-</u>	<u>106,150</u>	<u>104,672</u>

The employer cash contribution to the defined benefit pension scheme is included in the Costs of production, sales and operation in the Unrestricted Fund in the Statement of Financial Activities. The operating credit on the pension scheme above, which is recognised in the Unrestricted Pension Scheme Fund in note 25, represents the difference between the cash contributions and the employer's part of current service costs as calculated by the Scheme's actuary (refer note 29).

9. Grants

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Unrestricted funds		
Grant to Royal Ballet School	10	10
Grant to Streetwise Opera Company	-	8
	<u>10</u>	<u>18</u>

Grants made are in furtherance of the charity's objectives.

10. Costs of generating voluntary income

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Fundraising staff costs	1,502	-	-	1,502	1,430
Fundraising overheads	2,297	120	-	2,417	2,549
Support costs	1,010	-	-	1,010	959
	<u>4,809</u>	<u>120</u>	<u>-</u>	<u>4,929</u>	<u>4,938</u>

11. Costs of commercial activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
	£'000	£'000	£'000	£'000	£'000
Retail costs	635	-	-	635	638
Sponsorship costs	832	-	-	832	627
Audio visual recording, production & distribution costs	2,414	-	-	2,414	3,295
Property recharges	384	-	-	384	428
Catering costs	7,478	-	-	7,478	7,636
Other commercial costs	1,387	-	-	1,387	1,311
	<u>13,130</u>	<u>-</u>	<u>-</u>	<u>13,130</u>	<u>13,935</u>

12. Governance costs

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
External audit	88	67
Legal and professional costs	134	178
	<u>222</u>	<u>245</u>

13. Allocation of support costs

	Costs of production, sales and operations (note 8)	Costs of generating voluntary income (note 10)	Governance costs (note 12)	Total 52 week period ended	Total 53 week period ended
	30-Aug-15	30-Aug-15	30-Aug-15	30-Aug-15	31-Aug-14
	£'000	£'000	£'000	£'000	£'000
Management and administration	5,512	256	-	5,768	4,826
Premises	9,711	450	-	10,161	9,956
Depreciation	6,588	304	-	6,892	6,632
External audit	-	-	88	88	67
Legal and professional costs	-	-	134	134	178
	<u>21,811</u>	<u>1,010</u>	<u>222</u>	<u>23,043</u>	<u>21,659</u>

Directly attributable support costs are allocated to governance costs where appropriate. The remaining support costs are pro-rated between the key cost driving areas: costs of production, sales and operations and costs of generating voluntary income, based on their proportional costs to the overall costs.

The increase in management and administration costs of £0.942m over the prior period is largely attributable to transition costs associated with the significant change project to our technology platform.

14. Total resources expended

Total resources expended are stated after charging the following:

	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
	£'000	£'000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	63	42
Fees payable to the charitable company's auditor for other services:		
Audit of the charitable company's subsidiaries, pursuant to legislation	25	25
Audit of grant claim	-	7
Other services in relation to taxation and commercial lease	-	2
Depreciation and other amounts written off:		
Tangible fixed assets - owned (note 19)	6,892	6,632
Amortisation of intangible fixed assets (note 18)	2,106	1,939
Operating leases - land and buildings	32	27
Interest payable	<u>52</u>	<u>-</u>

15. Gross transfers between funds

	Notes	Unrestricted General Fund	Unrestricted Designated Fund	Restricted Funds	Endowment Funds	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
Gross transfers between funds		£'000	£'000	£'000	£'000	£'000	£'000
Depreciation & Amortisation	15(a)	222	-	(222)	-	-	-
Fixed Asset Fund	15(b)	3,524	2,800	(6,324)	-	-	-
Other Designated Funds	15(c)	(3,858)	3,378	480	-	-	-
Other Restricted Funds	15(d)	2,658	-	(2,658)	-	-	-
Endowment	15(e)	556	-	(556)	-	-	-
		<u>3,102</u>	<u>6,178</u>	<u>(9,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) Depreciation of £0.2m (53 week period ended 31 August 2014: £0.2m) was charged against unrestricted income then matched by a transfer from restricted funds. Restricted funds include those funds that have been granted specifically to finance the capital expenditure on the Bob and Tamar Manoukian Production Workshop and the Bob and Tamar Manoukian Costume Centre.

(b) A net transfer of £3.5m (53 week period ended 31 August 2014: £2.6m) was made to the Unrestricted General Fund. There was a transfer from the Restricted Funds of £6.3m, representing amounts expended on the Open Up project during the period (£6.3m). This was reduced by a transfer from the Unrestricted Fixed Asset Fund of £2.8m, representing a transfer for the net decrease in the charity's tangible fixed assets, excluding the Open Up project (£2.8m).

(c) A net transfer of £3.9m (53 week period ended 31 August 2014: £3.2m) was made to the Designated Future Project Fund (£3.4m) and to the Restricted Funds (£0.5m) from Unrestricted General Funds. The transfer to the Designated Future Project Fund of £3.5m earmarks funds for specific future projects. The transfer to the Restricted Fund of £0.5m represents grants and donations received previously for the Open Up project.

