



ROYAL
OPERA
HOUSE

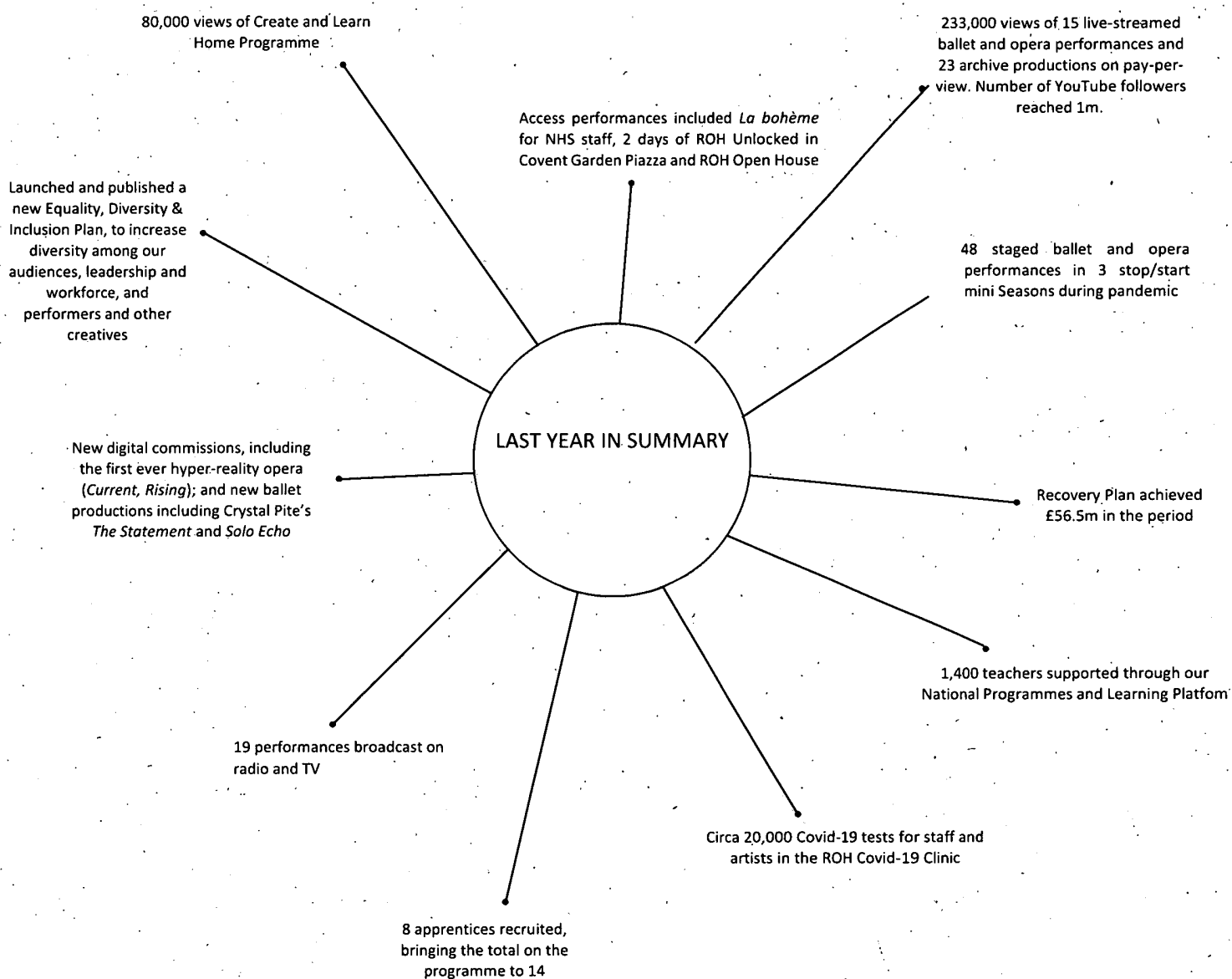
THE ANNUAL

REPORT

2020/21

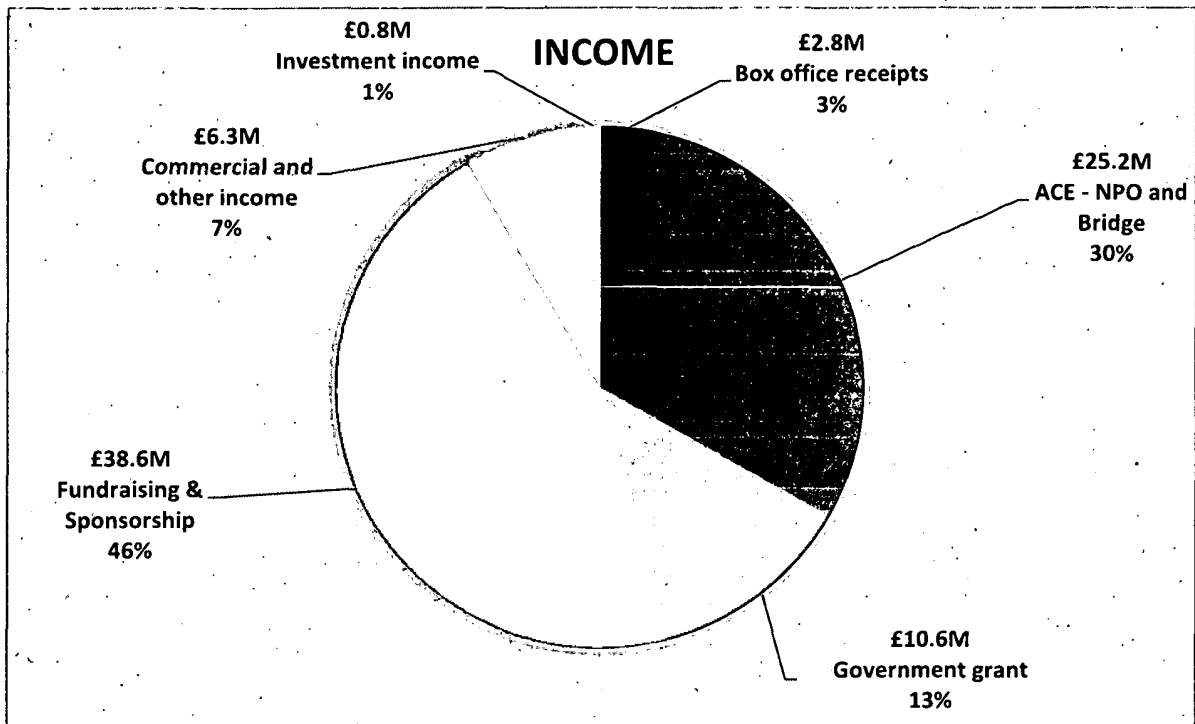


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Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

