



ROYAL
OPERA
HOUSE

THE ANNUAL
REPORT
2013/14

FRIDAY



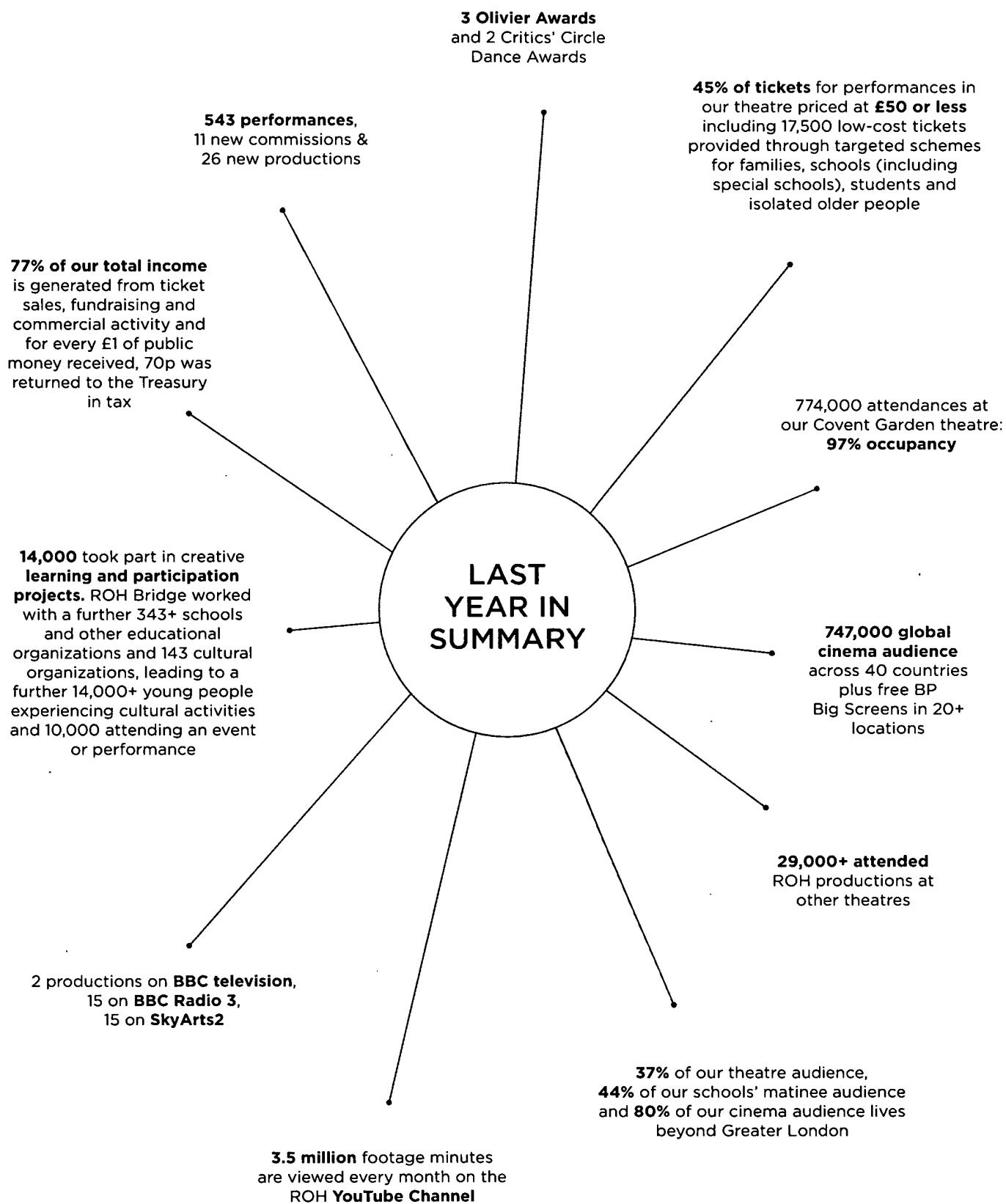
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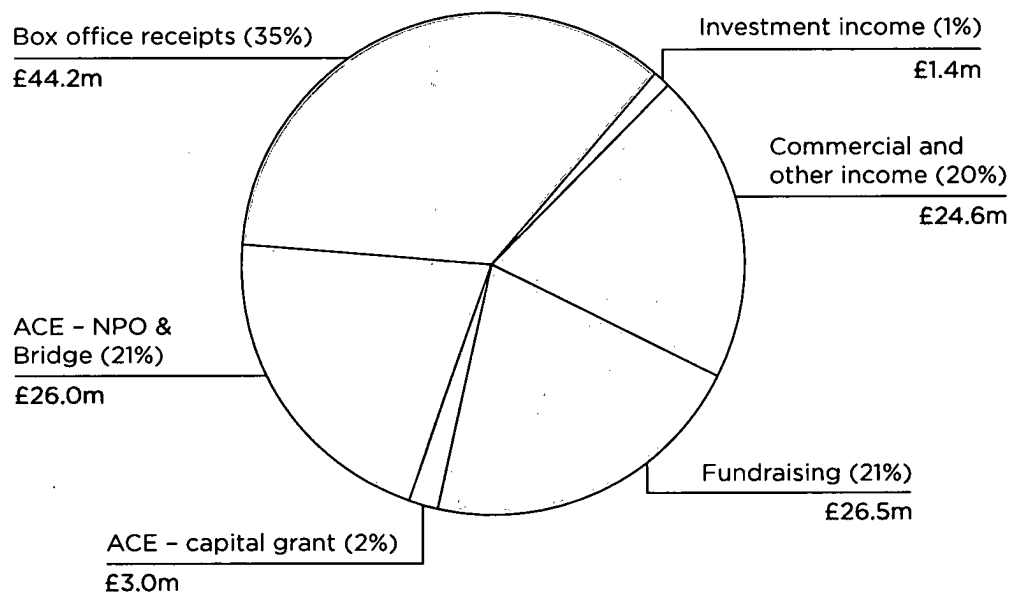
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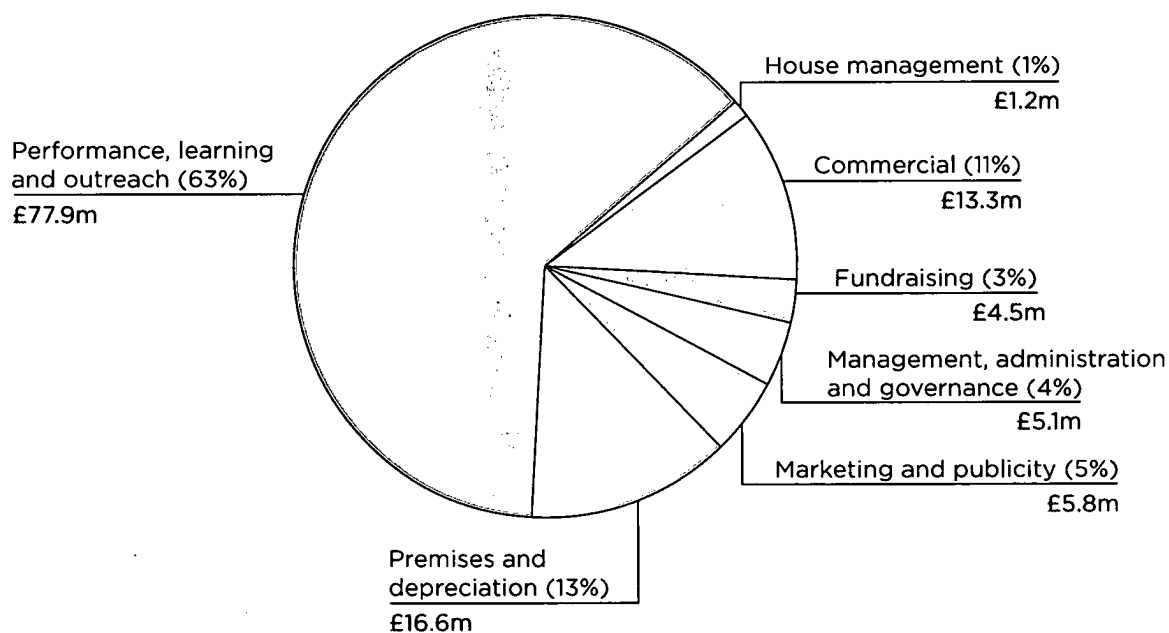


2014

INCOME



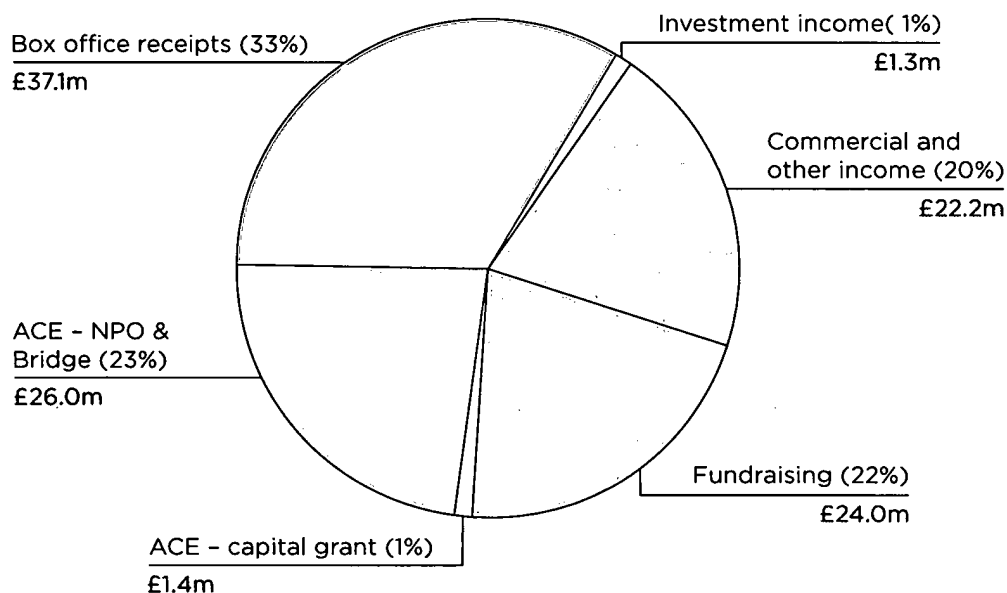
EXPENDITURE



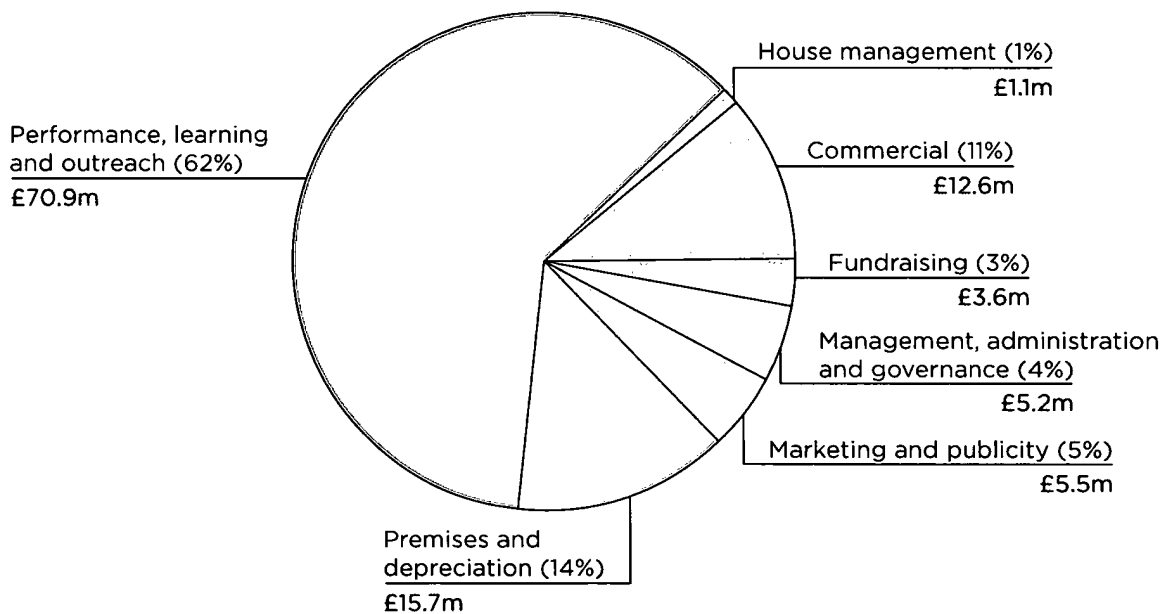
The income and expenditure set out above includes unrestricted general funds, designated funds and restricted funds. This excludes income and expenditure from both the pension scheme and endowment funds. For full details please refer to the financial statements.