(d) A net transfer of £2.7m (53 week period ended 31 August 2014: £3.8m) was made to Unrestricted Funds from Restricted Funds from the Arts Council England Capital Fund representing the Large Capital Grant received and expended on capital additions during the period (£2.7m).

(e) Transfers of £0.6m (53 week period ended 31 August 2014: £0.6m) were made to Unrestricted General Funds (£0.6m) from Restricted Funds.

16. Staff numbers and costs

The average number of full time staff employed by the group during the period was as follows:

	Number of staff	
	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
Production	444	434
Orchestra	125	125
Royal Ballet	140	134
Royal Opera	90	85
Sales and marketing	82	83
Management and administration	101	90
Fundraising	35	33
Education and collections	22	22
Premises	4	4
Opus Arte	6	6
Shop	8	8
	<u>1,057</u>	<u>1,024</u>

The aggregate payroll costs of these persons were as follows:

	52 week period ended 30-Aug-15	53 week period ended 31-Aug-14
	£'000	£'000
Payroll Costs		
Wages and salaries	44,701	42,716
Social security costs	4,888	4,924
Other pension costs	3,732	3,527
	<u>53,321</u>	<u>51,167</u>

Overall full-time equivalents increased by 33 during the period. In Production, there is additional headcount in those areas to support our artistic ambitions in new productions and the opening of the Bob and Tamar Manoukian Costume Centre. The Royal Ballet has increased its headcount as a result of the Aud Jepsen Young Dancer Programme. The increase in Management and Administration headcount includes an increase to our number of apprentices and additional headcount in Digital Media and Technology to support the change project to our technology platform. The average salary cost per employee (£42,290) is a small increase compared to prior period (£41,714), which is less than our pay award of 2.75% for the year.

The emoluments of all employees, including employees whose emoluments exceeded £60,000 for the period, fell within the following bands:

		Number of staff			
		52 week period ended 30-Aug-15		53 week period ended 31-Aug-14	
		Performers	Artistic and General Management	Total	Total
up to	£59,999	211	731	942	904
£60,000	- £69,999	32	15	47	52
£70,000	- £79,999	24	6	30	31
£80,000	- £89,999	6	5	11	14
£90,000	- £99,999	5	3	8	10
£100,000	- £109,999	1	1	2	2
£110,000	- £119,999	3	1	4	2
£120,000	- £129,999	3	2	5	1
£130,000	- £139,999	1	1	2	1
£140,000	- £149,999	-	1	1	1
£150,000	- £159,999	-	-	-	1
£170,000	- £179,999	-	1	1	1
£180,000	- £189,999	-	1	1	1
£250,000	- £259,999	-	1	1	1
£260,999	- £269,999	-	1	1	-
£280,000	- £289,999	-	-	-	1
£530,000	- £539,999	-	-	-	1
£730,000	- £739,999	-	1	1	-
		286	771	1,057	1,024

Emoluments comprise wages and salaries together with benefits in kind.

For employees in bandings from £60,000 and above, contributions of £588,002 (*for 53 week period ended 31 August 2014: £659,567*) were made during the period to defined contribution pension schemes. Retirement benefits were accruing to 93 (*31 August 2014: 100*) of the above employees under defined contribution pension schemes, and to 20 (*31 August 2014: 19*) under a defined benefit pension scheme.

Emoluments for the five highest earning employees are as follows:

	Salary (£)	Fees (£)	Total (£)
Sir Antonio Pappano, Music Director	104,186	633,238	737,424
Alexander Beard, CBE, Chief Executive	266,875	-	266,875
Kasper Holten, Director of Opera	235,183	14,900	250,083
Sally O'Neill, Chief Operating Officer	184,950	-	184,950
Kevin O'Hare, Director, The Royal Ballet	179,813	-	179,813

Emoluments for Sir Antonio Pappano and Kasper Holten comprise a salary and separately contracted fees for conducting and directing, respectively. The total level of fees varies season to season depending on the number of Royal Opera House engagements undertaken.

17. Gains and losses on revaluations and disposals

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Realized gains on disposal of investments	272	831
Unrealized gains on revaluation of investments	158	381
Gains on investment assets	<u>430</u>	<u>1,212</u>

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Unrealized gains on revaluation of heritage assets	536	70
Gains on heritage assets	<u>536</u>	<u>70</u>

18. Intangible fixed assets

	Group 30 August 2015 £'000	Charity 30 August 2015 £'000
Cost		
At beginning of period	15,839	7,132
Additions	2,104	1,550
At end of period	<u>17,943</u>	<u>8,682</u>
Amortisation		
At beginning of period	(14,926)	(6,570)
Less amortisation for period	(2,106)	(1,537)
At end of period	<u>(17,032)</u>	<u>(8,107)</u>
Net book value		
At 30 August 2015	<u>911</u>	<u>575</u>
At 31 August 2014	<u>913</u>	<u>562</u>