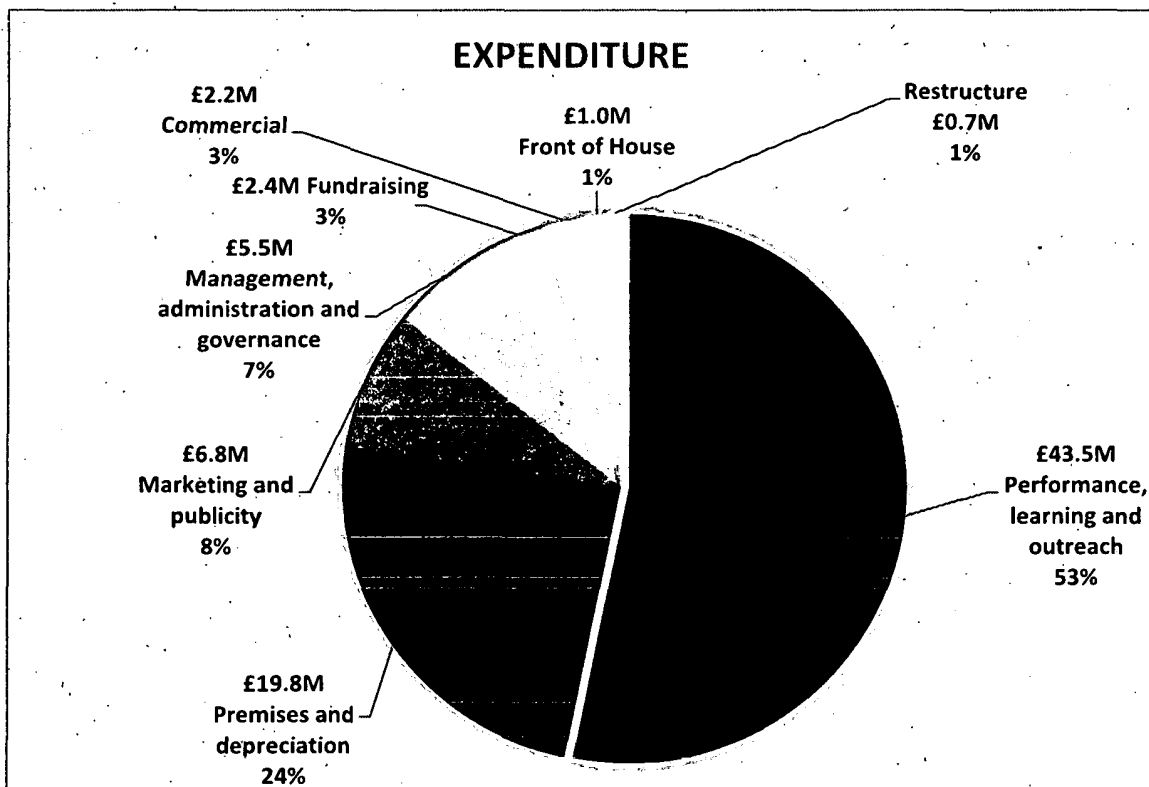


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INCOME 2021



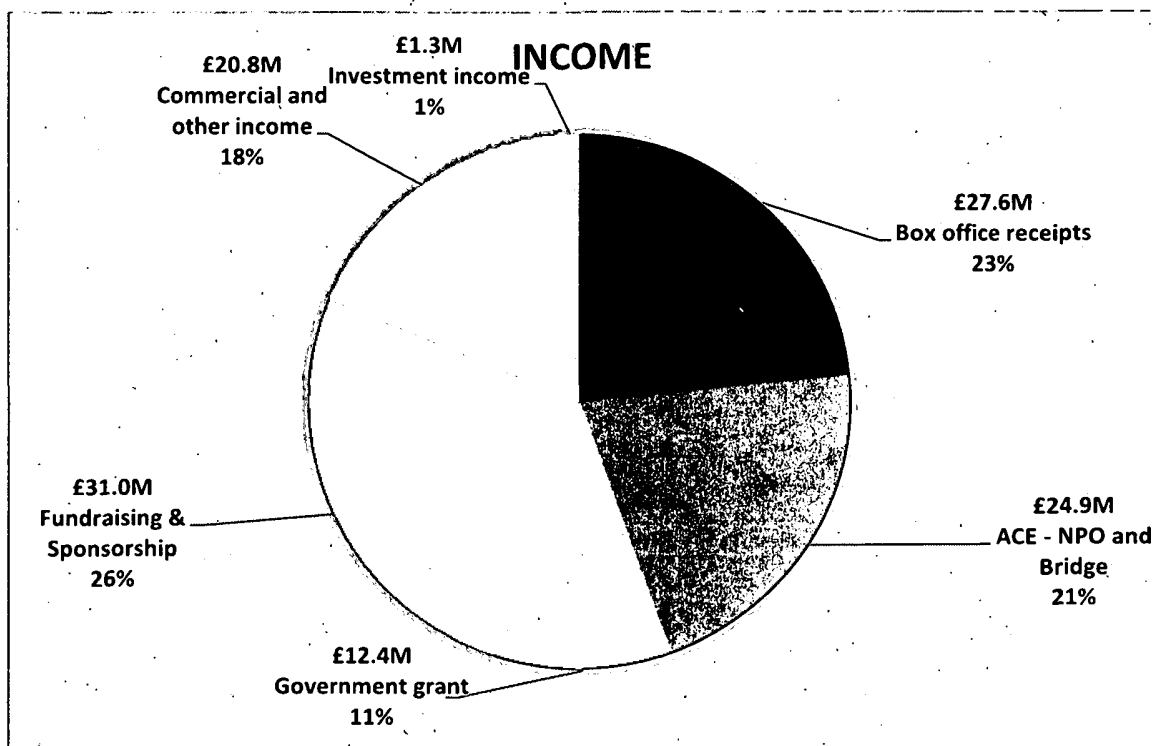
EXPENDITURE 2021



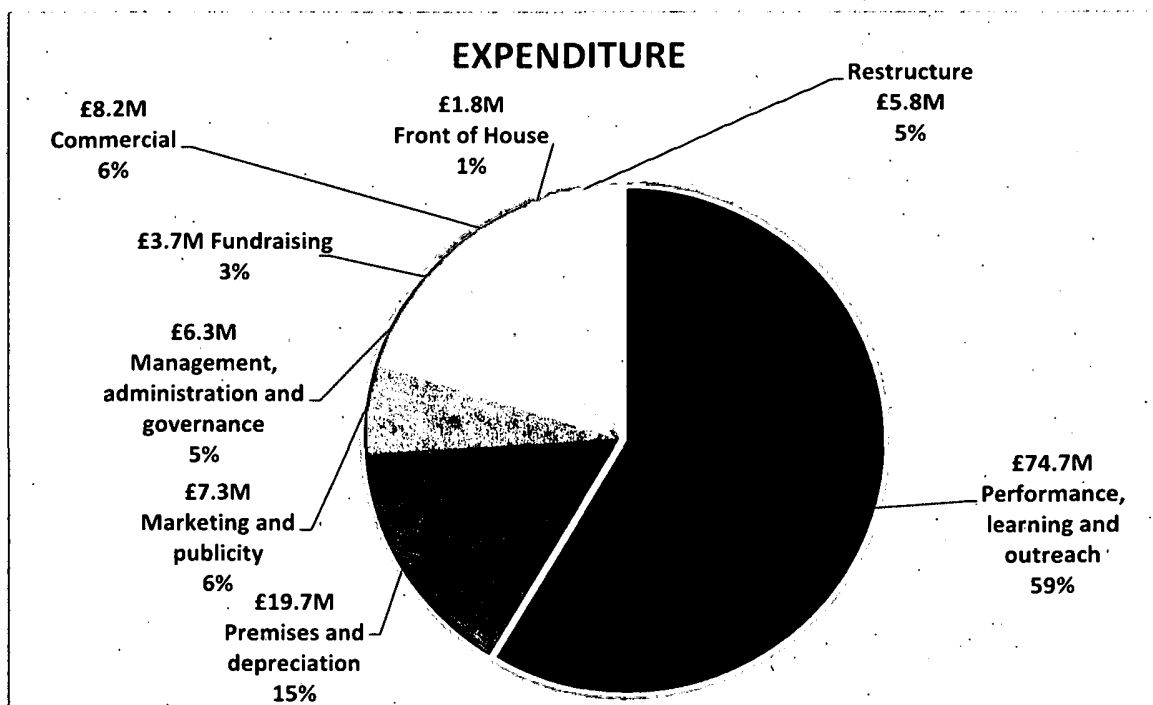
Total income £84.3m, including capital donations and funding of £0.5m. Total expenditure £81.9m, excluding capital expenditure. Figures exclude gains on investment, taxation and fund transfers.

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INCOME 2020



EXPENDITURE 2020



Total income £118.1m, including capital donations and funding of £0.5m. Total expenditure £127.5m, excluding capital expenditure. Figures exclude gains on investment, taxation and fund transfers.