2013

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. 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 53 week period ended 31 August 2014. The comparative period is the 52 week period ended 25 August 2013. 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*

This Annual Report details a specific period in the life of the Royal Opera House and also outlines the shape of things to come. By articulating this clearly in these pages we aim to demonstrate responsible stewardship of one of the great homes of culture and inspire confidence that its future will not be compromised.

Audiences have enjoyed a year of remarkable artistic achievement by the myriad talents within The Royal Opera, The Royal Ballet and the Orchestra of the Royal Opera House. This world-class performance has been underpinned by expert craftsmanship, careful planning and sound financial management, and by a commitment to engaging with the widest possible audience.

As a Board we are dedicated to ensuring that the seriousness of intent and clarity of focus that propels our work on the stage is matched and sustained across every aspect of this great organization. We take as much pride in sparking a young person's passion for the arts in a Thurrock classroom as we do in presenting a world-renowned performer on our stage. Equally we are as excited by the reactions of people experiencing our work in cinemas across the world as we are by the reactions of those in our home theatres. It is a matter of enormous pride that we have achieved a better than break even financial outturn this year, while sustaining quality and extending our audience reach.

Our perennial challenge is funding the objectives of the Royal Opera House in the midst of globally challenging financial circumstances. We are privileged to have been included in the National Portfolio, one of 700 organizations that receive an annual grant from Arts Council England. Arts Council England funding currently provides 23% of our annual income and we are very grateful for the significant contribution that this makes in enabling our creative ambitions for revivals and new works. It also plays a vital role in supporting access and opportunity, from affordable ticket pricing to a wide range of learning and participation activities.

However, nothing would be possible here without the humbling range of Friends, Patrons, individual philanthropists, trusts and foundations and corporate supporters who commit themselves to supporting our work year in year out. Their passion for opera and ballet is at the heart of our success. Our gratitude cannot be measured.

I look forward to seeing our vision for the future flourishing under Alex Beard's leadership over the coming years, and to enjoying the uniquely enriching experiences that the Royal Opera House has to offer.

ALEX BEARD *Chief Executive*

From the energy of the rehearsal room, to the innovation and care of skilled craftspeople, the Royal Opera House exudes passion and creativity. It is an enormous privilege to lead such a committed and enthusiastic team. Our task is to ensure that we continue to shine and to inspire all our audiences across the country and internationally, in our theatres, on tour, in cinemas and online.

The Royal Opera House is dedicated to nurturing, creating and sharing astonishing, world-class opera, ballet and theatre craft. We are driven by an urge to deepen our impact – our impact on the continuing development of opera and ballet as living, breathing art forms, and our impact on people in the UK and overseas, reflecting our stated mission ‘to enrich people’s lives through opera and ballet’. To do this requires that we invest in replenishing the repertory and developing talent, grow audiences and deepen their involvement, effect positive change through creative learning, and realize the full potential of our buildings in London and Thurrock. Our challenge and all-consuming focus is to achieve these aims while managing resources sustainably in a hugely challenging financial environment.

We made significant progress in the year under review. The many main stage highlights included The Royal Opera’s Olivier Award-winning production of *Les Vêpres siciliennes*, and a trio of world premieres from The Royal Ballet in Wayne McGregor’s *Tetractys – The Art of Fugue*, Alastair Marriott’s *Connectome* and Christopher Wheeldon’s *The Winter’s Tale*.

Our musical reputation went from strength to strength under Antonio Pappano’s inspiring lead. Few will forget the emotion and nuance of his conducting of *Parsifal*, and the concert performance of *Ariadne auf Naxos* in Birmingham’s Symphony Hall was a triumphant showcase for the Orchestra of the Royal Opera House.

We presented work on many scales, from Es Devlin’s brilliantly innovative designs for our new *Don Giovanni* on the main stage, to the pared back simplicity of *L’Ormino* in the new Sam Wanamaker Playhouse at Shakespeare’s Globe. The central importance of the Linbury Studio Theatre was shown, among many other productions, in the revival of Liam Scarlett’s *Hansel and Gretel*, and the world premiere of Luke Bedford’s *Through His Teeth*.

We were delighted to welcome many partners to our stages including Welsh National Opera, Music Theatre Wales, English Touring Opera, Ballet Black, Phoenix Dance Theatre, and the London International Mime Festival. The Royal Opera House plays a vital role in the national ecology of ballet and opera, providing a London performing home and much needed co-production support to many.

Our work reached an ever larger national audience, through live relays of ten productions to more than 400 cinemas across the UK, complementing three free BP Big Screen relays and collaboration with the BBC and other broadcasters. Cinema also helped us to represent UK creativity to the world with relays to more than 40 countries. In addition, The Royal Ballet toured to Moscow, Shanghai and Taipei where their performances met with rapturous applause.

We continued to offer life opportunities and experiences through such initiatives as Chance to Dance, Thurrock Community Chorus, the Youth Opera Company and our growing apprenticeship scheme. We’re strengthened in this aspect of our work through ROH Bridge, part of a nationwide Arts Council England initiative, working with cultural, educational and community organizations in Essex, Hertfordshire, Bedfordshire and North Kent to inspire more than 14,000 young people.

We also laid important foundations for the future. We began construction on the Bob and Tamar Manoukian Costume Centre in Thurrock, aiming to improve efficiency and nurture the next generation of craft skills. We made hugely important investments in energy efficiency, reducing our carbon footprint and saving costs to invest in our artistic programme. We also completed the concept design phase for Open Up, a capital project intended to enhance audiences’ experience of our work and inspire wider interest and engagement.

As important as all of the above, we managed to balance the books, attract a near capacity audience, further grow our fundraising, and develop a long term vision and sustainable plan for the organization in the years ahead.

I hope that the range and quality of our work is illuminated in the coming pages. They chart an outstanding year and a map of our future endeavours. My profound thanks go to everyone here for their professionalism, dedication and inspired creativity as we make this journey together.

WHO WE ARE & WHAT WE DO

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, delivering more than 500 performances and 1,000 learning and participation sessions each year, employing 1,000 permanent staff and generating a turnover of £128m.

'The Followspot Operators usually light the dancers or singers from the ceiling dome at the back of the auditorium. It is said that if the audience cannot see a spotlight but can see the dancer or singer then we are doing a good job.'

Nicky Targett, Followspot Operator

In turn this enabled 1.5m attendances across Covent Garden and in cinemas worldwide last year, further extended via broadcasting, digital activity and collaboration with touring companies. We also worked with 14,000 people of all ages through creative projects in London and South Essex.

'We watched the ballet in Leeds. It was mesmerising... To be part of the experience taking place in London, learning from the commentary, seeing the backstage activities, was unique and beautifully handled and a sheer delight. Perhaps we had the best seats in the House! Thank you all for the excitement and joy you have given us.'

Blog comment on *Giselle* Live

ACHIEVEMENTS AND FUTURE PLANS

In consultation with staff and the Board, Alex Beard set out a bold vision 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 2013/14 and some of our future plans.

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 from the historic canon to audiences today. There will be a strong emphasis throughout on innovation and experiment, encouraging debate on the future development of the art forms.

'We enjoyed Saturday evening's performance [*La traviata*] immensely. Even after 25 years of marriage the romance of the opera reminds us of how it was when we first met! Violetta's 'Amami, Alfredo' towards the end of the first scene of Act II brought tears to the eye - the emotion of the singing was supported and drawn out by the timpani's strong playing.'

Ralph B.

- The Royal Opera's year included six new main stage productions that attracted critical acclaim and healthy debate in equal measure. Stefan Herheim's dramatic production of Giuseppe Verdi's rarely performed *Les Vêpres siciliennes*, conducted by Music Director Antonio Pappano, was a worthy recipient of an Olivier Award, while Kasper Holten's new *Don Giovanni* broke new ground with innovative use of video design. Another new production – Francis Poulenc's *Dialogues des Carmélites*, conducted by Simon Rattle in Robert Carsen's moving and inventive staging - included a community ensemble for 67 people with experience of homelessness, long-term unemployment or the criminal justice system together with performing arts students.
- The Royal Opera established the Linbury Studio Theatre's position as one of the world's leading centre for contemporary opera, with commissions from Julian Philips, Elspeth Brooke, Francisco Coll, Luke Bedford and Matthew Herbert and critically acclaimed, award-winning productions of operas by David Bruce, Mark-Anthony Turnage, Salvatore Sciarrino, Benjamin Britten and Michael Tippett with The Opera Group, Music Theatre Wales and English Touring Opera.
- Early opera was also represented, as Director of Opera Kasper Holten directed a hugely entertaining and musically exquisite production of Francesco Cavalli's *L'Ormindo* in the new Sam Wanamaker Playhouse at Shakespeare's Globe, to be revived in the spring of 2015. 3,767 tickets were sold with all but two performances achieving more than 99% occupancy.

‘You could have heard a pin drop through the performance – which showed just how engrossed the audience was. In avoiding over melodramatic singing and orchestral playing (both superb by the way), last night the opera [*Dialogues des Carmélites*] carried far greater power than other performances I have seen and heard. I have not been able to switch on the radio this morning as I still have the music swirling around in my head.’

Michael McG.

- 12 Royal Ballet main stage programmes included premieres of Christopher Wheeldon’s much-celebrated new ballet *The Winter’s Tale*, Carlos Acosta’s interpretation of *Don Quixote*, David Dawson’s *Human Seasons* and Wayne McGregor’s *Tetractys – The Art of Fugue*.
- The new Royal Ballet Studio Programme offered a dynamic programme of work by Company and visiting artists in the Linbury and a platform for emerging ballet choreographers. Across the Season in the Linbury there were 25 new opera and ballet productions including 15 from visiting companies.

LOOKING AHEAD:

- We are committed to maintaining this increased level of new work, identifying practitioners (composers, directors, choreographers and conductors) who have not worked at the Royal Opera House previously and who have the potential to make transformative work that develops the presentation of lyric theatre and that inspires and stretches our audiences.
- We are developing the ways that we measure the quality of new productions and their impact on audiences. For example during 2014/15 we will participate in Arts Council England’s Quality Metrics study.

THE PROGRAMME

Present an inspiring public programme encompassing performances, events and workshops, available across a wide range of platforms, including cinema, broadcast and other digital media, and delivered in a manner that is engaging, participatory and that supports and inspires learning.

- Ten productions were screened in more than 1,500 screens across 44 countries. Free BP Big Screens of *La traviata*, *La bohème* and *Rigoletto*. *La traviata* was also live streamed, attracting 15,731 views from 105 countries worldwide.

‘These broadcasts are a thrilling development of the performing arts. The quality of production matches the dazzling onstage performances, and the inclusive nature of the whole process – Tweets from across the world – mean that we are part of a global audience all enjoying a special moment, all together. It can only enhance The Royal Ballet (and opera) worldwide reputation and bring more people flocking to Covent Garden. Meantime, down in deepest Devon, I was able to pay £17.50 and have the best seat in the house. Having said all that, can I just add that last night’s production was spectacular, and I want to thank the principals, dancers, orchestra, set and costume makers and production team for providing me with an unforgettable night.’