19. Tangible fixed assets

	Freehold premises	Assets in the course of construction	Equipment & vehicles	Total
Group	£'000	£'000	£'000	£'000
Cost				
At beginning of period	157,371	3,469	84,487	245,327
Additions	1,097	8,565	2,081	11,743
Transfers	5,617	(6,795)	1,178	-
Disposals	(183)	-	(238)	(421)
At end of period	163,902	5,239	87,508	256,649
Depreciation and diminution in value				
At beginning of period	35,786	-	46,115	81,901
Charge for period	3,049	-	3,843	6,892
Disposals	(183)	-	(238)	(421)
At end of period	38,652	-	49,720	88,372
Net book value				
At 30 August 2015	125,250	5,239	37,788	168,277
At 31 August 2014	121,586	3,469	38,372	163,427

	Freehold premises	Assets in the course of construction	Equipment & vehicles	Total
Charity	£'000	£'000	£'000	£'000
Cost				
At beginning of period	157,371	3,469	84,465	245,305
Additions	1,097	8,565	2,081	11,743
Transfers	5,617	(6,795)	1,178	-
Disposals	(183)	-	(238)	(421)
At end of period	163,902	5,239	87,486	256,627
Depreciation and diminution in value				
At beginning of period	35,786	-	46,093	81,879
Charge for period	3,049	-	3,843	6,892
Disposals	(183)	-	(238)	(421)
At end of period	38,652	-	49,698	88,350
Net book value				
At 30 August 2015	125,250	5,239	37,788	168,277
At 31 August 2014	121,586	3,469	38,372	163,427

Assets in the course of construction represents building projects in progress and equipment received but not placed in service before the period end (£5.2m).

In 2013, a fixed and floating charge lasting 30 years was provided as security for the potential repayment obligations under a grant of £10m from Arts Council England for capital projects.

In 2014, a first deed of mortgage was entered into over the Bob and Tamar Manoukian Costume Centre, a first fixed charge over all its present and future plant and machinery on or serving the Property (apart from the mortgage charge) and the Rents (if any).

20. Investments

(a) Group: The following investments were held through the Royal Opera House Endowment Fund 2000 at period end:

	Group 30 August 2015 £'000	Group 31 August 2014 £'000
Held with investment managers:		
- Unquoted equities	-	-
- Venture funds	1,469	2,227
- Quoted equities	23,635	20,913
- Hedge funds	785	937
- Gold	-	-
- Bonds	863	423
- Cash funds	2,183	1,925
Total investment with Investment Managers	28,935	26,425
	28,935	26,425

The movements in investments held with investment managers were as follows:

	Group 30 August 2015 £'000	Group 31 August 2014 £'000
Market value at beginning of period	26,425	25,274
Additions (at cost)	3,321	2,994
Disposals	(1,241)	(3,055)
Net realised and unrealised gains	430	1,212
Market value at end of the period	28,935	26,425
Historical cost at end of the period	25,931	23,303

(b) Charity: the following were the subsidiary undertakings of Royal Opera House Covent Garden Foundation as at 30 August 2015:

Subsidiary undertaking	Country of incorporation	Principal activity	Percentage of shares held
ROH Holdings Limited	UK	Holding company	100%
ROH Developments Limited	UK	Property development	100%
ROH Pension Trustee Limited	UK	Trustee company	100%
ROH Productions Limited	UK	Theatre productions	100%
Royal Opera House Enterprises Limited	UK	Catering / Sponsorship / Multimedia production and distribution/Retail/Venue Hire/Licensing of brand	100%

The issued share capital in ROH Holdings Limited (which is the holding company for ROH Developments Limited) is 2 £1 shares.

ROH Pension Trustee Limited is a non-trading subsidiary. The issued share capital is 100 £1 shares.

The issued share capital in Royal Opera House Enterprises Limited is 125,987 £1 shares (*125,987 £1 shares at 31 August 2014*). The remaining balance is related to the original acquisition of Royal Opera House Enterprises Limited (formerly Opus Arte UK Limited)

	Charity 30 August 2015 £'000
Cost	
At beginning and end of period	6,676
Net book value	
At 30 August 2015	<u>6,676</u>
At 31 August 2014	<u>6,676</u>

21. Heritage assets

(a) Tangible fixed assets – heritage assets

	Fine art	Costumes & accessories	Other collections	Total
Group and Charity	£'000	£'000	£'000	£'000
Cost or valuation				
At beginning of period	7,410	1,417	1,162	9,989
Additions	-	50	15	65
Revaluation	536	-	-	536
At 30 August 2015	<u>7,946</u>	<u>1,467</u>	<u>1,177</u>	<u>10,590</u>
At 31 August 2014	<u>7,410</u>	<u>1,417</u>	<u>1,162</u>	<u>9,989</u>

The external valuer for the Royal Opera House, Richard Carroll, Senior Researcher and Specialist, Dreweatts & Bloomsbury Auctions, valued the fine art collection in September 2015, on the basis of retail replacement values. Included in the fine art collection is a painting by David Hockney, Portrait of Sir David Webster with Tulips, which is included in the accounts at a valuation of £5m (31 August 2014: £4.5m), based on the September 2015 valuation.