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TIMESCALE FOR THIS REPORT

The Trustees are pleased to present their report together with the audited financial statements of the Royal Opera House Covent Garden Foundation for the 52-week period ended 29 August 2021.

The comparative period is the 53-week period ended 30 August 2020.

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

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SIR SIMON ROBESY Chair

Welcome to the Royal Opera House Covent Garden Foundation (Limited by Guarantee) 2020/21 Annual Report.

Due to the vagaries of company administration timetables this is the third consecutive Royal Opera House Annual Report to be completed in the shadow of the Covid-19 pandemic. The period it covers, including the 2020/21 Season, has been a profoundly difficult one for the House. I would therefore like to extend my gratitude to everyone who has contributed so much to securing the survival of the ROH and to putting it on a sustainable footing for the future. It has been a privilege to have worked with such a dedicated and talented team.

During the period of this report David Ross stood down as Chair and I agreed to take up the role again, for a limited period. I would like to reiterate my thanks to David for his leadership and guidance.

In the 2020/21 Season, much reduced as it was, the quality and range of work that emerged was remarkable. It was inspiring to observe the House being opened whenever it was possible, the extension and growth of our digital and other remote offerings, and adjustments made to productions and audience facilities, often at the last minute, to accommodate rapidly changing circumstances. I offer my huge congratulations to our staff and my thanks to everyone who has supported us and shown such patience and understanding despite the disruption and uncertainty.

At the time of writing our House is open. There are signs that plans for the future can be made without the shadow of Covid and from our position as a truly world-class artistic institution. That said we still face many challenges. Notwithstanding the support from HMG, ACE, our patrons, friends and others, to each of whom I offer deep gratitude, we inevitably emerge from the pandemic in a less robust financial position than we would like. We remain reliant of the continued support of ACE and all of you. The team also instigated a far-reaching restructuring of the organisation to ensure our long-term viability and preparedness to respond to a rapidly changing world. Many colleagues have sadly left us and I would like to pay tribute to their hard work and contribution over many years. They will be missed.

The appalling events unfolding in Ukraine following the Russian invasion present new difficulties. Our thoughts are above all with those in our community of staff and artists, and amongst our audience and supporters whose friends and family are directly impacted. We will do what we can to show our solidarity and to offer support. Looking further ahead, the attending geopolitical uncertainty, and longer-term economic impacts will test anew the resilience and determination of the Royal Opera House team.

There are other changes ahead. We will have a new Chair and we will complete the search for a new Music Director to replace the extraordinary Antonio Pappano who has been with us since 2002. But Tony will remain at the helm until 2024, and we hope to see him in the pit often for many, many years beyond that. Both recruitment processes will happen this year.

There is much for us to look forward to over the coming Seasons.

Sir Simon Robesey
29 March 2022

ALEX BEARD *Chief Executive*

The 2020/21 Season was amongst the most challenging in the Royal Opera House's history. For most of it we were unable to welcome audiences into the building and could perform on stage only sporadically. *The Nutcracker*, our Christmas favourite, ran for only 4 performances out of a scheduled 17, for example. Aside from the many lost productions and performances – many of which were in the advanced stages of preparation and will be revisited in future Seasons – our ability to engage more generally with audiences that would normally include schools, young people and the wider community, was severely curtailed.

Nevertheless, against considerable odds, we continued to produce outstanding work and extend access to our art forms both physically and digitally, working with leading artists and technicians from across the UK and internationally. In all we staged 48 ballet and opera performances in three stop/start mini-Seasons.

In October 2020, The Royal Ballet's first performance in over 6 months was a poignant selection of excerpts curated by Kevin O'Hare, Director of The Royal Ballet opening, appropriately, with Tchaikovsky's overture from *The Sleeping Beauty*. *The Royal Ballet: Back on Stage* was performed in front of an invited socially distanced audience including specially invited health workers, with the orchestra scattered throughout the stalls, and was streamed worldwide.

A re-worked *Nutcracker* provided some festive relief while the first show in 2021, *21st-Century Choreographers*, was a showcase of contemporary work by Christopher Wheeldon, Crystal Pite and rising star Kyle Abraham. In a second programme we honoured the American giants of dance George Balanchine and Jerome Robbins. It wasn't until June that we could welcome a full house and the *Beauty Mixed Programme* was a fine celebration of the breadth of The Royal Ballet's heritage and repertory.

In April, we learned of Liam Scarlett's tragic death. He was an exceptional talent who had a long history with the Company both as a dancer and as a choreographer. Our deepest sympathies remain with Liam's family, his friends and all others affected.

Opera returned to the House amidst lockdown in September 2020 with The Royal Opera: Live in Concert, a programme of classic excerpts curated by The Royal Opera's Director of Music Antonio Pappano, streamed online. In October socially distanced audiences returned for 4/4 a quartet of staged songs and cantatas, by Handel, Gruber, Barber and Britten. New talent then took centre stage in a two-opera programme – *The Knife of Dawn*, a one-person chamber opera by Hannah Kendall set in the prison cell of a Guyanese political activist and poet, and *A New Dark Age*, a music drama incorporating work by Missy Mazzoli, Anna Meredith and Anna Thorvaldsdottir. In November, during the Season's second lockdown, we streamed a concert performance of Handel's gripping *Ariodante*, his first written for Covent Garden, in its first presentation here since 1735.

In April 2021, the Jette Parker Young Artists performed a Weill and Brecht mixed programme of the satirical *The Seven Deadly Sins* and *Mahagonny Songspiel*. Live audiences returned in May, albeit to an auditorium at half capacity, for Richard Jones's new production of Mozart's last opera seria *La clemenza di Tito*. Eight performances of *La bohème* included a special performance thanking NHS workers, and the last operatic performance of the Season on the Main Stage came from the Jette Parker Young Artists in their annual summer show, once again showcasing the stars of the future.

Other opera projects included *8Bit*, a series of eight works for an exclusively online audience in the form of short films, audio performances and a web browser experiment. In May, we were at last able to open *Current, Rising*, the world's first opera experience in hyper reality, in a special staging within the Linbury Theatre. Although developed before Covid-19, this ground-breaking project took four audience members at a time on a 15-minute operatic journey combining virtual reality with multisensory effects.

We continued to extend our reach through broadcast and digital channels. The #OurHouseToYourHouse digital programme, launched during the first lockdown in the Spring of 2020, established a home for full-length performances, concerts, mini-documentaries and interactive activities for children, generating more than 206 million views from 183 countries. In the 2020/21 Season there were 15 live-streamed performances of ballet and opera and 23 archive productions on pay-per-view. For the first time, during this period, more than 1 million people subscribed to our YouTube channel. Meanwhile our Create and Learn online programme provided much needed educational resources for parents to home-school their children, and 1,400 teachers accessed content through our online Learning Platform to support remote lessons in schools across the country.

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Away from the stage our first priority was to secure our survival, and then to establish long-term viability in a changed, and ever-changing, environment. Our income was dramatically reduced due to performing restrictions with every possible effort extended to sustain our core community of artists craftspeople and backstage staff through the year.

We again welcomed government support via the Coronavirus Job Retention Scheme for furloughed staff, a loan through the Cultural Recovery Fund, as well as continued support from Arts Council England. We embarked on a major fundraising campaign and completed the sale of the David Hockney portrait of our former chief executive Sir David Webster. Sadly, we also lost large numbers of staff through a large-scale organisation wide redundancy and restructuring programme.

We worked closely with our Trades Unions to achieve these changes and to manage the inevitably painful process in as fair and equitable way as possible, addressing gender pay issues and sustaining the organisation's overall protected characteristic employee profile, all as validated through a comprehensive Equality Impact Assessment of proposals and outcomes. The support that the Royal Opera House Benevolent fund was able to offer casual and freelance staff, in particular, was deeply appreciated. In all around 25% of permanent staff left the ROH, alongside many more in our casual workforce.