Christopher W.

- We celebrated 25 years of partnership with BP.
- Two productions were screened on BBC television, 15 on Sky Arts and 15 broadcast on BBC Radio 3. *Don Giovanni* on the BBC attracted 185,000 viewers.
- We continued to capitalize on the enduring popularity of *The Wind in the Willows* by presenting the production at the Duchess Theatre. 24,219 tickets were sold (77% occupancy) and the production won the Olivier award for Best Entertainment and Family. It was revived at the larger Vaudeville Theatre during Christmas 2014.

‘Phenomenal production a technically complex staging fused with stunning visuals. Beautifully translated to the screen #dongiovanni.’

Twitter

- The *Deloitte Ignite* festival saw artists ranging from Gandini Juggling to designer Es Devlin and writer/performer Simon Callow respond to Wagner and Verdi’s legacies. Daytime tickets were free of charge. 6,581 people attended of which 2,336 did so for the first time. Footage recorded for the festival was released digitally as *The Opera Machine* - an extraordinary multi-angled view of the intricate theatrical process behind the scenes during a performance that has rapidly become the Royal Opera House’s widest reaching digital opera project.
- We delivered *Inside Opera: Live*, a day of streamed backstage insights in collaboration with Northern Ireland Opera, Opera North, English Touring Opera, Scottish Opera, English National Opera and Welsh National Opera.
- Robert Carsen’s production of *Dialogues des Carmélites* in June brought new participants into the Royal Opera House from a wide range of backgrounds, increasing self-esteem and self-confidence, as well as building life skills such as teamwork and communication. Participants took part in a programme, devised by partner organizations and our HR department, offering work-related skills in the performing arts, an understanding of careers in theatre on stage and ‘behind the scenes,’ and signposting routes into work experience and work placements.
- Following Paul Reeve’s departure to Into Film as Chief Executive, Jillian Barker was appointed Director of Learning and Participation, joining the ROH in January 2014. Jillian began leading a strategic review of the Learning and Participation programme to ensure maximum impact regionally, nationally and internationally into the future.

LOOKING AHEAD:

- For The Royal Opera's production of *Orfeo* at the Roundhouse (in January 2015) we have recruited twenty 14 - 21 year olds in partnership with East London Dance to participate in the production and we have also launched an online game, designed by young people, about the production.
- We are developing our Insight Programme to include a 20% uplift in the number of events and digital activity.
- We are developing our understanding of the cinema experience through a three-year research project with King's College London.
- The Learning and Participation programme is being developed to have a more national impact.
- We are reviewing our rights framework to reflect changing digital priorities.

AUDIENCES

Strengthen relationships with audiences, while extending their range, with a particular focus on young people and diverse audiences new to opera and ballet, and providing an experience that is more welcoming and enjoyable.

'I just cannot thank you enough for this wonderful opportunity. I was unsure about whether or not it was a good idea to bring my four year old son [to a Family Performance of *The Nutcracker*]... But I couldn't resist the amazing ticket prices, and so I just went for it. I can honestly say I have never seen anyone as captivated by anything as he was on Saturday. From the minute we arrived at 10.30am until he flopped into bed at 8.30pm, he was completely mesmerised, inspired, excited, and very, very happy. The pre-performance event was genius – thank you so much to everyone who gave up their time to sow a seed in the next generation. I feel sure we will be coming again. He hasn't taken his badge off, he took his programme into school this morning and stood up and gave a talk to his class about everything he'd seen and done, and he has lost the ability to walk, instead just spins, leaps and twirls everywhere. Amazing, thank you.'

Amanda T.

- 1.5m people experienced a live performance. Attendances at performances in our home theatre averaged 97% across the season, 774,000 attendances – and cinema attendances doubled to 747,000. 37% of theatre attendees and 80% of cinema attendees reside outside London.
- 45% of main stage tickets were priced at £50 or less, and 17,500 low-cost tickets were provided through targeted schemes for families, schools (including special schools), students and isolated older people. 35% of theatre attendees had a gross household income under £40k.
- Student tickets were available at all performances. Royal Opera programming included a newly commissioned opera for families, *How the Whale Became*, and two interactive productions for the under-fives with Scottish Opera and Spitalfields Music.

'The children without exception loved the performances – it is such a magical thing to see enraptured faces of children who usually find it difficult to focus for more than five minutes! Seriously, your demonstration session managed to transfix so many of our SEN [special educational needs] children – wondrous!'

Teacher at Sudbourne Primary School.

- We established a programme of regular front of house events including monthly Family Sundays. Each event includes themed activities, demonstrations and informal performances such as an open rehearsal with bass Jihoon Kim, director Greg Eldridge and pianist Paul Wingfield from the Jette Parker Young Artists Programme; a workshop with Royal Ballet Soloist Laura McCulloch; a Shakespeare-themed costume workshop; stage make-up demonstrations; and the ever-popular dressing-up room. Attendance has so far averaged 700, with demand consistently outstripping supply. Other events included five Big Sing Fridays, averaging 150 participants, and a new exhibitions programme is in development.
- We contributed to the Audience Finder Project (a major evidence-based initiative, funded by the National Lottery through Arts Council England, designed to develop our collective understanding of audiences and public impact to inform effective planning, collaboration and advocacy) and led discussions amongst UK Tessitura database users regarding how greater data sharing could be used to spot trends and broaden audience engagement across different art forms and organizations.
- We undertook research with Schoolzone to establish how best we can deliver digital content directly into schools or through regional cinemas. We continued to work with BOP Consulting (specializing in arts and the creative industries) to evaluate our impact on cultural regeneration to Thurrock and Thames Gateway.

LOOKING AHEAD:

- The 2014/15 Season opened with a performance of *Anna Nicole* for student audiences at heavily reduced ticket prices.
- We are introducing a student standby scheme for cinema audiences in order to diversify the cinema audience and build relationships with a new generation of opera and ballet lovers.
- We are developing the range of performances, discussion and debate available via digital streaming.

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.

'#ROHlormindo @The_Globe is funny, warm, sexy, surprising and utterly delightful. What a great evening.'

Tatty H.

- The number of website visits continued to grow to 7,583,067.
- Facebook 'likes' rose above 160,000 and Twitter followers above 129,000.
- Working with the Digital R&D Fund for the Arts (a Nesta, Arts Council England and Arts and Humanities Research Council initiative), King's College London and Pop (our online developers) we developed and launched a new hybrid app which has provided an engaging, user-friendly platform for online booking, new Digital Guides to productions and online philanthropy.
- 25,000 people supported our work as Friends of Covent Garden.
- We refreshed our Patrons scheme, developing the range of benefits on offer and increasing renewal rates.

'I am in floods of tears and clapping so hard. Don't care I am in the cinema! Wonderful! Just wonderful!'

Kaye S.

LOOKING AHEAD:

- 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.
- We will continue to develop opportunities to monetize digital content, building on our experience of streaming and digital publication.

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.

'I came to see *The Winter's Tale* on Wednesday evening (16th) and was overwhelmed by the whole performance! – totally stunning in every respect.... And I had tears running unashamedly down my cheeks at the ending!!'

John G.

- Some of the organizations with whom we developed partnerships for the first time included ATMA Dance, Center for Contemporary Opera New York, Frank Barnes School for Deaf Children, Kingston University, MusikTheatre Transparant, Northern Ballet, Royal Greenwich Teaching Alliance, Synergy Theatre, Pimlico Opera, Polka Theatre, Protein Dance and theatres in Hannover, Shanghai and Tel-Aviv.
- The work being made by other UK opera and ballet companies was promoted through emails to our nationwide cinema mailing list, short films in cinemas and the UK Opera Live digital streaming day.
- We provided in-depth training for 230 teachers and trainee teachers, providing them with skills and practical tools to inspire generations of young people about opera, ballet, music and theatre craft. We also played an active role through our involvement with the arts advocacy movement What Next?, the Cultural Learning Alliance and through social media activity, in the debate about the value of arts and culture in the school curriculum.

‘I’ve found lots of people here in Thurrock with the same sort of ambitions and fun personality that I have. I loved singing with them, and we made our own production! It was packed with all of our emotions, all of our feelings. We wanted to express how we felt towards different aspects of society. And although we may be born in different communities or have different ethnicities, we are united in this society.’

James G.

- Arts Council England confirmed the continuation of ROH Bridge for a further three years. The programme connects young people, artists and cultural organizations across Essex, North Kent, Hertfordshire and Bedfordshire. ROH Bridge has established relationships with around 200 cultural providers and 360 education partners in the region, including contributing to 11 networks and co-investing with partners in 12 new programmes of work in 2013/14. Last year ROH Bridge worked with 343+ schools and other educational organizations and 143 cultural organizations, leading to 14,000+ young people experiencing cultural activities and 10,000 attending an event or performance.
- We submitted evidence to the Parliamentary Select Committee’s inquiry into the work of Arts Council England, outlining the essential contribution that we believe the Arts Council makes to ensure a healthy cultural ecology in England. The quality of the Royal Opera House’s work and its growing reach were widely recognized during Committee sessions.
- The Royal Ballet represented British culture overseas with performances of the Olivier winning *The Metamorphosis* in New York (5,500 attendances) and a full tour to Shanghai, Taipei and Moscow. Performances by both companies were also screened across 40 countries.
- When *The Metamorphosis* was in New York, at the same time New York City Opera presented The Royal Opera’s production of *Anna Nicole* at the Brooklyn Academy of Music.

LOOKING AHEAD:

- ROH is working with Thurrock Borough Council to deliver Trailblazer, a groundbreaking programme to ensure cultural entitlement for every young person in the borough. 22 schools have signed up for the pilot year.
- Future international plans include in 2015 The Royal Ballet's return to the USA for the first time in 11 years, with performances in Washington, Chicago and New York, and The Royal Opera tour to Japan, cementing our reputation and relationship with audiences in that country.

PEOPLE

Nurture a supportive environment where 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 consistently excellent reviews and audience enthusiasm. Contributory factors include significant investment in healthcare at the end of the previous Season, the appointment of Samantha Raine as Ballet Mistress and an influx of talented students from the Royal Ballet School. Natalia Osipova, Matthew Golding and Vadim Muntagirov joined as Principal dancers of the Company.
- Strong Royal Opera casting throughout the Season included Jonas Kaufmann (*Don Carlo*); Simon Keenlyside and Karita Mattila (*Wozzeck*); Christine Goerke (*Elektra*); and Luca Pisaroni, Lucy Crowe, Renata Pokupić, Christopher Maltman and Rebecca Evans (*Le nozze di Figaro*); plus stellar conducting from Mark Elder, Andris Nelsons and Antonio Pappano.

'Faithful to the world's Freudian overtones, superbly sung and conducted, this revival is gripping - and at its climax shattering.'

Evening Standard on *Elektra*

- Throughout the Season there was consistently outstanding playing from the Orchestra of the Royal Opera House, under the leadership of Antonio Pappano and Barry Wordsworth, which underpinned the quality of every main stage performance and is a constant source of critical and audience praise. The Orchestra performed some of the most demanding works in the repertory including *Parsifal* and *Wozzeck*, as well as complex ballets such as *Alice's Adventures in Wonderland*, and they also played *Simon Boccanegra* at the Symphony Hall Birmingham.
- In June the work of the Royal Opera Chorus was celebrated with a wider audience as part of *West End LIVE* in Trafalgar Square. The chorus performed with Plácido Domingo at the popular, free event.

‘Every Season brings new and stimulating challenges. Our job is to help realize the designer’s vision, and create a believable fantasy world on stage. What a prop is can be hard to define, as our multi-skilled department could be involved in anything 3D, from large pieces of scenery down to small hand and costume props. The artistic and technical demands can be extremely diverse and are constantly challenging, and often involve having to craft things we have never made before.’