Both the costumes and accessories and other collections have both external and internal valuations. Where the valuation is internal, it has been provided by Julia Creed, Head of Collections. Julia Creed has a Master's degree in Archives and Records Management and has worked as an archivist at the Royal Opera House since 2004; since April 2015 she has been Head of Collections.

There were additions of £65k in the current year (31 August 2014: nil). There have been no disposals in the periods presented.

Of the heritage assets held at 30 August 2015, £7.946m were subject to external valuation at September 2015 and the remaining £2.644m were subject to internal valuation.

(b) Five year financial summary of heritage asset transactions:

	30 August	31 August	25 August	26 August	28 August
	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Purchases/Commissions					
Fine art	-	-	-	-	-
Costumes & accessories	-	-	-	-	-
Other collections	-	-	-	10	-
Donations					
Fine art	-	-	-	18	-
Costumes & accessories	50	-	-	-	312
Other collections	15	-	-	19	23
Total additions	65	-	-	47	335

(c) Further information on Heritage Assets:

The Royal Opera House maintains three collections as follows:

The fine art collection consists of paintings, other pictures and drawings, furniture, furnishings, sculpture and pottery that have been donated and are on public display throughout the Royal Opera House.

The costumes and accessories collection consists of over 4,000 individual items worn by artists at the Royal Opera House. The collection contains some items from the late 19th and early 20th centuries, but most date from 1946 to the present. The majority of the collection is costumes, with a sizeable number of hats, headdresses and jewellery, and a growing number of shoes, boots and wigs.

Other collections include photographic collections, design collections, a portrait of Pavarotti and an autographed Donizetti score for *Elisabetta*, none of which are on permanent public display.

All assets are maintained and managed through the heritage asset register which is overseen by the Head of Collections.

Most new acquisitions are made through donation. A limited number of acquisitions are purchased where assets enhance the overall collections maintained by the charity. The Royal Opera House would not normally dispose of any heritage assets in their normal course of business.

The preservation of assets is the responsibility of the Head of Collections who holds an annual budget to maintain the quality of the assets.

The Charity exhibits assets throughout the Opera House and through exhibitions. In addition, many assets may be viewed electronically through the catalogue website at www.rohcollections.org.uk.

22. Stocks

	Group 30 August 2015 £'000	Group 31 August 2014 £'000	Charity 30 August 2015 £'000	Charity 31 August 2014 £'000
Goods for resale	610	676	-	-
	<u>610</u>	<u>676</u>	<u>-</u>	<u>-</u>

23. Debtors

	Group 30 August 2015 £'000	Group 31 August 2014 £'000	Charity 30 August 2015 £'000	Charity 31 August 2014 £'000
Amounts due after more than one year				
Finance lease debtor	5,430	5,430	-	-
Amounts due from subsidiary and associated undertak- ings	-	-	1,800	2,000
	<u>5,430</u>	<u>5,430</u>	<u>1,800</u>	<u>2,000</u>

	Group 30 August 2015 £'000	Group 31 August 2014 £'000	Charity 30 August 2015 £'000	Charity 31 August 2014 £'000
Amounts due within one year				
Trade debtors	4,080	3,835	2,193	2,522
Amounts due from subsidiary and associated undertakings	-	-	593	1,068
Other debtors	4,197	3,993	3,939	3,530
Prepayments and accrued income	6,267	1,983	5,907	1,444
Finance lease debtor	<u>270</u>	<u>270</u>	<u>-</u>	<u>-</u>
	<u>14,814</u>	<u>10,081</u>	<u>12,632</u>	<u>8,564</u>

The finance lease debtor represents a 5% income interest in the leases for the retail units on the site of the Royal Opera House.

Amounts due from subsidiary and associated undertakings after more than one year in the Charity represent a loan from Royal Opera House Covent Garden Foundation to Royal Opera House Enterprises Limited, which is a long-term loan with interest charged at a rate of 2% above the Bank of England base rate

24. Creditors: amounts falling due within one year

	Group 30 August 2015 £'000	Group 31 August 2014 £'000	Charity 30 August 2015 £'000	Charity 31 August 2014 £'000
Trade creditors	3,577	2,578	3,003	2,040
Amounts owed to group undertakings	-	-	1,397	1,785
Other creditors including taxation and social security	1,434	2,960	1,383	2,966
Accruals	9,575	9,082	8,208	7,867
Current portion of loan	40	-	40	-
Deferred income	21,261	20,662	20,534	19,652
	<u>35,887</u>	<u>35,282</u>	<u>34,565</u>	<u>34,309</u>

	Group 30 August 2015 £'000	Group 31 August 2014 £'000	Charity 30 August 2015 £'000	Charity 31 August 2014 £'000
Deferred income at start of period	20,662	19,795	19,652	11,268
Box office receipts, subscription and donations received	74,972	64,652	67,323	54,522
Released to statement of financial activities	(74,373)	(63,785)	(66,442)	(46,138)
Deferred income at end of period	<u>21,261</u>	<u>20,662</u>	<u>20,534</u>	<u>19,652</u>
Comprising:				
Advanced bookings	11,814	9,991	11,814	9,991
Subscriptions and donations	8,144	9,110	8,144	9,110
Other deferred income	<u>1,303</u>	<u>1,561</u>	<u>576</u>	<u>551</u>