These efforts enabled us to survive financially, to continue to serve audiences and to deliver public benefit, including through our Learning and Participation programmes. The long-term health of ROH also depends on the application of our values. The ROH has a long-standing commitment to equality, diversity and inclusion and the events of the past 24 months highlighted further the stark disparities of lives between communities in the UK. We began to implement a new Equality, Diversity and Inclusion plan including many initiatives to improve the way we recruit, develop and retain staff from diverse backgrounds. Environmental sustainability is now a central consideration of all our activities, as we strive to reduce our own carbon footprint.

It was an enormously difficult period for the ROH team in practical terms, whether navigating the challenges of remote home-working in cramped accommodation, coping with salary reductions or adapting to Covid-safe working practices as we returned to site: rehearsing in masks, performing in artistic bubbles, working around office capacity constraints, adapting air handling systems or managing the logistics of carrying out over 20,000 Covid-19 PCR tests on those working in close contact. The patience, dedication, professionalism and creativity shown by all was truly inspiring.

Many challenges lie ahead. We will be dealing with the after-effects of the pandemic for many months, if not years to come. The humanitarian crisis in the Ukraine has an immediate impact on staff and artists with friends and family at risk, and potential long-term consequences for the economy and confidence more generally. There is also a likely significant real-terms reduction in our Arts Council Funding to manage in the years ahead. We will do what we can to address these challenges, while continuing to present work of the very highest quality with the extraordinary community that is the artists, craftspeople and staff here.

I also extend my gratitude to our loyal audiences, collaborators, friends and patrons. Your support and generosity has been truly exceptional, and is now more important and more deeply appreciated than ever. All of us on the ROH team are enormously grateful, and we look forward to making wonderful opera and ballet together for many years to come.

Alex Beard, Chief Executive, 29 March 2022

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Our mission

Our mission is to enrich the cultural life of the nation by growing the public enjoyment and appreciation of exceptional ballet and opera.

Our vision

We aspire to be a global centre of excellence for the great art we produce and for the inclusive way we do it. We want to grow our reputation still further, demonstrating our social and environmental responsibility.

How we achieve our mission and vision

We are home to three of the world's great performing art companies: The Royal Ballet, The Royal Opera and the Orchestra of the Royal Opera House. We tell stories that speak to the universal themes that move us all (love and hate, revenge and reconciliation, hope and fear), from the great works of the past to new commissions, reflecting contemporary culture and concerns. Our theatres are in London's Covent Garden but our work is accessed and experienced across the UK and globally through touring partnerships, cinema programmes, radio, TV and online-streaming.

We aim to be a leading artistic force that takes calculated risks, both to invest in the artforms of the future and to sustain the existing repertory for new audiences. We work with the best creative teams and performers from around the world, consistently achieving the highest standards of stagecraft, and embedding constant improvement into our processes and culture. We have worked hard to maximise our reach, despite the pandemic, by providing access to our artforms online. Artistic excellence stretches beyond our Main Stage and the often more experimental Linbury Theatre, to our foyers and public spaces as well as outside our building.

We have invested in strengthening our capabilities in data generation and analysis to ensure we are capturing and responding to audience feedback, both from those who already engage with our artforms and those who currently do not, so that we have the information we need to continually improve.

We are a National Portfolio Organisation, supported by the British public via Arts Council England, and a registered charity, receiving donations from those who share our ambitions.

Challenges

The tumultuous events of the past 24 months have highlighted stark disparities in the lives of the UK's various communities, often determined by ethnic and socio-economic background. There is a lack of equity in the provision of arts education in schools and a lack of diversity among those participating in classical singing and ballet. This is having a direct impact on the talent pipeline and on the audiences and artists of the future. Diversifying participants in the arts is one of the most pressing issues of our time. So, in 2020/21, as well as continuing to focus on artistic excellence on our stages, performing when we could, we also prioritised achieving positive societal impact. We have a long track record of running programmes to widen access, including with young people through our national programme with schools across the country, which we continued to deliver despite the restrictions resulting from lockdown.

The following pages expand on the ways in which we worked to uphold our priorities and values throughout the 2020/21 Season, despite the challenges, and how we continued to deliver public benefit, finding new ways to serve our audiences, support those who needed it, including home-schooling families, and to ensure we can get back to a sustainable position as quickly as possible.

Looking ahead to 2021/22 and beyond, significant financial challenges remain despite the success of our Recovery Plan (asset sales, major fundraising campaign and organisational restructure, and the CRF loan). Emerging major risks include:

- Increasing inflation, conservatively 5-7% pa – driven by rising energy costs
- At best a static Arts Council England grant from 2023, which could be a real term reduction of circa £1.2m per annum to our grant

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- Geo-political uncertainty following the Russian invasion of Ukraine impacting fundraising confidence

For our 2021/22 financial year we are forecasting an income and expenditure deficit as audiences rebuild post-pandemic, covered by Recovery Funds. In addition, we have a major capital investment need to replace and upgrade end life building and equipment. We aim for ROH's operating position returning to a break-even position in future years, the pace of which will be governed by the factors above:

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OUR PRIORITIES

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Our overriding objective in 2020/21 was to ensure the long-term viability of the ROH, as it soon became clear that the pandemic would have severe long-term impacts. We also remained committed to continuing to serve audiences and support our community of staff and artists. We implemented a comprehensive Recovery Plan which included:

- Major changes to our organisational strategy and operating model, significantly reducing costs, while simultaneously, keeping the core of the organisation intact so that we could return to performing at scale. This included a restructuring with over 25% staff reduction; changes to contracts, implementation of new working practices, and a reduction in all salaries over £75,000
- Disposal of assets – the sale of the David Hockney painting of Sir David Webster
- A major fundraising campaign that included asking for additional donations, and agreeing redeployment of gifts already donated or committed to support recovery
- Government support, through the Coronavirus Job Retention Scheme and a loan from the Cultural Recovery Fund, as well as the continuing grant support from ACE – for which we are deeply grateful

While this Recovery Plan was being implemented, we kept close to our audiences and artists online, continuing to show performances through digital streaming and on radio and TV. We also continued to support schools, families and communities by engaging them with digital content and activities. With the gradual easing of lockdown restrictions, in Spring 2021 we were able to open our doors again to audiences, albeit at significantly reduced capacity in order to meet social distancing requirements.

Our priorities included the following:

Artistic Excellence

We consistently reflect today's best people and ideas, appealing to the broadest possible audience. This includes:

- **Balanced programming** on our stages when we were able to perform, but also via digital channels, cinema, radio and TV and in our public spaces. Our goal was to continue to serve audiences, despite lockdown restrictions (the Appendix at the end of the Achievements section sets out what the ROH were able to perform in Season 2020/21)
- **Championing talent**, including foregrounding our Jette Young Artists Programme and offering employment to as many performers and freelancers as possible
- **New and under-represented artists** – we continued to deliver programmes designed to support career progression of artists, including women through our Engender programme, and aiming to increase the ethnic diversity of our performers

Outcomes summary: we maintained audience satisfaction; gave new opportunities to diverse creatives and performers; and we increased access to performances online.

Opening Up and Equality, Diversity and Inclusion

We open up all aspects of the ROH so we can touch more people's lives and create a deeper sense of belonging.

We continued to welcome people into our building when we could, with daytime opening. We ensured there were tickets available at affordable prices for performances on our stages and for those that were broadcast via digital channels. We gave special performances for NHS staff who had done so much to support the nation during the pandemic.

We are committed to providing engagement opportunities for the potential performers of the future, as well as audiences of the future, including school pupils, with a focus on those from less well-off socio-economic and diverse ethnic backgrounds.

We increased staff involvement in conversations, seeking to surface issues of concern to them and to talk about potential solutions. In summary, we aim to welcome people to us, whether they are audiences,

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performers, other creatives or our workforce, ensuring everyone is treated with respect. As part of that, we launched a new Equality, Diversity and Inclusion (EDI) Plan that includes a commitment to listening more closely to the views of those who engage with us and responding to what we hear.