Antony Barnett, Head Prop Maker.

- As an integral part of the development of our new business plan, we held a series of workshops with managers from every part of the organization, exploring the vision and generating new thinking about how we might achieve it.
- We are committed to ensuring fair pay that reflects the varied range of very specialist skills across our workforce, the international marketplace in which we compete to fill many vacancies (e.g. senior leadership positions and performing roles). This year it was agreed to extend the London Living Wage to all Royal Opera House employees and those of our facilities contractor Mitie.
- We have worked hard to ensure pension auto-enrolment is a success, resulting in 90% of staff saving for retirement. This has increased pension costs by £0.4m to £3.5m annually.

LOOKING AHEAD:

- Koen Kessels has been appointed Music Director of The Royal Ballet from September 2015, with Barry Wordsworth becoming Principal Guest Conductor.
- We are undertaking a comprehensive review of internal communications and information sharing and have introduced an intranet across the organization.
- We will continue to work with the Orchestra to achieve a satisfactory media agreement to enable us to maximize the reach of their exceptional performances.

LEGACY

Build a strong legacy for the future, through identifying and nurturing new talent, developing skills, sector-leading environmental stewardship, sound financial management, while caring for the Grade 1 listed theatre and realizing the potential of the Royal Opera House estate more widely.

'I still cannot quite believe how lucky I am. Being chosen as the scenic artist apprentice for 2013 has been nothing short of miraculous for me and my future career. I am so pleased to rise out of bed each morning knowing what fun lies ahead of me in the day, even if it is a 5am wake up. Surely that is when you know you are in the right job.'

Danny Pheloung, Scenic Art Apprentice

- We began construction of the Bob and Tamar Manoukian Costume Centre at High House Production Park. The new Centre will provide a home for our historic costume collection, making facilities and dedicated workshops for students from South Essex College in a new partnership offering a BA Hons degree in Costume Construction.
- We completed RIBA Stages 2 and 3 (concept and detailed design) and submitted the initial planning application to Westminster City Council for Open Up, a capital project to transform our front of house spaces and Linbury Studio Theatre.
- Fundraising income, excluding Endowment funds, increased by 10% to £26.5m (higher, for the first time, than our core grant from Arts Council England), including funding for the new Bob and Tamar Manoukian Costume Centre and the feasibility phase of the Open Up project, and the Royal Opera House Endowment Fund (registered charity 1089928) grew 10% to £34m net assets. This year we refreshed our Patrons scheme (resulting in 11% income growth), carried out detailed analysis regarding the potential for further growth in major gifts, became more proactive in requesting a donation when audiences book online and extended the reach of fundraising campaigns front of house, in cinemas and from audience members.
- We were re-appointed as a National Portfolio Organization and Bridge by Arts Council England for 2015/18.

- Exciting and varied programming and responsive pricing have maximized theatre Box Office yield while maintaining accessibility. Box Office income grew 19% to £44.2m. Similarly, cinema attendance more than doubled, supported by marketing investment and partnerships to expand international distribution, although the programme has yet to become profitable.
- High theatre occupancy had a positive impact on bar and restaurant trading, which also grew through initiatives such as performance-related flexible menus and targeted post-show bar income.
- We continue to invest in talent development. 32 performers and practitioners received developmental support through the Jette Parker Young Artists Programme, choreographic associateships, workshop opportunities for composer/librettists, the *Draft Works* showcase for new choreography and our developing relationship with the Guildhall School of Music and Drama.
- 16 emerging choreographers, directors and designers took part in masterclasses with artists including Wayne McGregor, Lucy Carter and Will Tuckett. Four were subsequently selected to lead a participatory project. Chance to Dance school demonstrations, workshops and community classes have been expanded into Thurrock and Thames Gateway, while the Youth Opera Company formed the children's chorus for The Royal Opera's *Carmen* and appeared in Matthew Herbert's new opera *The Crackle*.
- The number of apprentices has increased to 12 across technical theatre, costume and footwear, armoury, scenic metalwork, scenic art, stage engineering and learning. We take our responsibility to the wider sector very seriously.
- Skills and expertise were shared with Balbir Singh Dance Company, The Garage, Mahogany Opera Group, Mid-Wales Opera, Pavilion South West Dance and StopGap Dance through the Royal Opera House Links scheme. We also launched the Culture Change programme for small and medium sized cultural organizations in the East of England and have so far reached 133 organizations. Our Digital R&D project was developed with King's College London. ROH staff sit on the boards of 18 cultural organizations and regularly take part in conferences and informal advisory meetings.

- Support from Arts Council England's Capital Fund enabled us to implement measures to reduce energy usage and upgrade essential technology. In 2013/14 we sent 13.45% waste to landfill which was within the revised target. Environmental performance has also been improved by initiatives including installing sub-meters, upgrading stage lighting systems and switching to 100% recycled paper.

LOOKING AHEAD:

- We will continue to develop plans and fundraise for the Open Up project following a planning consultation in autumn 2014.
- Six dancers have been recruited to the new Aub Jebsen Young Dancer Programme starting 2014 and we are also collaborating with other ballet companies to develop choreographic talent. We will develop our relationship with The Royal Ballet School.
- We are supporting a new MA in Opera Making that we have developed with the Guildhall School of Music and Drama.
- In the autumn of 2014, 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.

Risk Management

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

- detailed review by the Finance and Audit Committee of strategic and operational risks, including Major Incident Plan, at least twice 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 Finance and Audit Committee, of both progress on operational risk and full discussion of strategic risks. The Finance and Audit Committee have also reviewed the outcome of a test of the **Major Incident Plan**, carried out in June 2014.

At its annual review of risk management, the Board discussed the top ten strategic risks and the three major project 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 recognized artistic quality and standards, 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 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 commercial targets. The Finance and Audit Committee regularly review reserve levels with a formal review of reserves policy annually. However, the Board is keenly aware there is a recognized 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.
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 period to 2015 and working on the three-year funding agreement from 2015, the Royal Opera House will work closely with Arts Council England to meet both organizations' 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 organizations and the artistic leadership placing a priority on contemporary engagement.
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. **Organizational 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 organizational, artistic and business planning processes, project management and executive monitoring.
9. **Operational Risk:** The Operational Risk Group meets quarterly, maintains a detailed risk register and reports to senior executive. Its membership has a good cross organizational representation, as well as Health and Safety groups 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 a full desktop exercise conducted in the year to test the Plan.

Major Project Risks

1. **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.
2. **Thurrock Costume Centre:** The risk that this project is not completed on time, within budget and does not deliver successfully the ERDF Business Support Programme is mitigated by strong project governance and partner relationships.
3. **Technology Refresh Project:** Due to the technical complexities and the impact on all computer users, the risk that this project is not completed on time, within budget and impacts adversely on business as usual and other projects is mitigated by project board governance, including external monitoring, and project risk monitoring.

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 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 £24.6m (*52 week period ended 25 August 2013: £24.5m*) was received from Arts Council England, representing 23.3% of total (unrestricted) net incoming resources (*52 week period ended 25 August 2013: 24.9%*). Royal Opera House were one of only four National Portfolio Organizations 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 £0.8m has been received in the current year (*52 week period ended 25 August 2013: £0.7m*). Royal Opera House also received grants totalling £3.7m from Arts Council England (*52 week period ended 25 August 2013: £2.2m*), for the purchase of tangible fixed assets (£0.7m) and capital projects (£3.0m).

Along with most other National Portfolio Organizations (previously known as regularly funded organizations), the Royal Opera House's main revenue grant has been cut since March 2011 to March 2015, a cash cut of £11.8m, and in the year to August 2014 a cash cut of some £3.2m, a real terms reduction of 24%. Despite this significant cut, an overall balanced financial result on the unrestricted general funds has been achieved for the 15th successive year.

This has been achieved through careful financial stewardship: managing the reduction in the Arts Council grant with carefully balanced box office pricing, growth in both fundraising income and commercial activities, and targeted efficiencies and cost reductions through procurement and tendering activity, within the overall contingency set for the year.

One of our trading subsidiaries, Royal Opera House Enterprises Limited, recorded a profit of £4.97m for the 53 week period ended 31 August 2014 period (*52 week period ended 25 August 2013: £3.95m*). The increase in Enterprises profit came from its physical media and catering activities. As well, this was the first year of a new cinema distribution partnership, which helped drive growth in ticket sales of more than 100% year on year.

The overall result for the group for the 53 week period ended 31 August 2014 was a surplus on unrestricted general funds of £0.1m (*52 week period ended 25 August 2013: breakeven*) after transfers from restricted funds of £4.6m (*52 week period ended 25 August 2013: £2.7m*), net transfers to unrestricted designated funds of £0.6m (*52 week period ended 25 August 2013: £2.0m transfers from unrestricted designated funds*) and nil transfers from endowment funds (*52 week period ended 25 August 2013: transfers to of £0.4m*).

At 31 August 2014 unrestricted funds were £179.0m (*25 August 2013: £178.2m*) before unrestricted pension reserve deficit of £15.8m (*25 August 2013: £10.3m*). There is £175.4m (*25 August 2013: £174.7m*) held in Unrestricted Designated Funds.

At the end of the period Restricted Fund balances were £8.7m (*25 August 2013: £8.2m*). Restricted funds include funds granted specifically to finance capital expenditure on the Bob and Tamar Manoukian Production Workshop, the Bob and Tamar Manoukian Costume Centre and unspent funds received from Arts Council England for the Bridge programme. At the end of period the Endowment Fund balances of £33.7m (*26 August 2012: £30.6m*) is represented by restricted capital assets of the Royal Opera House Endowment Fund 2000.

A subsidiary charity, the Royal Opera House Foundation, supported the Royal Opera House in the pursuit of its objectives during the period by raising funds via memberships, and donations and made grants during the period of £19.3m to the Royal Opera House (*52 week period ended 25 August 2013: £17.6m*). Royal Opera House Foundation transferred all its activities, assets and liabilities to Royal Opera House Covent Garden Foundation on 31 August 2014. The Foundation has been dormant from that date onwards and its activities are now carried out by Royal Opera House Covent Garden Foundation. The charity is grateful to all members, individual philanthropists, trusts and foundations and corporate sponsors for their generous support.

The Royal Opera House group held positive cash balances throughout the period. Cash held at the period end was £37.7m (*25 August 2013: £32.3m*), including advance bookings of £10.0m, 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 31 August 2014 of £3.6m (*52 week period ended 25 August 2013: £3.5m*) equates to only 3% 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 FRS17: '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 £0.7m (*52 week period ended 25 August 2013: £1.4m*) (refer to note 29 of the financial statements). The actuarial loss for the period was £6.1m (*52 week period ended 25 August 2013: gain of £2.0m*). The gross pension liability at the period end was £15.8m (*25 August 2013: £10.3m*). One reason for the increase in liability is the decrease in discount rate from 4.6% to 3.9%. 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, Troy Asset Management and Newton Investment Management, achieved a combined capital growth and income return of 7.6% for the year ended 31 August 2014 (*Year ended 31 August 2013 5.3%*). This is higher than the blended target yield RPI plus 4% (equating to 6.4% in this financial year). Investments with FF&P which are long term in nature are being progressively wound down. Newton Investment Management were appointed during the financial year.

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 42% of total expenditure for the Royal Opera House and higher levels of inflation represent a risk as 23% of the total income for the Royal Opera House group comes from Arts Council England, which has decreased for the past three years and is expected to decrease further from April 2015. The Royal Opera House has freedom over its ticket pricing, and box office income represents 35% 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: Risk on repayment of loans is low as the Royal Opera House had no outstanding loan balance for the year ended 31 August 2014. A loan of £1.5m will be drawn during the next financial year, and risk of non-repayment is low as the annual loan payment is less than 1% of total income.