25. Statement of Funds – Group

	At 31 August 2014	Incoming Resources	Outgoing Resources	Other gains/ (losses)	Transfers	At 30 August 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted General fund	3,628	109,162	(111,888)	-	3,102	4,004
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	154,050	-	-	-	2,800	156,850
Unrestricted Heritage Asset Fund	9,989	65	-	536	-	10,590
Unrestricted Designated Income Fund	170	-	-	-	-	170
Unrestricted Future Projects Fund	11,191	-	-	-	3,378	14,569
Unrestricted Funds before pension reserve	179,028	109,227	(111,888)	536	9,280	186,183
Unrestricted: pension scheme liability	(15,765)	-	499	(1,665)	-	(16,931)
Total unrestricted funds	163,263	109,227	(111,389)	(1,129)	9,280	169,252
Restricted funds:						
Thurrock Capital Fund	8,234	2,816	-	-	(222)	10,828
Production Fund	-	12,192	(12,192)	-	-	-
Open Up Project Fund	-	13,263	-	-	(5,844)	7,419
Bridge Programme Fund	216	748	(762)	-	-	202
Arts Council England Capital Fund	-	2,658	-	-	(2,658)	-
ROH Holdings Limited	105	-	-	-	-	105
Digital Research & Development Fund for the Arts	-	20	(20)	-	-	-
Endowment Restricted Income Fund	102	715	(120)	-	(556)	141
Total restricted funds	8,657	32,412	(13,094)	-	(9,280)	18,695
Endowment funds	33,726	(53)	-	430	-	34,103
Total funds	205,646	141,586	(124,483)	(699)	-	222,050

Unrestricted Funds: Unrestricted funds are segregated between general funds (representing free reserves) and designated funds. The three designated funds at period end were the Fixed Asset Fund which is set at a level equivalent to the charity's fixed assets and intangible fixed assets (plus approved capital expenditure in the 14/15 season carried over to the 15/16 season), the Heritage Asset Fund which is equivalent to the charity's heritage assets and the Designated Future Projects Fund. The Designated Future Projects Fund represents funds earmarked for specific future projects. The Designated Income Fund represented grants and donations received before the period end which will be spent in the 2015/16 financial period. The pension scheme liability is disclosed in accordance with FRS 17.

Restricted Funds: The Thurrock Capital Fund has been established to hold funding received in the development of both the Bob and Tamar Manoukian Production Workshop and the Bob and Tamar Manoukian Costume Centre in Thurrock. The Production Fund represents donations received which are restricted for the purpose of specific productions. The Open Up Project Fund has been established to hold funding received towards the Open Up Project, a capital project intended to enhance audiences' experience of our work and inspire wider interest and engagement. The Bridge Programme Fund represents funding received from Arts Council England for improving the delivery of arts opportunities for children and young people, acting as a bridge between the arts and education sectors in Thurrock, Essex, Southend, Hertfordshire, Bedfordshire, Luton and North Kent. The Arts Council England Capital Fund represents funding received from both Grant in Aid and Capital Investment programme for the purchase of tangible fixed assets. The Digital Research & Development Fund for the Arts represents funding received from Nesta for developing a mobile application. The Endowment Restricted Income Fund represents funds expendable on specific purposes as required by donors.

Endowment Funds: The balance above represents restricted capital reserves held by ROH Endowment Fund 2000.

25. Statement of Funds – Charity

	At 31 August 2014	Incoming Resources	Outgoing Resources	Other gains/ (losses)	Transfers	At 30 August 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted General funds	3,810	95,607	(98,085)	-	2,546	3,878
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	159,822	-	-	-	2,800	162,622
Unrestricted Heritage Asset Fund	9,989	65	-	536	-	10,590
Unrestricted Designated Income Fund	170	-	-	-	-	170
Unrestricted Future Projects Fund	11,191	-	-	-	3,378	14,569
Unrestricted Funds before pension reserve	184,982	95,672	(98,085)	536	8,724	£191,829
Unrestricted: pension scheme liability	(15,765)	-	499	(1,665)	-	(16,931)
Total unrestricted funds	169,217	95,672	(97,586)	(1,129)	8,724	174,898
Restricted funds:						
Thurrock Capital Fund	8,234	2,816	-	-	(222)	10,828
Production Fund	-	12,748	(12,748)	-	-	-
Open Up Project Fund	-	13,263	-	-	(5,844)	7,419
Bridge Programme Fund	216	748	(762)	-	-	202
Arts Council England Capital Fund	-	2,658	-	-	(2,658)	-
Digital Research & Development Fund for the Arts	-	20	(20)	-	-	-
Total restricted funds	8,450	32,253	(13,530)	-	(8,724)	18,449
Total funds	177,667	127,925	(111,116)	(1,129)	-	193,347

26. Share capital

The charity is limited by guarantee and therefore has no share capital. The liability of the members of the charity is limited to £1 each. At 30 August 2015 there were 17 members (*31 August 2014: 13*).