Our priorities included:

- **National participation** – we continued to support teachers across the country to bring ballet, opera and theatre-craft into classrooms nationwide and to connect with under-served communities
- **Audience development** – we started a process to identify barriers to engagement with our artforms and to develop strategies to address them. The pandemic was a catalyst for us to expand our digital output; analysis demonstrated that this enabled us to extend our reach geographically. Even as we open the building again, we are continuing to develop our digital offer, building on what we learnt during the pandemic
- **Supporting the sector** – we engaged proactively with peer artistic organisations and the wider sector to share what we learnt, for example working within government Covid-19 guidelines and processes to keep staff, artists and audiences safe; and we continued to partner on Engender, our initiative to change gender imbalance in opera and music theatre
- **Inclusive workforce** – we began to implement the new Equality, Diversity and Inclusion plan, which focuses on improving the way we recruit and retain staff from diverse backgrounds

Outcomes summary: we supported schools and home-schooling families with digital content; growing our engagement with young people and their families, schools and communities and supporting them to dance and sing and enjoy our artforms. We increased access to our art forms via digital channels. We strengthened our relationships with the sector. We began to implement our new EDI plan, including compulsory anti-racism training for all recruiting managers.

Revenue Growth

We increase overall income through compelling story-telling, ambitious partnerships and joined-up sales.

Given the impacts of the pandemic on box office revenue, we focussed heavily on maximising income from a variety of other sources to support the long-term viability of the organisation, ensuring we have a sustainable income base to enable us to deliver our other objectives in the future.

This included:

- **Customer spend** – opening our doors whenever we could. However, our box office income shrank by 94% over the Season compared with the last full Season before lockdown, and hospitality and retail sales fell in line
- **Endowment** – our longer-term goal is to double the ROH Endowment and increase the income it will generate for future activity. However, given the financial implications of the pandemic, we also focussed on redeploying some of the endowment as part of the Recovery Plan
- **Recovery Campaign** – we redoubled our efforts to raise funds through philanthropic giving
- **Grant from Arts Council England** – we drew down our 2020/21 grant and secured a roll-over grant for 2021/22

Outcomes summary: although overall, income dropped significantly, by the end of 2020/21, we were well-placed to achieve our goal on the Recovery Campaign in 2021/22.

Organisational Health

We undertook a major restructuring programme to ensure the long-term financial viability of the organisation.

We reviewed all our activities and made difficult decisions that affected all areas of the organisation. In conducting the review, we recognised that, post lockdown, we couldn't simply return to 'normal'. We needed

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a lasting restructure to address pre-existing financial pressures that were exacerbated by the pandemic, and to anticipate the future impact on our audiences and commercial model in the months and years ahead.

We worked closely with our Trades Unions to achieve realistic structural and contractual changes to the way we work, while maintaining our ability to deliver world class performances. These contractual changes enabled us to achieve short-term operational savings, which will secure and protect jobs in the long-term.

Outcomes summary: a total of 272 employees left between July 2020 and November 2020 (25% of staff). Having carried out an Equality Impact Assessment of the restructuring process, we are confident that the organisation's overall protected characteristic employee profile was not disproportionately impacted.

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ACHIEVEMENTS

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ARTISTIC EXCELLENCE

Balanced Programming

When lockdown restrictions permitted, we performed contemporary works and repertory classics live on stage at the ROH as set out below. In total, though we had to cancel or postpone a significant number of productions and performances, we gave 48 on-stage performances.

We had to make adjustments to all the productions we were able to put on – for example, a pared-back production of Mozart's *La clemenza di Tito* - to meet government guidelines and honour our firm commitment to the safety of our audiences and performers. Nevertheless we maintained broadly the same level of audience satisfaction as for the last full year before the lockdown. The responses from ballet and opera critics and the enthusiasm of audiences was extremely pleasing.

Ballet

The 2020/21 Season opened on 9 October 2020 with *The Royal Ballet: Back on Stage*, an exhilarating programme presenting the Company's world-class dancers at their dazzling best and highlighting the broad artistic breadth of The Royal Ballet's repertory. It was performed before a pilot audience and streamed worldwide. The repertory featured socially distanced group works as well as solos and pas de deux. The evening was dedicated to Ian Taylor, former Chairman of the Board of Trustees, in recognition of his longstanding service, philanthropy and advocacy for the work of The Royal Ballet.

In November, two programmes of repertory highlights were presented in *The Royal Ballet: Live. Each programme* closed with a one-act ballet (Kenneth MacMillan's *Elite Syncopations* in Programme A and Christopher Wheeldon's *Within the Golden Hour* in Programme B). In light of the national lockdown that month, an expanded live performance Programme A was given on 4 November and a streamed performance of Programme B on 13 November. This second programme included a new short work by Valentino Zucchetti, *Scherzo*, which went on to win a Southbank Sky Arts Award and was a highlight later in the Season at Darcey Bussell's British Ballet Charity Gala at the Royal Albert Hall.

The Nutcracker was brought to the stage for the festive season in a 'reworked' version to make it Covid-safe, including a reduced number of Royal Ballet School students and a new battle scene choreographed by Will Tuckett. We presented four of the 17 scheduled performances of *The Nutcracker* before the production had to be cancelled because of stricter lockdown measures with the UK's move into Tier 4.

Creativity continued to shine in online programming including in the Company's choreographic platform, *Draft Works*, which was presented as a film with content generated by some of the dancers during lockdown. A stream of *Spring Draft Works* followed with a programme created specially for the Main Stage. A third programme was developed for a live audience with external choreographers including Jason Kittelberger, Dickson Mbi, Hannah Rudd and Didy Veldman, but this had to be cancelled due to scheduling issues arising from the pandemic.

Other strong online content included World Ballet Day, the enduringly popular online celebration of dance, which took place on 29 October 2020, highlighting young and diverse talent and female choreographers. Royal Opera House Insights included a discussion with six dancers for Black History Month around influences in their lives and the Black Lives Matter movement. A *Meet the Young Dancers* Masterclass Insight introduced audiences to the youngest dancers in the Company. In April, two special pop-style projects commissioned by The Royal Ballet were filmed on the Main Stage, *Lyssa* choreographed by Lynne Page with singer Nadine Shah and 17 dancers, and Arthur Pita's *Agnus Dei*, a collaboration with singer and composer Rufus Wainwright featuring Leo Dixon. Royal Ballet dancers also participated in The Royal Opera's *8bit* digital initiative.

Dancers returned to the stage to perform for live audiences in May and June in three rich programmes spanning 19th-century classics, works by American master choreographers of the 20th century and choreographers working today. The 21st-Century Choreographers Programme featured a new ballet by American choreographer Kyle Abraham, *Optional Family: a Divertissement* and two works by Crystal Pite that were new to the Company, *The Statement* and *Solo Echo*. The 'Balanchine and Robbins' Programme included Balanchine's *Apollo* and *Tchaikovsky Pas de Deux* and Robbin's *Dances at a Gathering*. This was followed by the 'Beauty Mixed Programme', featuring the world premiere of Valentino Zucchetti's *Anemol* (a

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choreographic development of *Scherzo*), Wayne McGregor's *Morgen*, MacMillan's *Winter Dreams*, Christopher Wheeldon's *After the Rain*, Ashton's *Voices of Spring*, *woman with water* by celebrated veteran choreographer Mats Ek and concluding with Act III of *The Sleeping Beauty*.

The Linbury Theatre's dance season opened with summer performances by Rambert School and The Royal Ballet School, originally scheduled to be part of the scheduled Next Generation Festival that would have included international guests.