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 £11.8m cash cut announced in the funding period to March 2015, subsequent further in-year cuts during the 2012/13 and 2013/14 Seasons, and 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 2016, be in a position to continue to meet its liabilities as they fall due for at least 12 months from signing these financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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)

Baroness Blackstone (*retired 31 July 2014*)

The Countess of Chichester (*retired 31 July 2014*)

Sir David Clementi (Senior Independent Director) (*retired 31 July 2014*)

Dr Peter Cruddas

Dr Genevieve Davies

Lloyd Dorfman (*appointed 10 February 2015*)

Dame Vivien Duffield DBE (*appointed 7 October 2014*)

Lady Heywood

Sir Nicholas Hytner

John Kingman (*appointed 4 February 2014*)

Julian Metherell

Munira Mirza (*appointed 7 October 2014*)

Heather Rabbatts CBE

Dame Gail Ronson DBE (*retired 31 July 2014*)

Roland Rudd

Sir Anthony Salz

Dame Sue Street DCB

Ian Taylor

Laura Wade-Gery

Sam Walsh (*appointed 7 October 2014*)

Danny Wyler (*appointed 7 October 2014*)

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 re-appointed 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.

Organization

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).

Finance and Audit: Sir David Clementi chaired this committee until his retirement. The committee meets not less than quarterly. The committee has now been separated into Audit and Risk, chaired by Julian Metherell, and Finance and Operations, chaired by Lady Heywood. Other members are Sir Nicholas Hytner, John Kingman, Heather Rabbatts, Simon Robey and Dame Sue Street. 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. It is also 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.

Development: Ian Taylor chairs this committee. Other members are The Countess of Chichester, Viscount Linley, Julian Metherell, Sir Simon Robertson, Simon Robey, Dame Gail Ronson, 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: Baroness Blackstone chaired this committee until her retirement, with Dame Sue Street now the new chair. Other members are Simon Robey, Sir Anthony Salz, David Hall, John Holden, Anne McElvoy, Matthew Peacock, Abigail Pogson and Alex Beard. 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: Heather Rabbatts chairs this committee. Other members are Simon Robey, Sir David Lees, Peter Alward, Laura Wade-Gery, Dr Genevieve Davies and David Ross. Alastair Roberts (Managing Director, Royal Opera House Enterprises) 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 Sir David Clementi, Heather Rabbatts and Dame Sue Street. 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 Sir David Clementi, Sir Anthony Salz and Dame Sue Street. Alex Beard and Elizabeth Bridges (Director of Personnel) 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
John Fulljames, Associate Director of Opera
Rob Greig, Chief Technical Officer
Kasper Holten, Director of Opera
Peter Katona, Director of Casting
Mindy Kilby, Director of Finance
Jeanetta Laurence, Associate Director, The Royal Ballet
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
Antonio Pappano, Music Director
Hazel Province, Director of Planning
Alastair Roberts, Managing Director, Enterprises
Amanda Saunders, Director of Development
Cormac Simms, Administrative Director, The Royal Opera

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:

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

Board of Honorary Directors

Simon Robey Chair
The Countess of Chichester Vice Chair
Dame Gail Ronson DBE Vice Chair
Gregory and Regina Annenberg Weingarten
Lady Ashcroft
Bank of America Merrill Lynch – Rupert Hume-Kendall
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
Aud Jebsen
Alfiya and Timur Kuanyshev
Lord and Lady Laidlaw
Thomas Lynch
Julian Metherell
Mrs Susan A Olde OBE
Stefan Sten Olsson
Jette and Alan Parker
Natalie Parker
Yvonne and Bjarne Rieber
Sir Simon and Lady Robertson
Roland Rudd
Rolex – Arnaud Boetsch

*Royal Opera House Fundraising
Advisory Committee*

Julian Metherell, Chairman

Roger Barron

Sue Butcher

Meyrick Cox

Simon Holden

Martin Houston

Thomas Lynch

Peter Mackie

Bernard Mensah

Judith Portrait

Simon Robey

Sir Simon Robertson

Kristina Rogge

Group entities

On 31 August 2014 the group included the charity and:

Royal Opera House Foundation (the Foundation): a membership and fundraising organization, wholly controlled throughout the period.

Following a review of the Foundation's income streams and activities a decision was taken by the Trustees of the Foundation and the Trustees of Royal Opera House Covent Garden Foundation (formerly Royal Opera House Covent Garden Limited) to transfer all activities, assets and liabilities of the Foundation to Royal Opera House Covent Garden Foundation on 31 August 2014. The Foundation has been dormant from that date onwards and its activities are now carried out by Royal Opera House Covent Garden Foundation.

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 two subsidiaries, **ROH Management Limited**, a property management company, and **ROH Developments Limited**, a property development company. ROH Holdings Limited was wholly owned throughout the period.

Royal Opera House Covent Garden Trading Limited: dissolved on 24 December 2013.

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 recognized 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 29 days supply at the period end (*52 week period ended 25 August 2013: 16 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.

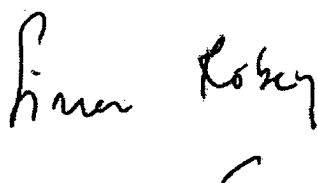
The Trustees confirm that:

- 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 10 February 2015.



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 53-week period ended 31 August 2014 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognized 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 38, 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 31 August 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the 53 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 53-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, 10 February 2015

FINANCIAL STATEMENTS

ROYAL OPERA HOUSE COVENT GARDEN FOUNDATION
(LIMITED BY GUARANTEE)

(formerly Royal Opera House Covent Garden Limited)

Consolidated financial statements
53 week period ended 31 August 2014

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

Consolidated statement of financial activities for the 53 week period ended 31 August 2014

	Note			53 week period ended 31-Aug-14	52 week period ended 25-Aug-13
		Total Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
		£'000	£'000	£'000	£'000
Incoming resources					
Incoming resources from charitable activities					
Operation of Royal Opera House (including box office)	3	52,114	-	-	52,114
Incoming resources from generated funds					
Voluntary Income					
Donations, legacies and similar incoming resources	5	9,918	13,798	1,871	25,587
Grants from Arts Council England	4	24,586	4,413	-	28,999
Activities for generating funds					
Commercial trading income	6	19,418	-	-	19,418
Investment income	7	810	604	-	1,414
Total incoming resources		106,846	18,815	1,871	127,532
Resources Expended					
Charitable activities					
Costs of productions, sales and operations	8	(90,903)	(13,769)	-	(104,672)
Costs of generating funds					
Costs of generating voluntary income	10	(4,938)	-	-	(4,938)
Costs of commercial activities	11	(13,935)	-	-	(13,935)
Governance costs	12	(245)	-	-	(245)
Total resources expended	14	(110,021)	(13,769)	-	(123,790)
Net incoming/(outgoing) resources before transfers		(3,175)	5,046	1,871	3,742
Gross transfers between funds	15	4,558	(4,558)	-	-
Net incoming/(outgoing) resources before other recognized gains and (losses)		1,383	488	1,871	3,742
Other recognized gains and (losses)					
Gains on revaluation and disposals of investments	17	-	-	1,212	1,212
Gains on revaluation of heritage assets	17,21	70	-	-	70
Actuarial (loss)/gain on the defined benefit pension scheme	29	(6,099)	-	-	(6,099)
Net movement in funds		(4,646)	488	3,083	(1,075)
Fund balances brought forward at 26 August 2013		167,909	8,169	30,643	206,721
Fund balances carried forward at 31 August 2014	25	163,263	8,657	33,726	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 53 to 87 form part of the financial statements.

Consolidated income and expenditure account for the 53 week period ended 31 August 2014

	Note	53 week period ended 31-Aug-14 Total Funds £'000	52 week period ended 25-Aug-13 Total Funds £'000
Incoming resources			
Incoming resources from charitable activities			
Operation of Royal Opera House (including box office)	3	52,114	44,330
Incoming resources from generated funds			
Voluntary Income			
Donations, legacies and similar incoming resources	5	23,716	21,046
Grants from Arts Council England	4	28,999	27,407
Activities for generating funds			
Commercial trading income	6	19,418	17,865
Investment income	7	1,414	1,285
Total incoming resources		125,661	111,933
Resources Expended			
Charitable activities			
Costs of productions, sales and operations	8	(104,672)	(97,153)
Costs of generating funds			
Costs of generating voluntary income	10	(4,938)	(3,575)
Costs of commercial activities	11	(13,935)	(13,315)
Governance costs	12	(245)	(304)
Total resources expended	14	(123,790)	(114,347)
Net income (expenditure)		1,871	(2,414)

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 unrealized gains and losses (as presented in the consolidated statement of total recognized gains and losses).

Consolidated statement of total recognized gains and losses

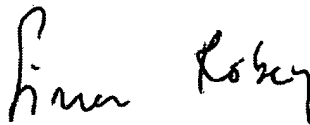
Net income (expenditure)		1,871	(2,414)
New endowment assets	5	1,871	2,043
Gains/(losses) endowment assets	17	1,212	590
Unrealized gains/(losses) on heritage assets	17	70	0
Actuarial gain (loss) on the defined benefit pension scheme	29	(6,099)	2,030
Total recognized gains and losses since 25 August 2013		(1,075)	2,249

Notes from pages 53 to 87 form part of the financial statements.

Consolidated balance sheet as at 31 August 2014

	Note				31 August 2014	25 August 2013
		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
		£'000	£'000	£'000	£'000	£'000
Fixed assets						
Intangible fixed assets	18	913	-	-	913	879
Tangible fixed assets	19	154,888	8,539	-	163,427	163,285
Heritage assets	21	9,989	-	-	9,989	9,919
Investments	20(a)	-	-	26,425	26,425	25,274
Total fixed assets		165,790	8,539	26,425	200,754	199,357
Current assets						
Productions in preparation		2,081	-	-	2,081	2,675
Stocks	22	676	-	-	676	730
Debtors: amounts falling due after more than one year	23	-	-	5,430	5,430	5,430
Debtors: amounts falling due within one year	23	9,718	363	-	10,081	9,603
Cash at bank and in hand		34,935	723	2,013	37,671	32,257
		47,410	1,086	7,443	55,939	50,695
Creditors: amounts falling due within one year	24	(34,172)	(968)	(142)	(35,282)	(32,991)
Net current assets		13,238	118	7,301	20,657	17,704
Total assets less current liabilities		179,028	8,657	33,726	221,411	217,061
Net assets excluding pension liability		179,028	8,657	33,726	221,411	217,061
Defined benefit pension scheme liability	29	(15,765)	-	-	(15,765)	(10,340)
Net assets including pension liability		163,263	8,657	33,726	205,646	206,721
Funds						
Unrestricted general funds	25	3,628	-	-	3,628	3,506
Unrestricted designated funds	25	175,400	-	-	175,400	174,743
Unrestricted funds before pension reserve		179,028	-	-	179,028	178,249
Unrestricted pension reserve	29	(15,765)	-	-	(15,765)	(10,340)
Restricted funds	25	-	8,657	-	8,657	8,169
Endowment fund	25	-	-	33,726	33,726	30,643
Total Funds		163,263	8,657	33,726	205,646	206,721

These financial statements were approved by the board of Trustees on 10 February 2015 and were signed on its behalf by:


SIMON ROBEY
Trustee

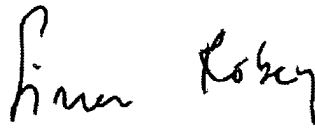

JULIAN METHERELL
Trustee

Notes on pages 53 to 87 form part of these financial statements.