27. Connected charities and other related party transactions

Connected charities

The Royal Opera House Foundation -registered charity No 211659

On 31 August 2014, the Royal Opera House Foundation was wound up and all assets and liabilities absorbed into the Royal Opera House Covent Garden.

Royal Opera House Endowment Fund 2000 -registered charity No 1089928

During the period the charity received grants of £1.4m (53 week period ended 31 August 2014: £1.2m) from Royal Opera House Endowment Fund 2000 in furtherance of its charitable objectives. At 30 August 2015, the Royal Opera House Endowment Fund 2000 owed the charity £0.6m (31 August 2014: £0.8m).

The above charity is based at the Royal Opera House, Covent Garden, London WC2E 9DD.

The charity has taken advantage of the exemption provided under FRS 8 and has not disclosed transactions with wholly owned subsidiaries.

Other related party transactions

No other trustee had an interest in any contract or transaction with the charity or its subsidiaries in the period ended 30 August 2015. During the period no trustees received any remuneration from the charity or its subsidiaries and no trustees were reimbursed for personally-incurred expenses which were necessary to carry out trustee duties (2014: nil).

The charity undertakes transactions in its normal course of business with its subsidiaries. These transactions are carried out on an arms length basis.

28. Commitments

(a) The Group has annual commitments under non-cancellable operating leases as follows:

	30-Aug-15	31-Aug-14
	Land and Buildings	Land and Buildings
	£'000	£'000
Operating leases which expire		
Less than one year	23	22
In the second to fifth years inclusive	196	4
	<u>219</u>	<u>26</u>

Authorized and contracted capital commitments in connection with the redevelopment project are included in creditors.

(b) The group has entered into contracts with guest artists and suppliers in respect of future productions to be staged at the Royal Opera House. Commitments in respect of these contracts which are not reflected in the balance sheet are:

	30-Aug-15	31-Aug-14
	£'000	£'000
Less than one year	7,034	6,928
In the second to fifth years inclusive	7,370	7,777
	<u>14,404</u>	<u>14,705</u>

29. Pension scheme

The Royal Opera House operates a defined benefit pension scheme, The Royal Opera House Pension Scheme. The Scheme's funds are administered by Trustees and are independent of the Royal Opera House's finances. Employer contributions of £1.384m were paid to the Scheme in accordance with the Schedule of Contributions agreed between the Trustees and the Royal Opera House. The Royal Opera House as employer is in consultation with the Scheme to close to future accruals.

The group also contributes to five defined contribution schemes. Two are sponsored by Arts Council England and Equity (for dancers and singers) and one by the Musicians' Union (for musicians). Two further defined contribution scheme arrangements exist for other staff groups. Contributions to these and other schemes amounted to £2.348m (53 week period ended 31 August 2014: £2.111m).

The full actuarial valuation as at 5 April 2015 that is in progress was updated to the accounting date by an independent qualified actuary in accordance with FRS 17. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method. The Scheme is closed to new entrants and, under the method used to calculate pension costs in accordance with FRS 17, the service cost as a percentage of pensionable payroll will tend to increase as the average age of membership increases.

Following the actuarial valuation as at 5 April 2012, the Trustee and ROH agreed to reduce the exposure to future pension risk by freezing Pensionable Salary for any pension accrued after 30 April 2013. As part of the actuarial valuation, the Trustee secured a charge on the ROH's main self-occupied property to help cover the cost of transferring the Scheme's liabilities to an insurance company (up to the amount of £46m) if the ROH became insolvent.

The key FRS 17 assumptions used for the Scheme are set out below, along with the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities (which equals the Gross pension liability).

The expected rate of return on assets for the financial period ended 30 August 2015 was 5.6% per annum (31 August 2014: 6.1% per annum). This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the Scheme was invested in at 30 August 2015.

The following table sets out the key FRS 17 assumptions used for the Scheme

Assumptions	30-Aug-15	31-Aug-14	25-Aug-13	26-Aug-12	28-Aug-11
Retail Prices Index Inflation	3.1% pa	3.2% pa	3.4% pa	2.9% pa	3.4% pa
Consumer Prices Index Inflation	2.1% pa	2.4% pa	2.6% pa	2.2% pa	2.7% pa
Discount rate	3.8% pa	3.9% pa	4.6% pa	4.5% pa	5.5% pa
Pension increases (according to increases under the scheme rules)	2.5/3.4/ 3.0/2.2% pa	2.5/3.4/ 3.1/2.2% pa	2.5/3.5/ 3.3/2.2% pa	2.5/3.3/ 2.9/2.1% pa	2.5/3.5/ 3.3/2.3% pa
Salary growth	2.1% pa	2.4% pa	2.6% pa	2.2% pa	3.4% pa
Life expectancy of male aged 65 at the accounting date	22.2 years	22.1 years	21.9 years	21.8 years	20.7 years
Life expectancy of male aged 65 at 20 years from the accounting date	23.9 years	23.8 years	23.7 years	23.6 years	22.6 years

The 2015 rates shown above are weighted average single equivalent rates

The amount included in the balance sheet arising from the Royal Opera House's obligations in respect of the Scheme is as follows:

	30-Aug-15	31-Aug-14
	£'000	£'000
Fair value of Scheme assets	56,981	56,181
Present value of Scheme liabilities	(73,912)	(71,946)
Gross pension liability	<u>(16,931)</u>	<u>(15,765)</u>

The scheme is represented on the balance sheet as at 30 August 2015 as a liability of £16.9m under FRS 17 (31 August 2014: £15.8m).