Opera

In opera, new work highlights included:

4/4

In response to the very specific conditions of the pandemic in autumn 2020, The Royal Opera embraced the challenges of the moment (social distancing on stage and in the pit, reduced staff and financial resource, travel difficulties and quarantine) and programmed an evening featuring four distinctive short works that showcased world-class vocal quality and compositions – but that were not operas. The mini-productions of Handel's *Apollo and Daphne*, Barber's *Knoxville: Summer of 1915*, Britten's *Phaedra* and Gruber's *Frankenstein!!* were not only a creative response to Covid-19 but a bold departure from The Royal Opera's traditional repertory. Four of the UK's outstanding opera and theatre directors – Deborah Warner, Richard Jones, Adele Thomas and Antony McDonald – worked with top British opera singers Christine Rice and Allan Clayton and from further afield, South African soprano Cecilia Masabane Rangwanasha, one of our Jette Parker Young Artists. These short works of high theatrical tension and drama, mostly sung in English, were immediately accessible and direct, and challenged many negative preconceptions of the art form. The productions themselves, minimal in terms of set and costume, also challenged the traditional association of opera with scenic excess, perhaps providing a glimpse of what opera can be when at its most distilled and powerful.

New Dark Age

This project took the same impulses behind *4/4* and presented works by women composers. These were directed by two leading female theatre practitioners – Katie Mitchell and Ola Ince – and designed by Vicki Mortimer. Traditionally under-represented in the area of opera composition and direction, female creativity became central for one of the few times in The Royal Opera's history: *The Knife of Dawn* is only the fourth opera by a woman to be performed on the Covent Garden's stage in 300 years. It was also the first opera on our Main Stage by a composer of colour, supported by a mainly diverse creative team, with Peter Brathwaite in the lead role, Jonathon Heyward conducting and video designs by Akhkila Krishnan. Touching on troubling themes of colonialism and creative isolation, the opera explored the life of Guyanese poet Martin Carter, Ince's production drawing out contemporary resonances of racial oppression and discrimination. This was followed by a unique melding of works by female composers – Anna Meredith, Missy Mazoli and Anna Thorvaldsdottir – in a video installation called *A New Dark Age*, created by Katie Mitchell and Grant Gee. The atomisation wrought by the pandemic was brought home in a radical piece that combined live and recorded material, an urgent assertion of the Royal Opera House's role in reflecting society.

Operas in Progress - The Engender Festival

A key part of the work of The Royal Opera House on both stages is commissioning contemporary opera that enables the cannon to develop, and to tell new stories with diverse perspectives that reflect our changing world and society. As we seek the next generation of artists and audiences we continually explore ways to open up the form of opera. Our *Opera in Progress* series provide an exchange between artists and audiences. The audience gain an insight into the very start of making an opera, hearing from the artists about how their ideas and initial text and music have emerged. Artists are able to ask the audiences questions and understand their response to these initial ideas, which supports them in the next steps of the opera's development. Three projects were presented: *History of the Present*, a hybrid working-class opera that explores the resonances and legacies of the peacelines in Northern Ireland, by interdisciplinary writer Maria Fusco and director Jude Christian; Booker Prize shortlisted, *The Fortune Men*, by writer Nadifa Mohammed and composer Nina Whitman; and *Lambs*, an opera that takes the form of a podcast, by Director Daisy Evans and composer Laura Bowler.

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Current Rising

The world's first opera in hyper reality, *Current, Rising*, was a unique collaboration between the Royal Opera House's innovation programme, Audience Labs, award-winning Fagment Productions and Royal Holloway, University of London. Developed by a female-led creative team and funded by UK Research and Innovation, *Current, Rising* was an experiment in blending stagecraft, artistic excellence and cutting-edge technology to develop a radical new way of seeing opera that puts the audience at the centre of the performance. The result was a 15-minute hyper-reality opera experience, combining virtual reality with a multisensory set, inviting audiences to step into a bespoke 'Opera Tardis' and experience a dream-like journey carried musically by a poem layered in song. Critically acclaimed, *Current, Rising* demonstrated a vision for the future of cultural forms, encapsulating a new form, rooted in stage tradition, enriched by the magic of technology. It won the VR Award for out-of-home VR entertainment of the year. The creative team was Director Netia Jones, composer Samantha Fernando, Designer and CGI Art Director Joanna Scotcher, librettist Melanie Wilson and sound designer David Sheppard.

8-Bit

8-Bit marked the first curated digital shorts opera series from The Royal Opera. A series of eight newly-commissioned, experimental experiences of digital opera brought together some of the most innovative contemporary artists. Created in response to the impact of Covid-19, available for free, and hosted across Facebook, YouTube and Instagram, *8-bit* gave existing and new audiences new ways to experience exceptional opera and challenge the stereotypes often associated with the art form. With century-spanning music: from Handel and Tchaikovsky to John Barber, Brian Irvine, Matt Huxley and Anna Meredith, the opera series reached an audience of over 87,500 people. The lead artists for these short operatic pieces were Dumbworld, Patrick Eakin Young, Elayce Ismail, Akhila Krishnan, Katie Mitchell, Anna Morrissey, André de Ridder and Katherine Manley and Rakhi Singh.

Although lockdown prevented us from doing as much work on the Main Stage as we had planned, we nevertheless fielded a top-rate list of artists, including:

Aigul Akhmetshina

Sophie Bevan

Peter Brathwaite

Charles Castronovo

Nicole Chevalier

Allan Clayton

Christian Curnan

Emily D'Angelo

Iestyn Davies

Danielle de Niese

Riccardo Fassi

Gerald Finley

Joshua Guerrero

Paula Murrihy

Kristine Opolais

Lisette Oropesa

Anna Princeva

Chen Reiss

Christine Rice

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Erwin Schrott

Roderick Williams

Adela Zaharia

Streamed

We increased our reach via digital channels, with 15 live streams and 23 previously recorded operas and ballets made available on pay-per-view, four which were provided for free. The streamed productions were watched 233,000 times, with two thirds of UK viewers living outside London. The lessons learnt from streaming and pay-per-view are feeding into our future plans for increasing our digital output and reach.

New works filmed and streamed included:

- *Lyssa* – a spectacular performance by Nadine Shah, with choreography by Lynn Page, featuring Royal Ballet dancers
- *Agnus Dei* – a solo performance by Royal Ballet First Artist Leo Dixon, choreographed by Arthur Pita in collaboration with singer and composer Rufus Wainwright
- *Draft Works 1* – a streamed film of work created by Royal Ballet dancers during lockdown, shared exclusively with ROH members
- *Draft Works 2* – a film of short works created on the Main Stage of the ROH, featuring choreography by Royal Ballet dancers Amelia Townsend, Stanislaw Węgrzyn, Joshua Junker, Ashley Dean, Matthew Ball, Kristen McNally, Valentino Zucchetti and Marcelino Sambé
- Yorke Dance Project – Romany Pajdak, First Soloist, *Lockdown Portraits* choreography by Robert Cohan; this solo was the last dance to be created for Cohan's final work – *Afternoon Conversations with Dancers*. Filmed on the Main Stage at the ROH

Evaluation

To further strengthen our forward programme planning, we initiated a new evaluation process to improve our ability to learn from and react to audience feedback.

Championing talent

The Royal Opera House employs more artists than any other UK arts organisation and works with a large network of freelance creatives, singers and other performers. At the heart of our creative output are our three permanent ensembles: The Royal Ballet, The Royal Opera Chorus, and the Orchestra of the Royal Opera House. Their reputation for technical and theatrical excellence attracts international talent to the UK and is a source of great pride. While the size of the ensembles reduced over the year, we protected the core as much as possible.

This was a very difficult year for performers, creatives and freelancers, many of whom were unable to work for most of the year. The performing Companies were furloughed for much of 2020/21, but we continued to sustain daily class for dancers via Zoom and, when possible, we began to bring our dancers back to the studios for limited, socially distanced rehearsals, enabling them to gradually regain essential fitness. We also continued to support freelancers, including paying them cancellation fees when shows couldn't go ahead, and maintaining our partnerships, for example with Engender (see below).