Parent charitable company balance sheet as at 31 August 2014

	Note			31 August 2014	25 August 2013
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	18	562	-	562	518
Tangible fixed assets	19	154,888	8,539	163,427	163,285
Heritage assets	21	9,989	-	9,989	9,919
Investment in subsidiaries	20(a)	6,676	-	6,676	6,676
Total fixed assets		172,115	8,539	180,654	180,398
Current assets					
Productions in preparation		2,081	-	2,081	2,675
Debtors: amounts falling due after more than one year	23	2,000	-	2,000	2,200
Debtors: amounts falling due within one year	23	8,347	217	8,564	6,163
Cash at bank and in hand		34,442	-	34,442	30,752
		46,870	217	47,087	41,790
Creditors: amounts falling due within one year	24	(34,003)	(306)	(34,309)	(30,933)
Net current assets		12,867	(89)	12,778	10,857
Net assets excluding pension liability		184,982	8,450	193,432	191,255
Defined benefit pension scheme liability	29	(15,765)	-	(15,765)	(10,340)
Net assets including pension liability		169,217	8,450	177,667	180,915
Funds					
Unrestricted general funds	25	3,810	-	3,810	2,785
Unrestricted designated funds	25	181,172	-	181,172	180,516
Unrestricted funds before pension reserve		184,982	-	184,982	183,301
Unrestricted pension reserve	29	(15,765)	-	(15,765)	(10,340)
Restricted funds	25	-	8,450	8,450	7,954
Total Charity Funds		169,217	8,450	177,667	180,915

These financial statements
were approved by the
board of Trustees on 10
February 2015 and were
signed on its behalf by:


SIMON ROBEY
Trustee


JULIAN METHERELL
Trustee

Notes on pages 53 to 87 form part of these financial statements.

Consolidated cash flow statement for the 53 week period ended 31 August 2014

	Note	53 Week Period Ended 31 August 2014 £'000	52 Week Period Ended 25 August 2013 £'000
Cash inflow from operating activities	30	12,678	6,411
Return on investments and servicing of finance	31(a)	1,428	1,240
Capital expenditure	31(b)	(8,753)	(5,208)
Net disposal/(purchase) of investments	31(c)	61	(1,925)
Management of liquid resources	31(d)	5,600	(10,600)
(Decrease)/increase in net cash (excluding liquid resources) in the period	32	<u>11,014</u>	<u>(10,082)</u>

Reconciliation of net cash flow to movement in net funds for the 53 week period ended 31 August 2014

	Note	31 August 2014 £'000	25 August 2013 £'000
(Decrease)/increase in net cash (excluding liquid resources)	32	11,014	(10,082)
(Decrease)/increase in liquid resources	32	<u>(5,600)</u>	<u>10,600</u>
Movement in net funds in the period		5,414	518
Net funds at 25 August 2013		32,257	31,739
Net funds at 31 August 2014	32	<u>37,671</u>	<u>32,257</u>

Notes on pages 53 to 87 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 52 week period ended 25 August 2013.

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 and ROH Management Limited. In the charity's financial statements, the investment in subsidiary undertakings is stated at cost.

In addition, The Royal Opera House Foundation has been treated as a subsidiary undertaking on the basis that it is controlled by Royal Opera House Covent Garden Foundation and is consolidated in full throughout the 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 recognized 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.

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 recognized on the night of the performance.

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

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

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

Grants from Arts Council England are recognized 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 recognized on an accrual basis.

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. 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 Recognized Gains' in the Statement of Financial Activities.

The Royal Opera House only recognizes new acquisitions on the Balance Sheet where the value of these acquisitions is greater than £10,000. Purchases under £10,000 are recognized 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 recognized 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 recognized 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 recognized as resources expended in the Statement of Financial Activities.

Intangible fixed assets

Intangible fixed assets are investment in programming costs, which are capitalized and amortised over their expected useful life, which is up to two years depending on format and the terms of licences acquired. The costs capitalized 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.

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 recognized 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.

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 recognized 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 recognized 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 realizable 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 two charitable subsidiaries – the Royal Opera House Foundation and The Royal Opera House Endowment Fund 2000.

The Royal Opera House Foundation ('ROH Foundation') is a charitable company limited by guarantee which is incorporated in the UK. It operates the membership scheme for the Royal Opera House and other fundraising activities. It has been 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.

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.

The summary results for both charities are shown below:

	ROH Foundation		Endowment Fund	
	53 Week Period Ended	52 Week Period Ended	Year Ended	Year Ended
	31 August 2014	25 August 2013	31 August 2014	31 August 2013
	£'000	£'000	£'000	£'000
Incoming resources				
Donations, legacies and similar income	23,104	21,089	2,076	2,125
Investment income	-	-	1,251	961
Resources Expended				
Cost of sales and administrative expenses	(3,772)	(3,464)	(12)	(14)
Donations and grants to other group undertakings	(19,314)	(17,615)	(1,171)	(855)
Other donations and grants	(18)	(10)	-	-
Other resources expended - transfer to parent company	(985)	-	-	-
Investment managers' fees	-	-	(206)	(172)
Gains on revaluation & disposal of investments	-	-	1,212	590
Net movement in funds	(985)	-	3,150	2,635

The assets and liabilities of both charities were:

	ROH Foundation		Endowment Fund	
	31 August 2014	25 August 2013	31 August 2014	31 August 2013
	£'000	£'000	£'000	£'000
Fixed asset investments	-	-	26,425	25,274
Current assets	-	9,056	8,933	6,757
Current liabilities	-	(8,071)	(1,073)	(897)
Total net assets	-	985	34,285	31,134
Total funds	-	985	34,285	31,134

Except for fixed asset investments (which at 31 August 2014 had a historical cost of £23.3m (25 August 2013: £22.8m) 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 two wholly owned subsidiaries, ROH Developments Limited and ROH Management Limited. The ROH Holdings Group prepares its accounts to 31 August each year. From the 01 September 2014, ROH Management Limited ceased trading, with the trade taken over by Royal Opera House Enterprises Limited.

Summary trading results of all trading subsidiaries are shown below:

	ROHEL		ROHHL	
	53 Week Period Ended 31 August 2014 £'000	52 Week Period Ended 25 August 2013 £'000	53 Week Period Ended 31 August 2014 £'000	52 Week Period Ended 25 August 2013 £'000
Turnover	19,882	18,886	433	333
Cost of sales	(13,224)	(12,922)	(433)	(333)
Gross profit	6,658	5,964	-	-
Administration and financial expenses	(1,693)	(1,586)	-	-
Exceptional item	-	(426)	-	-
Net profit for the period	4,965	3,952	-	-
Amount gifted to the charity	(4,937)	(3,952)	-	-
Retained result in subsidiary for the period	28	-	-	-

The assets and liabilities of each trading subsidiary were:

	ROHEL		ROHHL	
	31 August 2014	25 August 2013	31 August 2014	25 August 2013
	£'000	£'000	£'000	£'000
Intangible fixed assets	350	361	-	-
Current assets	4,397	4,211	443	563
Current liabilities	(2,466)	(2,119)	(123)	(243)
Non-current liabilities	(2,000)	(2,200)	-	-
Total net assets	281	253	320	320
Aggregate share capital and reserves	281	253	320	320

3. Incoming resources from operation of Royal Opera House

	53 week period ended 31-Aug-14	53 week period ended 31-Aug-14	52 week period ended 25-Aug-13	52 week period ended 25-Aug-13
	£'000	£'000	£'000	£'000
Unrestricted funds:				
Box office receipts:				
The Royal Opera	29,872		24,209	
The Royal Ballet	14,363		12,867	
		44,235		37,076
Other income:				
Publications	907		853	
Other	5,757		5,330	
		6,664		6,183
UK total		50,899		43,259
Overseas touring receipts		1,215		1,071
		52,114		44,330

4. Grants from Arts Council England

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Unrestricted funds:		
Grant in aid from Arts Council England	24,586	24,470
Restricted funds:		
Bridge funding from Arts Council England	759	738
Capital funding from Arts Council England - NPO funding	675	750
Capital funding from Arts Council England - Large Capital Grant	2,979	1,449
	4,413	2,937

5. Donations, legacies and similar incoming resources

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	53 week period ended £'000	52 week period ended £'000
Membership	7,567	-	-	7,567	6,974
Events	1,208	-	-	1,208	1,716
Donations, gifts and legacies	1,143	12,992	1,871	16,006	14,359
Grants	-	806	-	806	40
	9,918	13,798	1,871	25,587	23,089

6. Commercial Trading Income

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Unrestricted Funds		
Catering	9,457	8,341
Sponsorship	2,827	2,967
Sales and broadcast of audio-visual materials	3,427	2,704
Retail	1,090	1,118
Promotions and summer season	1,035	974
Venue hire	627	906
Advertising	473	450
Property recharges	427	328
Licensing	55	77
	19,418	17,865

7. Investment income

	Unrestricted Funds	Restricted Funds	Endowment Funds	53 week period ended 31-Aug-14	52 week period ended 25-Aug-13
	£'000	£'000	£'000	£'000	£'000
Dividend and interest income	520	604	-	1,124	1,009
Finance lease interest income	290	-	-	290	276
	<u>810</u>	<u>604</u>	<u>-</u>	<u>1,414</u>	<u>1,285</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, Troy Asset Management and Newton Investment Management, 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	53 week period ended 31-Aug-14	52 week period ended 25-Aug-13
	£'000	£'000	£'000	£'000	£'000
The Royal Opera	18,903	-	-	18,903	16,451
The Royal Ballet	10,743	-	-	10,743	10,273
Orchestra of the Royal Opera House	9,900	-	-	9,900	9,772
Royalties and hire fees	1,412	-	-	1,412	1,066
Production	892	12,992	-	13,884	11,099
Stage and transport	11,212	-	-	11,212	10,871
Touring expenses	1,413	-	-	1,413	1,142
Other production and sales costs	6,386	-	-	6,386	6,301
House management	1,245	-	-	1,245	1,130
Marketing and publicity	5,807	-	-	5,807	5,457
Education, archives & live relays	3,191	777	-	3,968	3,861
Support costs (note 13)	20,455	-	-	20,455	19,930
Grants (note 9)	18	-	-	18	10
Operating credit on pension scheme (note 29)	(366)	-	-	(366)	(397)
Net finance(credit)/charge on pension scheme (note 29)	(308)	-	-	(308)	187
	<u>90,903</u>	<u>13,769</u>	<u>-</u>	<u>104,672</u>	<u>97,153</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

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Unrestricted funds		
Grant to Royal Ballet School	10	10
Grant to Streetwise Opera Company	8	-
	<u>18</u>	<u>10</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	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Fundraising staff costs	1,430	-	-	1,430	1,323
Fundraising overheads	2,549	-	-	2,549	1,520
Support costs	959	-	-	959	732
	<u>4,938</u>	<u>-</u>	<u>-</u>	<u>4,938</u>	<u>3,575</u>

11. Costs of commercial activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	53 week period ended 31-Aug-14	52 week period ended 25-Aug-13
	£'000	£'000	£'000	£'000	£'000
Retail costs	638	-	-	638	662
Sponsorship costs	627	-	-	627	681
Audio visual recording, production & distribution costs	3,295	-	-	3,295	3,576
Property recharges	428	-	-	428	328
Catering costs	7,636	-	-	7,636	6,763
Other commercial costs	1,311	-	-	1,311	1,305
	13,935	-	-	13,935	13,315

12. Governance costs

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
External audit	67	67
Legal and professional costs	178	237
	245	304

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 53 week period ended	Total 52 week period ended
	31-Aug-14	31-Aug-14	31-Aug-14	31-Aug-14	25-Aug-13
	£'000	£'000	£'000	£'000	£'000
Management and administration	4,610	216	-	4,826	4,939
Premises	9,510	446	-	9,956	9,476
Depreciation	6,335	297	-	6,632	6,247
External audit	-	-	67	67	67
Legal and professional costs	-	-	178	178	237
	20,455	959	245	21,659	20,966

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.