The amounts recognised in the Statement of Financial Activities are as follows:

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Operating charge (current service cost)	1,225	1,050
Interest cost	2,795	2,843
Expected return on plan assets	(3,135)	(3,151)
Financing (credit)/charge	(340)	(308)
Total expenses included in Statement of Financial Activities	<u>885</u>	<u>742</u>
Comprises:		
Contributions by the employer (included in Unrestricted General Fund)	1,384	1,416
Operating credit on pension scheme	(159)	(366)
Net financing (credit)/charge	(340)	(308)
Pension scheme (credit)	<u>(499)</u>	<u>(674)</u>
Total	<u>885</u>	<u>742</u>

The pension scheme credit is included in Costs of production, sales and operations in the Unrestricted Pension Scheme Liability fund (note 25).

The current allocation of the Scheme's assets is as follows:

	30-Aug-15 Fair Value £'000	31-Aug-14 Fair Value £'000
Equities	23,734	24,210
Bonds	8,594	22,660
Property	1,462	1,080
Diversified Growth Fund	17,376	8,480
Liability Driven Investment Fund	5,007	-
Cash and net current assets	808	(249)
Total	<u>56,981</u>	<u>56,181</u>

Changes in the present value of the defined benefit obligation are as follows:

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Opening defined benefit obligation	(71,946)	(62,319)
Employer's part of current service cost	(1,225)	(1,050)
Interest cost	(2,795)	(2,843)
Contribution from scheme members	(546)	(584)
Actuarial loss	276	(7,818)
Benefits paid	2,324	2,668
Closing defined benefit obligation	<u>(73,912)</u>	<u>(71,946)</u>

Changes in the fair value of the scheme assets are as follows:

	52 week period ended 30-Aug-15 £'000	53 week period ended 31-Aug-14 £'000
Opening fair value of the scheme assets	56,181	51,979
Expected return on scheme assets	3,135	3,151
Actuarial (loss) gain	(1,941)	1,719
Contributions by the employer	1,384	1,416
Contributions by scheme members	546	584
Benefits paid	<u>(2,324)</u>	<u>(2,668)</u>
Closing fair value of scheme assets	<u>56,981</u>	<u>56,181</u>

The actual return on the plan's assets over the 52 weeks to 30 August 2015 was £1.2m (*53 weeks to 31 August 2014: £4.9m*).

An actuarial loss of £1.7m (*53 weeks to 31 August 2014: loss of £6.1m*) is recognised in Other recognised gains in the Statement of Financial Activities for the 52 week period to 30 August 2015. A cumulative actuarial loss of £14.6m (*53 weeks to 31 August 2014: £12.9m*) is recognised in Other recognised gains to 30 August 2015.

The scheme deficit for the current and previous four periods are shown below:

	30-Aug-15	31-Aug-14	25-Aug-13	26-Aug-12	28-Aug-11
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(73,912)	(71,946)	(62,319)	(59,022)	(48,827)
Fair value of scheme assets	56,981	56,181	51,979	46,442	42,542
Gross pension liability	<u>(16,931)</u>	<u>(15,765)</u>	<u>(10,340)</u>	<u>(12,580)</u>	<u>(6,285)</u>

The history of experience gains and losses is:

	52 week period ended	53 week period ended	52 week period ended	52 week period ended	52 week period ended
	30-Aug-15	31-Aug-14	25-Aug-13	26-Aug-12	28-Aug-11
	£'000	£'000	£'000	£'000	£'000
Experience adjustment on Scheme assets:					
Actual return less expected return on scheme assets-losses/(gains)	1,941	(1,719)	(3,450)	(1,617)	355
Percentage of scheme's assets	(3%)	(3%)	(7%)	(3%)	1%
Experience adjustment on plan liabilities:					
Experience (gain)/ losses arising on scheme's liability	(880)	469	40	1,733	(810)
Percentage of the present value of the scheme's liabilities	(1%)	(1%)	0%	(3%)	(2%)

30. Reconciliation of net outgoing resources to net cash inflow from operating activities

	52 Week Period Ended 30-Aug-15 £'000	53 Week Period Ended 31-Aug-14 £'000
Net incoming resources before other recognised gains and losses	17,103	3,742
Defined benefit pension scheme credit	(499)	(674)
Investment and finance interest income	(1,583)	(1,428)
Donation of heritage asset	(65)	-
Depreciation charge	6,892	6,632
Amortisation of intangible fixed assets	2,106	1,939
Loss on disposal of fixed assets	-	6
Decrease in productions in preparation	565	594
Decrease in stock	66	54
Increase in debtors	(4,733)	(478)
Increase in creditors	563	2,291
Net cash inflow from operating activities	<u>20,415</u>	<u>12,678</u>