The Jette Parker Young Artists Programme, one of the world's leading centres for new operatic talent, offers two years' training for artists with the potential to forge an international career. It also provides additional support for emerging artists from under-represented backgrounds. In 2020/21 the programme produced a broad range of filmed work, including our first opera to be live streamed from both the stage and the auditorium, and with a live Instagram feed embedded into the show. Over half of the director training cohort have gone on to paid work with the Company. The Programme also delivered two live courses for women conductors with the Orchestra of the Royal Opera House and the City of London Sinfonia.

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New and underrepresented artists

We are committed to increasing the diversity of our creative programmes, and the people who create and perform them. We are on track to achieve our goal of at least 50% of the creatives we commission being women by 2022.

Engender is the ROH's initiative to grow and highlight women and non-binary talent both onstage and behind the scenes and to move the sector towards gender inclusivity. The programme thrived during the pandemic, moving online, which enabled more people to join from outside London and across the UK. Engender now has members from across Europe, the USA and, with support and funding from the British Council, is developing partnerships in several less economically developed countries, including South Africa and Egypt.

The network met every two months and supported artists during that period with sessions led by Tonic on a variety of subjects including wellbeing and resilience.

The Engender Festival 2021 was a hybrid of live and online events, with 15 pieces of social content generating 425,000 views and 12,500 engagements.

OPENING UP AND DIVERSITY, EQUALITY AND INCLUSION

Our programmes continued to provide opportunities for a wide range of people to engage with and enjoy our performances, both inside the building and beyond. Examples are summarised below.

ROH Unlocked

ROH Unlocked took place in the Covent Garden piazza on Saturday 10 July and Sunday 11 July 2021. This was our first public festival since lockdown bringing ROH artists out into the public space for world-class performances and giving the public a chance to take part in workshops. There were live performances from members of the Royal Opera Chorus, world-renowned soprano Anush Hovhannisyan and Zoo-Nation Youth Company, as well as participatory singing and ballet-barre workshops. Audiences were also invited to visit the ROH Story Shop, an immersive theatrical experience created in collaboration with Little Bulb theatre company.

Open House

Our Daytime Events and Festivals programme was relaunched in 2020/21 with Open House attracting over 4,500 people over one weekend. Visitors to the ROH could enjoy pop-up performances from soprano Anush Hovhannisyan, tenor Alan Pingarróen and harpist Elin Samuel as well as explore an exhibition of costumes, set, props, hats and jewellery from The Royal Opera's production of *The Tsarina's Slippers*. The weekend also marked the unveiling of the installation of two exceptional works of art: David Hockney's portrait of Sir David Webster, displayed in the Main Entrance Foyer, and Tacita Dean's extraordinary chalk-on-board *Inferno*, one of the designs for Wayne McGregor's new ballet *The Dante Project*, in the Paul Hamlyn Hall.

Engaging with young people and their families, schools and communities

Our Learning and Participation work continued to play a vital role in our plan to build the future of ballet and opera and to diversify the talent pipeline and our future audiences. For example, one part of the overall National Programme was a suite of 'Create' programmes that supported teachers, schools, children and, for the first-time, freelancers through the pandemic.

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The numbers achieved are summarised in the table below.

	Events	Teachers	Freelancers	Total participations	Total Schools	Children and young people (max estimated)
Create & Dance	16	114	6	200	78	6,050
Create & Design	5	79	1	91	49	5,380
Create & Sing	14	213	59	432	175	18,670
TOTAL:	35	406	66	723	302	30,100

We also continued with our Chance to Dance programme, which works with The Royal Ballet School and private dance schools to diversify the early talent pipeline for ballet. In May, we were once again able to deliver in-person workshops in 10 primary schools (five in Essex, five in the West Midlands). 142 young people attended these sessions and also attended in-school sessions to learn dance and movement inspired by MacMillan's *Romeo and Juliet*. We also provided bursaries and support for aspiring young dancers. Doncaster Dances was a three-week long project that brought together groups from across Doncaster to create an original dance piece that reflected the Covid-19 situation at the time including social distancing practices. This resulted in a short film, inspired by Kenneth MacMillan's *Romeo and Juliet*. 135 individuals took part in the project including six community groups, care homes and schools

ROH Bridge

Royal Opera House Bridge works to connect children and young people with great art and culture.

Through research, advocacy and co-investment we nurture networks, share learning and foster innovation within the education, arts and culture sector – particularly in communities where there is limited local provision or experience.

Our sector support work as a Bridge became a virtual programme for 2020/21 with just under 1,000 teachers and cultural partners engaging with over 47 different training and networking events across the year.

We continued our work with 12 Local Cultural Education Partnerships (LCEPs) across the South East, including distributing 8,286 creative 'Let's Create' resource packs to targeted children in response to the pandemic. A further £181,000 was invested in partnership programmes with the LCEPs.

Through two further rounds of the Learning Offer Development Fund grant programme, £115,000 has now been invested in the learning programmes of 23 cultural partners.. 51% of the recipients were diverse-led organisations.

Audience development

We implemented a wide range of initiatives to attract more diverse audiences to our art forms, which have had some notable successes, including performances for NHS staff and ROH Unlocked. We initiated work to identify key challenges and barriers and to begin putting plans in place to address them, including starting work with a new creative agency partner to help us connect ROH productions with younger and more diverse audiences across social, digital and also more traditional media.

We initiated a review of our Young ROH offer – our programme for 16–25-year-olds which includes tickets for £25 – with the aim of increasing sign-ups, especially from groups of people who haven't traditionally engaged with the offer.

We increased our digital output with 15 streamed performances of live ballet and opera and 23 archive productions on pay-per-view, and during this period, our You Tube following reached 1million. This has widened our audience base including out of London.

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Inclusive workforce

Our new Equality, Diversity and Inclusion plan is in the early stages of implementation but we have already seen progress during the year, including greater staff engagement in conversations. All recruiting managers have been through an anti-racism training course and an anti-ableism one is planned. We have established a Staff Diversity and Inclusion Network, a forum for healthy discussion, action and reflection and, a new Access Matters Group has been formed for disabled staff and people with long term health conditions. We have reviewed and refreshed our HR recruitment policies to strengthen our ability to recruit more diverse new staff.

REVENUE GROWTH

Customer spend

The impact of the Covid-19 pandemic was the immediate loss of all box office and ancillary trading income (catering, retail and cinema). The box office took £41.2m, less than in the last full season before lockdown.

We put performances on stage when we were able to and we reopened restaurants, bars and the shop, always in compliance with the government's Covid-19 guidance at the time.

Philanthropy and partnerships

A major fundraising campaign, launched in the 2019/20 Season, continued to be a key pillar of our recovery plan. Fundraising income over two years was over £60m, a remarkable achievement given our limited ability to perform on stage. In addition, many donors generously relaxed restrictions on committed gifts.

The Campaign has shown a deep sense of loyalty from our donor base, the majority of whom responded swiftly and emotionally – they gave in order to safeguard their beloved Opera House. We are extremely grateful to all those who contributed.

Endowment

We would like to thank our Baton Associates who made the generous and thoughtful decision to leave a gift to the Royal Opera House in their will.

ORGANISATIONAL HEALTH

Restructure

In undertaking the restructure, we were mindful of the impact that the changes we needed to implement would have on all our staff, in particular those whose jobs were at risk of compulsory redundancy or whose terms and conditions were proposed to change. To mitigate the impact, we implemented a range of measures, including:

- The invitation to all staff to express their interest in voluntary redundancy, reducing the need for a compulsory leaver programme
- Amendments to proposals following staff feedback and ideas
- Increased job-matching into new roles
- More job-sharing and part-time working
- Open and transparent processes for selection for redundancy where required.

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A total of 272 employees left between July 2020 and November 2020:

- 43% took voluntary redundancy
- 31% compulsory redundancy
- 26% left through end of fixed-term contract, resignation, etc.