14. Total resources expended

Total resources expended are stated after charging the following:

	53 week period ended 31-Aug-14	52 week period ended 25-Aug-13
	£'000	£'000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	42	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 the charitable company's subsidiaries - prior year	-	7
Audit of grant claim	7	-
Other services in relation to taxation and commercial lease	2	14
Depreciation and other amounts written off:		
Tangible fixed assets - owned (note 19)	6,632	6,247
Amortisation of intangible fixed assets (note 18)	1,939	2,938
Operating leases - land and buildings	27	61

15. Gross transfers between funds

	Notes	Unrestricted General Fund	Unrestricted Designated Fund	Restricted Funds	Endowment Funds	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Gross transfers between funds		£'000	£'000	£'000	£'000	£'000	£'000
Depreciation & Amortisation	15(a)	188	-	(188)	-	-	-
Fixed Asset Fund	15(b)	2,613	(2,613)	-	-	-	-
Other Designated Funds	15(c)	(3,200)	3,200	-	-	-	-
Other Restricted Funds	15(d)	3,759	-	(3,759)	-	-	-
Endowment	15(e)	611	-	(611)	-	-	-
		<u>3,971</u>	<u>587</u>	<u>(4,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) Depreciation of £0.2m (52 week period ended 25 August 2013: £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.

(b) A net transfer of £2.6m (52 week period ended 25 August 2013: £4.0m transfer) was made to the Unrestricted General Fund from the Unrestricted Fixed Asset Fund representing a transfer to the Designated Income Fund of £0.2m for specific future projects and a transfer for the net decrease in the charity's tangible fixed assets (£2.4m).

(c) A net transfer of £3.2m (52 week period ended 25 August 2013: £2.0m) was made to the Designated Future Project Fund and from the Designated Income Fund. The transfer to the Designated Future Project Fund of £3.0m earmarks funds for specific future projects. The transfer to the Designated Income Fund of £0.2m represents grants and donations received during the year on Big Screen projects.

(d) A net transfer of £3.8m (52 week period ended 25 August 2013: £2.6m) was made to Unrestricted Funds from Restricted Funds, including a transfer of £3.7m from Arts Council England Capital Fund representing the grants received and expended on capital additions during the period from our National portfolio funding (£0.7m) and the Large Capital Grant (£3.0m) and a transfer of £0.1m from Restricted Funds.

(e) Transfers of £0.6m (52 week period ended 25 August 2013: £0.5m) 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	
	53 week period ended 31-Aug-14	52 week period ended 25-Aug-13
Production	434	425
Orchestra	125	125
Royal Ballet	134	132
Royal Opera	85	84
Sales and marketing	83	80
Management and administration	90	73
Fundraising	33	32
Education and collections	22	24
Premises	4	4
Opus Arte	6	6
Shop	8	8
	1,024	993

The aggregate payroll costs of these persons were as follows:

	53 week period ended 31-Aug-14	52 week period ended 25-Aug-13
	£'000	£'000
Payroll Costs		
Wages and salaries	42,716	40,850
Social security costs	4,924	4,824
Other pension costs	3,527	3,119
	51,167	48,793

The overall full-time equivalents increased by 31 during the period, which included the following: additional headcount in Digital Media and Technology as we invested in our technology platform (10); increased work being produced in-house as opposed to out-sourced (9); and an increase to our apprenticeship programme (5). The average salary cost per employee (£41,714) is a small increase compared to prior period (£41,138), which is less than our pay award of 2% 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			
			53 week period ended 31-Aug-14	52 week period ended 25-Aug-13	
		Performers	Artistic and General Management	Total	Total
up to	£59,999	203	701	904	867
£60,000	- £69,999	33	19	52	51
£70,000	- £79,999	28	3	31	37
£80,000	- £89,999	9	5	14	15
£90,000	- £99,999	6	4	10	6
£100,000	- £109,999	2	-	2	7
£110,000	- £119,999	1	1	2	1
£120,000	- £129,999	-	1	1	3
£130,000	- £139,999	-	1	1	-
£140,000	- £149,999	1	-	1	-
£150,000	- £159,999	-	1	1	1
£160,000	- £169,999	-	-	-	1
£170,000	- £179,999	-	1	1	-
£180,000	- £189,999	-	1	1	-
£190,000	- £199,999	-	-	-	1
£230,000	- £239,999	-	-	-	1
£250,000	- £259,999	-	1	1	1
£280,000	- £289,999	-	1	1	-
£530,000	- £539,999	-	1	1	1
		283	741	1,024	993

Emoluments comprise wages and salaries together with benefits in kind.

For employees in bandings from £60,000 and above, contributions of £659,567 (for 52 week period ended 25 August 2013: £473,504) were made during the period to defined contribution pension schemes. Retirement benefits were accruing to 100 (25 August 2013: 102) of the above employees under defined contribution pension schemes, and to 19 (25 August 2013: 18) under a defined benefit pension scheme.

The emoluments of the five highest earning employees were as follows:

	Salary (£)	Fees (£)	Total (£)
Sir Antonio Pappano, Music Director	104,186	435,137	539,323
Kasper Holten, Director of Opera	228,888	58,200	287,088
Alex Beard, CBE, Chief Executive	250,000	-	250,000
Sally O'Neill, Chief Operating Officer	180,000	-	180,000
Kevin O'Hare, Director, The Royal Ballet	175,000	-	175,000

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

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Realized gains on disposal of investments	831	13
Unrealized gains on revaluation of investments	381	577
Gains on investment assets	1,212	590

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Unrealized gains on revaluation of heritage assets	70	-
Gains on heritage assets	70	-

18. Intangible fixed assets

	Group 31 August 2014 £'000	Charity 31 August 2014 £'000
Cost		
At beginning of period	13,866	5,713
Additions	1,973	1,419
At end of period	15,839	7,132
Amortisation		
At beginning of period	(12,987)	(5,195)
Less amortisation for period	(1,939)	(1,375)
At end of period	(14,926)	(6,570)
Net book value		
At 31 August 2014	913	562
At 25 August 2013	879	518

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	156,382	655	81,881	238,918
Additions	749	3,469	2,562	6,780
Transfers	283	(655)	372	-
Disposals	(42)	-	(275)	(317)
At end of period	157,372	3,469	84,540	245,381
Depreciation and diminution in value				
At beginning of period	32,768	-	42,866	75,634
Charge for period	3,060	-	3,572	6,632
Disposals	(42)	-	(270)	(312)
At end of period	35,786	-	46,168	81,954
Net book value				
At 31 August 2014	121,586	3,469	38,372	163,427
At 25 August 2013	123,615	655	39,015	163,285

	Freehold premises	Assets in the course of construction	Equipment & vehicles	Total
Charity	£'000	£'000	£'000	£'000
Cost				
At beginning of period	156,382	655	81,806	238,843
Additions	749	3,469	2,562	6,780
Transfers	283	(655)	372	-
Disposals	(42)	-	(275)	(317)
At end of period	157,372	3,469	84,465	245,306
Depreciation and diminution in value				
At beginning of period	32,768	-	42,791	75,559
Charge for period	3,060	-	3,572	6,632
Disposals	(42)	-	(270)	(312)
At end of period	35,786	-	46,093	81,879
Net book value				
At 31 August 2014	121,586	3,469	38,372	163,427
At 25 August 2013	123,615	655	39,015	163,285

Assets in the course of construction represents building projects in progress and equipment received but not placed in service before the period end (£3.5m).

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.

20. Investments

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

	Group 31 August 2014 £'000	Group 25 August 2013 £'000
Held with investment managers:		
- Unquoted equities	-	46
- Venture funds	2,227	2,324
- Quoted equities	20,913	13,783
- Hedge funds	937	1,279
- Gold	-	1,422
- Bonds	423	3,821
- Cash funds	1,925	2,599
Total investment with Investment Managers	<u>26,425</u>	<u>25,274</u>
	<u>26,425</u>	<u>25,274</u>

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

	Group 31 August 2014 £'000	Group 25 August 2013 £'000
Market value at beginning of period	25,274	22,759
Additions (at cost)	2,994	2,622
Disposals	(3,055)	(697)
Net realized and unrealized gains	1,212	590
Market value at end of the period	<u>26,425</u>	<u>25,274</u>
Historical cost at end of the period	<u>23,303</u>	<u>22,798</u>

(b) Charity: the following were the subsidiary undertakings of Royal Opera House Covent Garden Foundation as at 31 August 2014:

Subsidiary undertaking	Country of incorporation	Principal activity	Percentage of shares held
ROH Holdings Limited	UK	Holding company	100%
ROH Management Limited	UK	Property management	100%
ROH Developments Limited	UK	Property development	100%
ROH Pension Trustee Limited	UK	Trustee company	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 and ROH Management 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 25 August 2013*). The remaining balance is related to the original acquisition of Royal Opera House Enterprises Limited (formerly Opus Arte UK Limited).

	Charity 31 August 2014 £'000
Cost	
At beginning and end of period	6,676
Net book value	
At 31 August 2014	<u>6,676</u>
At 25 August 2013	<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	1,092	9,919
Additions	-	-	-	-
Revaluation	-	-	70	70
At 31 August 2014	7,410	1,417	1,162	9,989
At 25 August 2013	7,410	1,417	1,092	9,919

The external valuer for the Royal Opera House, Richard Madley, MNAVA, Senior Director, Dreweatts 1759, valued the fine art collection in September 2012. 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 £4.5m (25 August 2013: £4.5m), based on the September 2012 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 Francesca Franchi, Head of Collections during the period. Francesca Franchi has a postgraduate qualification in Performing Arts Archive and Collection Studies and has been employed as Archivist at the Royal Opera House since September 1979, and as Head of Collections from 2005 to September 2014.

There were no additions in the current year (25 August 2013: nil). There have been no disposals in the periods presented.

Of the heritage assets held at 31 August 2014, £7.410m were subject to external valuation at September 2012 and the remaining £2.579m were subject to internal valuation.

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

	31 August	25 August	26 August	28 August	29 August
	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Purchases/Commissions					
Fine art	-	-	-	-	-
Costumes & accessories	-	-	-	-	-
Other collections	-	-	10	-	-
Donations					
Fine art	-	-	18	-	-
Costumes & accessories	-	-	-	312	-
Other collections	-	-	19	23	-
Total additions	-	-	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 more than 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 31 August 2014 £'000	Group 25 August 2013 £'000	Charity 31 August 2014 £'000	Charity 25 August 2013 £'000
Goods for resale	676	730	-	-
	676	730	-	-

23. Debtors

	Group 31 August 2014 £'000	Group 25 August 2013 £'000	Charity 31 August 2014 £'000	Charity 25 August 2013 £'000
Amounts due after more than one year				
Finance lease debtor	5,430	5,430	-	-
Amounts due from subsidiary and associated undertakings	-	-	2,000	2,200
	5,430	5,430	2,000	2,200

	Group 31 August 2014 £'000	Group 25 August 2013 £'000	Charity 31 August 2014 £'000	Charity 25 August 2013 £'000
Amounts due within one year				
Trade debtors	3,835	1,851	2,522	696
Amounts due from subsidiary and associated undertakings	-	-	1,068	715
Other debtors	3,993	5,870	3,530	4,016
Prepayments and accrued income	1,983	1,612	1,444	736
Finance lease debtor	270	270	-	-
	10,081	9,603	8,564	6,163

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	Group	Charity	Charity
	31 August	25 August	31 August	25 August
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade creditors	2,578	2,583	2,040	1,657
Amounts owed to group undertakings	-	-	1,784	8,554
Other creditors including taxation and social security	2,960	2,465	2,966	2,465
Accruals	9,082	8,148	7,867	6,989
Deferred income	20,662	19,795	19,652	11,268
	35,282	32,991	34,309	30,933

	Group	Group	Charity	Charity
	31 August	25 August	31 August	25 August
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Deferred income at start of period	19,795	21,183	11,268	12,069
Box office receipts, subscription and donations received	64,652	56,297	54,522	38,078
Released to statement of financial activities	(63,785)	(57,685)	(46,138)	(38,879)
Deferred income at end of period	20,662	19,795	19,652	11,268
Comprising:				
Advanced bookings	9,991	10,744	9,991	10,744
Subscriptions and donations	9,110	7,866	9,110	-
Other deferred income	1,561	1,185	551	524