31. Gross cash flows

a) Return on investment and servicing of finance

	52 Week Period Ended 30-Aug-15 £'000	53 Week Period Ended 31-Aug-14 £'000
Finance lease interest income received	308	290
Interest income received	<u>1,327</u>	<u>1,138</u>
Net cash inflow from return on investment and servicing of finance	<u>1,635</u>	<u>1,428</u>

b) Capital expenditure and financial investment

	52 Week Period Ended 30-Aug-15 £'000	53 Week Period Ended 31-Aug-14 £'000
Capital expenditure on tangible fixed assets	(11,743)	(6,780)
Capital expenditure on intangible fixed assets	(2,104)	(1,973)
Additions of investments (at cost)	(3,321)	(2,294)
Disposals of investments	<u>1,241</u>	<u>3,055</u>
	<u>(15,927)</u>	<u>(8,692)</u>

c) Management of liquid resources (short term deposits)

	52 Week Period Ended 30-Aug-15 £'000	53 Week Period Ended 31-Aug-14 £'000
Cash used to increase short term deposits	(33,000)	(7,000)
Short term deposits used to increase cash	23,000	12,600
	<u>(10,000)</u>	<u>5,600</u>

d) Net receipt/(repayment) of financing

	52 Week Period Ended 30-Aug-15 £'000	53 Week Period Ended 31-Aug-14 £'000
Cash inflow on receipt of borrowings	1,500	-
Cash outflow on repayment of borrowings	(102)	-
Net cash inflow from financing	<u>1,398</u>	<u>-</u>

32. Analysis of net funds

	31 August 2014 £'000	Cash Flow £'000	30 August 2015 £'000
Cash at bank and in hand (excluding liquid resources)	20,671	(2,477)	18,194
Liquid resources	17,000	10,000	27,000
Net funds	<u>37,671</u>	<u>7,523</u>	<u>45,194</u>

33. Creditors: amounts falling due after one year

Creditors: amounts falling due after one year

	52 Week Period Ended 30-Aug-15 £'000	53 Week Period Ended 31-Aug-14 £'000
Balance at the beginning of the year	-	-
Amounts drawdown	1,500	-
Amounts repaid	(102)	-
Interest payable	52	-
Balance at the end of the year	1,450	-
Less amounts disclosed in creditors: amounts falling due within one year	(40)	-
Balance at the end of the year falling due after one year	1,410	-

The table below shows the amounts and timings of repayments due under the terms of the loan

	52 Week Period Ended 30-Aug-15 £'000	53 Week Period Ended 31-Aug-14 £'000
Due within one year	102	-
Due between one year and two years	102	-
Due between two years and five years	307	-
Due after five years	1,947	-
	2,458	-

The balance above represents a secured loan entered into between the Royal Opera House Covent Garden Foundation (*mortgagee*) on the 8th of October 2014 with Thurrock Borough Council (*mortgagor*), of Civic Offices, New Road, Grays, Essex, RM17 6SL.

The original value of the loan was £1.5m. The loan is repayable in 25 equal annual instalments (*total repayments of £2,562,005*) and is secured by first deed of mortgage over the Property, Bob & Tamar Manoukian Costume Centre, High House Production Park, Purfleet, Essex, RM14 1RJ and by way of first fixed charge, all its present and future plant and machinery on or serving the Property (apart from the mortgage charge) and the Rents (*if any*).

Interest accrues at a rate of 4.68% p.a. The total interest payable over the 25 year term of the loan is £1,062,005. The value of the loan on an amortised cost basis at the balance sheet date was £1,449,894. Due to the commercial rate of interest, the present value of the future cash flows approximates the carrying amount and thus the loan presents no current pricing risk. As the rate is fixed for the term of the loan, there is no interest rate risk associated with the loan.

THANK YOU

The Royal Opera House gratefully acknowledges the generosity of all those who have provided support this period, including:

INDIVIDUALS

Elizabeth van Ammel	Dr Genevieve Davies
Jane Van Ammel	Terry and Jean de Gunzburg
Ian and Helen Andrews	Randall Dillard
Lady Ashcroft	Sarah and Lloyd Dorfman
Juliet Ashdown	Mrs David Dugdale
Tony and Chris Ashford	Peter and Fiona Espenhahn
Mr and Mrs Edward Atkin CBE	Ailsa and Jonathan Feroze
Richard and Delia Baker	Matthew and Sally Ferrey
Mr and Mrs Baha Bassatne	Mr Graham Fletcher
Geoff and Judith Batchelar	Louise Fluker
Mrs Alan Bath	Hamish and Sophie Forsyth
Mrs Arlene Beare	Annie Frankel
The Honourable David Bernstein	Philipp and Stephanie Freise
Mr David Bester	Francesca Fremantle
Mr Naim Beydoun	Gonzalo and Maria Garcia
Celia Blakey	Kenneth and Susan Green
Mr & Mrs Michel Bolloré	Geoffrey Griffiths
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Sally and Simon Borrows	Linda and Philip Harley
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Company number
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