25. Statement of Funds - Group

	At 25 August 2013	Incoming Resources	Outgoing Resources	Other gains/ (losses)	Transfers	At 31 August 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted General fund	3,506	106,846	(110,695)	-	3,971	3,628
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	156,663	-	-	-	(2,613)	154,050
Unrestricted Heritage Asset Fund	9,919	-	-	70	-	9,989
Unrestricted Designated Income Fund	-	-	-	-	170	170
Unrestricted Future Projects Fund	8,161	-	-	-	3,030	11,191
Unrestricted Funds before pension reserve	178,249	106,846	(110,695)	70	4,558	179,028
Unrestricted: pension scheme liability	(10,340)	-	674	(6,099)	-	(15,765)
Total unrestricted funds	167,909	106,846	(110,021)	(6,029)	4,558	163,263
Restricted funds:						
Thurrock Capital Fund	7,705	716	-	-	(188)	8,233
Production Fund	-	12,992	(12,992)	-	-	-
Bridge Programme Fund	234	759	(777)	-	-	216
Arts Council England Capital Fund	-	3,654	-	-	(3,654)	-
ROH Holdings Limited	106	-	-	-	-	106
Digital Research & Development Fund for the Arts	15	90	-	-	(105)	-
Endowment Restricted Income Fund	109	604	-	-	(611)	102
Total restricted funds	8,169	18,815	(13,769)	-	(4,558)	8,657
Endowment funds	30,643	1,871	-	1,212	-	33,726
Total funds	206,721	127,532	(123,790)	(4,817)	-	205,646

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 13/14 season carried over to the 14/15 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 2014/15 financial period. The pension scheme liability is disclosed in accordance with FRS17.

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 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 25 August 2013	Incoming Resources	Outgoing Resources	Other gains/ (losses)	Transfers	At 31 August 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted General funds	2,785	90,415	(92,751)	-	3,361	3,810
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	162,436	-	-	-	(2,613)	159,823
Unrestricted Heritage Asset Fund	9,919	-	-	70	-	9,989
Unrestricted Designated Income Fund	-	-	-	-	170	170
Unrestricted Future Projects Fund	8,161	-	-	-	3,029	11,190
Unrestricted Funds before pension reserve	183,301	90,415	(92,751)	70	3,947	184,982
Unrestricted: pension scheme liability	(10,340)	-	674	(6,099)	-	(15,765)
Total unrestricted funds	172,961	90,415	(92,077)	(6,029)	3,947	169,217
Restricted funds:						
Thurrock Capital Fund	7,705	716	-	-	(187)	8,234
Production Fund	-	12,992	(12,992)	-	-	-
Bridge Programme Fund	234	759	(777)	-	-	216
Arts Council England Capital Fund	-	3,654	-	-	(3,654)	-
Digital Research & Development Fund for the Arts	15	90	-	-	(105)	-
Total restricted funds	7,954	18,211	(13,769)	-	(3,947)	8,450
Total funds	180,915	108,626	(105,846)	(6,029)	-	177,667

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 31 August 2014 there were 13 members (25 August 2013: 16).

27. Connected charities and other related party transactions

Connected charities

The Royal Opera House Foundation - registered charity No 211659

The Royal Opera House Foundation supports the work of the Royal Opera House by raising funds from the private sector.

The Royal Opera House Foundation was invoiced by Royal Opera House Covent Garden Foundation (formerly called Royal Opera House Covent Garden Limited) during the period for tickets used in its membership scheme. No disclosure is made for grants and recharges between the Royal Opera House Foundation and Royal Opera House Covent Garden Foundation, as these take place in the normal course of operating activities.

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 (*25 August 2013: the charity owed the Royal Opera House Foundation £7.0m*).

Royal Opera House Endowment Fund 2000 - registered charity No 1089928

During the period the charity received grants of £1.2m (*52 week period ended 25 August 2013: £0.9m*) from Royal Opera House Endowment Fund 2000 in furtherance of its charitable objectives. At 31 August 2014, the Royal Opera House Endowment Fund 2000 owed the charity £0.8m (*25 August 2013: £0.7m*).

The above charities are 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 31 August 2014. 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 (2013: 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:

	31-Aug-14	25-Aug-13
	Land and Buildings	Land and Buildings
	£'000	£'000
Operating leases which expire		
Less than one year	22	22
In the second to fifth years inclusive	4	4
	26	26

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:

	31-Aug-14	25-Aug-13
	£'000	£'000
Less than one year	6,928	7,391
In the second to fifth years inclusive	7,777	5,858
	14,705	13,249

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 £1.416m were paid to the Scheme in accordance with the Schedule of Contributions agreed between the Trustees and the Royal Opera House.

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 £2.111m (52 week period ended 25 August 2013: £1.484m).

The full actuarial valuation as at 5 April 2012 was updated to the accounting date by an independent qualified actuary in accordance with FRS17. As required by FRS17, 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 FRS17, 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 FRS17 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 FRS17 liabilities and the deficit of assets below the FRS17 liabilities (which equals the Gross pension liability).

The expected rate of return on assets for the financial period ended 31 August 2014 was 6.1% per annum (25 August 2013: 5.3% 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 plan was invested in at 31 August 2014.

The following table sets out the key FRS17 assumptions used for the Scheme.

Assumptions	31-Aug-14	25-Aug-13	26-Aug-12	28-Aug-11
Retail Prices Index Inflation	3.2% pa	3.4% pa	2.9% pa	3.4% pa
Consumer Prices Index Inflation	2.4% pa	2.6% pa	2.2% pa	2.7% pa
Discount rate	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/ 3.1/2.2% 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	2.4% pa	2.6% pa	2.2% pa	3.4% pa
Life expectancy of male aged 65 at the accounting date	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	23.8 years	23.7 years	23.6 years	22.6 years

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

	31-Aug-14	25-Aug-13
	£'000	£'000
Fair value of Scheme assets	56,181	51,979
Present value of Scheme liabilities	(71,946)	(62,319)
Gross pension liability	(15,765)	(10,340)

The scheme is represented on the balance sheet as at 31 August 2014 as a liability of £15.8m under FRS17 (25 August 2013: £10.3m).

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

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Operating charge (current service cost)	1,050	1,238
Interest cost	2,843	2,639
Expected return on plan assets	(3,151)	(2,452)
Financing (credit)/charge	(308)	187
Total expenses included in Statement of Financial Activities	742	1,425
Comprises:		
Contributions by the employer (included in Unrestricted General Fund)	1,416	1,635
Operating credit on pension scheme	(366)	(397)
Net financing (credit)/charge	(308)	187
Pension scheme (credit)	(674)	(210)
Total	742	1,425

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:

	31-Aug-14 Fair Value £'000	25-Aug-13 Fair Value £'000
Equities	24,210	22,060
Bonds	22,660	24,300
Property	1,080	840
Diversified Growth Fund	8,480	5,460
Cash and net current assets	(249)	(681)
Total	56,181	51,979

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

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Opening defined benefit obligation	(62,319)	(59,022)
Employer's part of current service cost	(1,050)	(1,238)
Interest cost	(2,843)	(2,639)
Contribution from scheme members	(584)	(622)
Actuarial loss	(7,818)	(1,420)
Benefits paid	2,668	2,622
Closing defined benefit obligation	<u>(71,946)</u>	<u>(62,319)</u>

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

	53 week period ended 31-Aug-14 £'000	52 week period ended 25-Aug-13 £'000
Opening fair value of the scheme assets	51,979	46,442
Expected return on scheme assets	3,151	2,452
Actuarial gain	1,719	3,450
Contributions by the employer	1,416	1,635
Contributions by scheme members	584	622
Benefits paid	(2,668)	(2,622)
Closing fair value of scheme assets	<u>56,181</u>	<u>51,979</u>

The actual return on the plan's assets over the 53 weeks to 31 August 2014 was £4.9m (52 weeks to 25 August 2013: £5.9m).

An actuarial loss of £6.1m (52 weeks to 25 August 2013: gain of £2.0m) is recognised in Other recognised gains in the Statement of Financial Activities for the 53 week period to 31 August 2014. A cumulative actuarial loss of £12.9m (52 weeks to 25 August 2013: £6.8m) is recognised in Other recognised gains to 31 August 2014.

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

	31-Aug-14	25-Aug-13	26-Aug-12	28-Aug-11	29-Aug-10
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(71,946)	(62,319)	(59,022)	(48,827)	(51,716)
Fair value of scheme assets	56,181	51,979	46,442	42,542	41,002
Gross pension liability	(15,765)	(10,340)	(12,580)	(6,285)	(10,714)

The history of experience gains and losses is:

	53 week period ended	52 week period ended	52 week period ended	52 week period ended	52 week period ended
	31-Aug-14	25-Aug-13	26-Aug-12	28-Aug-11	29-Aug-10
	£'000	£'000	£'000	£'000	£'000
Experience adjustment on plan assets:					
Actual return less expected return on scheme assets - losses/ (gains)	(1,719)	(3,450)	(1,617)	355	(2,193)
Percentage of scheme's assets	(3%)	(7%)	(3%)	1%	(5%)
Experience adjustment on plan liabilities:					
Experience (gain)/ losses arising on scheme's liability	469	40	1,733	(810)	(977)
Percentage of the present value of the scheme's liabilities	(1%)	0%	(3%)	(2%)	(2%)

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

	53 Week Period Ended 31-Aug-14 £'000	52 Week Period Ended 25-Aug-13 £'000
Net incoming/(outgoing) resources before other recognized gains and losses	3,742	(371)
Defined benefit pension scheme credit	(674)	(210)
Investment and finance interest income	(1,428)	(1,240)
Depreciation charge	6,632	6,247
Amortisation of intangible fixed assets	1,939	2,938
Loss on disposal of fixed assets	6	29
Decrease/(increase) in productions in preparation	594	(1,032)
Decrease/(increase) in stock	54	(14)
Increase in debtors	(478)	(843)
Increase in creditors	2,291	907
Net cash inflow from operating activities	<u>12,678</u>	<u>6,411</u>

31 Gross cash flows

a) Return on investment and servicing of finance

	53 Week Period Ended 31-Aug-14 £'000	52 Week Period Ended 25-Aug-13 £'000
Finance lease interest income received	290	276
Interest income received	1,138	964
Net cash inflow from return on investment and servicing of finance	<u>1,428</u>	<u>1,240</u>

b) Capital expenditure

	53 Week Period Ended 31-Aug-14 £'000	52 Week Period Ended 25-Aug-13 £'000
Capital expenditure on tangible fixed assets	(6,780)	(3,283)
Capital expenditure on intangible fixed assets	(1,973)	(1,925)
	<u>(8,753)</u>	<u>(5,208)</u>

c) Net disposal/(purchase) of investments

	53 Week Period Ended 31-Aug-14 £'000	52 Week Period Ended 25-Aug-13 £'000
Additions (at cost)	(2,994)	(2,622)
Disposals	3,055	697
Net disposal/(purchase) of investments	<u>61</u>	<u>(1,925)</u>

d) Management of liquid resources (short term deposits)

	53 Week Period Ended 31-Aug-14 £'000	52 Week Period Ended 25-Aug-13 £'000
Cash used to increase short term deposits	(7,000)	(21,600)
Short term deposits used to increase cash	12,600	11,000
	<u>5,600</u>	<u>(10,600)</u>

32. Analysis of net funds

	25 August 2013 £'000	Cash Flow £'000	31 August 2014 £'000
Cash at bank and in hand (excluding liquid resources)	9,657	11,014	20,671
Liquid resources	<u>22,600</u>	<u>(5,600)</u>	<u>17,000</u>
Net funds	<u>32,257</u>	<u>5,414</u>	<u>37,671</u>

THANK YOU

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

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