To support those staff who left, we offered a package of redundancy payments, outplacement job search support and access to a retraining fund.

We would like to extend our thanks to the people we sadly had to let go for their contribution to the work of the ROH, many of them over a long time.

Estate

The Covent Garden estate was redeveloped in the late 1990s, re-opening in December 1999. Since then we completed a major upgrade to the public spaces and the Linbury Theatre, re-opening in September 2018 and January 2019, respectively, and we also completed a multi-year upgrade to the main stage flying system. However, much of the back-stage and building infrastructure is either nearing or past its life, and even failing in some instances. We developed the framework of an Estates Plan designed to maintain, upgrade and renew our stage and buildings infrastructure and equipment over the next 15 years. The plan includes an indicative cost plan and programme of works over the period, opportunities for estates reconfiguration and upgrades to drive efficiencies and support flexible ways of working and a governance structure for project design and delivery, all against the backdrop of our net zero and sustainability goals. Further survey work and feasibility studies are planned to enable us to refine and develop the plan with a focus on the next three years.

Covid-safe working

Throughout the pandemic we continued to adapt and implement our Covid-safe working plans for staff, artists and audiences in response to government guidance. All front-of-house and back-of-house activities were carefully risk-assessed and control measures were put in place. We also set-up an in-house Covid-19 testing clinic and, working with several partners, implemented a testing regime to enable us to re-commence performances, initially via online streaming and then with socially-distanced audiences. Our testing strategy reduced the potential for infection spread amongst teams and safeguarded the rehearsal and performance schedule – circa 20,000 tests were carried out on staff during the year.

Environmental sustainability

While tackling the pandemic has been a world-wide emergency over the past period, in the longer term, climate change is the single biggest challenge ever faced by humanity. Cultural organisations can play a leading role in addressing the issues from engaging audiences in conversations, to reducing our own carbon footprint and using our purchasing power to influence the suppliers we work with to become more environmentally sustainable.

We are determined to play our part so, in July 2021, the Board of Trustees approved the ROH's new Environmental Policy, net-zero commitments and Sustainability Strategy and these were subsequently published externally. We have also been active in raising sustainability standards across the theatre sector through participation in initiatives such as the Theatre Trust Green Book and the Sustainability in Production Alliance.

We are publicly committed to becoming carbon net zero on scopes 1 and 2 by 2035 (Scope 1 covers direct emissions from owned or controlled sources; Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by an organisation).

The new strategy commits us to:

- Making progress to make our buildings in Covent Garden, Thurrock and Aberdare more environmentally sustainable, by reducing carbon emissions and improving waste management and recycling

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- Improving our ability to measure progress with robust data, embedding environmental sustainability in our procurement strategies, improving the sustainability of our food offering, and minimising single use plastic and using recyclable packaging wherever possible
- Reducing the environmental impact of our productions by engaging with experts in impact measurement, making more efficient use of materials, and avoiding unnecessary use of hazardous materials and products
- Supporting staff and audiences to reduce their environmental impact by enabling audiences and visitors to understand and minimize their pollution and carbon footprint when visiting us, promoting environmental awareness amongst our employees and encouraging them to work in an environmentally responsible manner, encouraging use of zero and low carbon forms of transport amongst staff and audiences, and enabling and participating in public discussions concerning environmental issues

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Streamline Energy and Carbon Reporting

In accordance with the requirements of Streamlined Energy and Carbon Reporting (SECR) imposed by the 2018 SECR Regulations, we are required to disclose the following energy and carbon information for the reporting year 1 September 2020 to 31 August 2021.

Scope 1: Emissions from combustion of Gas tCO ₂ e 2021: 1,334 (Energy consumption: Gas 7,281,114 Kwh) 2020: 1,127 (Energy consumption: Gas 6,127,551 Kwh) 2019: 1,502 (Energy consumption: Gas 8,168,576 Kwh)
Methodology: tCO ₂ e calculated from the product of the invoiced gas consumption in Kwh during the reporting period and the 2020/2019 UK Government CHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'
Scope 2: Emissions from purchased electricity tCO ₂ e 2021: 1,478 (Energy consumption: Electricity 6,960,717 Kwh) 2020: 1,748 (Energy consumption: Electricity 7,498,289 Kwh) 2019: 2,393 (Energy consumption: Electricity 9,360,362 Kwh)
Methodology: tCO ₂ e calculated from the product of the above stated electricity consumption in Kwh during the reporting period and the 2021/2020/2019 UK Government CHG Conversion Factors for Company Reporting (version 1.3/1.0) for 'Electricity Generated/Electricity: UK'
Scope 3: Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing for fuel tCO ₂ e 2021: 3 (9,672 miles) 2020: 13 (47,080 miles) 2019: 20 (68,557 miles)
Methodology: tCO ₂ e calculated from the total mileage expenses claimed during the period (as stated above) multiplied by the 2021/2020/2019 UK Government CHG Conversion Factors for Company Reporting (version 1.3/1.0) for an Average Car and unknown fuel type
Intensity Ratio: tCO ₂ e gross figure based from mandatory fields (tCO ₂ e/m ²) 2021: 0.0506 2020: 0.0520 2019: 0.0744
Methodology: The intensity ratio stated above has been calculated as Tonnes of CO ₂ e per total square metres of useful floor area (57,438 m ²)

The last two years have had an unprecedented impact on cultural organisations. During the pandemic, the energy use in our buildings changed with our buildings needing to be closed and/or opened for reduced hours with staff on furlough. Non-essential plant and systems were identified and were switched off during the period to reduce energy consumption.

Our buildings were closed/opened for reduced hours between mid-March 2020 - April 2021. As our buildings started to re-open from April 2021 for staff, ballet company rehearsals, artists and audiences all ventilation systems were required to operate at 100% fresh air makeup for Covid-19 control. This resulted in a significant increase in energy use, especially our heating systems (in natural gas), during the winter months.

In the whole estate, typically, electricity accounts for around 55% of total annual energy demand and Natural Gas 45%. For the reporting period 1 Sep 2019 – 31 Aug 2020 our Electricity showed an overall decrease in consumption of 1.9 MWh, a 20% decrease. Our Gas consumption showed an overall decrease of 2MWh, a 25% decrease. This improved performance is largely attributable to the buildings being closed/operating for reduced hours for a 6-month period during Covid-19. For the reporting period 1 Sep 2020 – 31 Aug 2021 our Electricity consumption showed an overall decrease in consumption by 0.5 MWh, a 7.2% decrease. Our Gas consumption showed an overall increase in consumption by 1.1 MWh, a 18.1% increase. This performance is reflective of the buildings being closed/operating for reduced hours for an 8-month period followed by a 4-month period of high energy use (in particular natural gas for our heating systems) for 100% ventilation for Covid-19 control.

ROH are committed to getting to Net Zero Carbon by 2035 for Scopes 1 and 2 emissions and we continue to set targets to meet this commitment, whilst accounting for the exceptional circumstances of Covid-19.

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Appendix – 2020/21 Performance Schedule

The table below illustrates the performance we were able to put on, and also the stop/start nature of the season.

Date	Production	Notes
NATIONAL LOCKDOWN: THEATRES SHUT		
4 September 2020	The Royal Opera: Live in Concert	Stream only
9 October 2020	The Royal Ballet: Back on Stage	Pilot live audience and stream
17 October 2020	4/4 (Apollo and Daphne / Frankenstein!! / Knoxville: Summer of 1915)	Live audience (1 performance) and stream
24 October 2020	New Dark Age (The Knife of Dawn / A New Dark Age)	Live audience (1 performance) and stream
26-31 October 2020	Meet the Young Artists Week	5 events – 3 streamed, 2 with live audience (Linbury Theatre)
NATIONAL LOCKDOWN ENDS: THEATRES OPEN (REDUCED CAPACITY/ SOCIALLY-DISTANCED AUDIENCES)		
4 November 2020	The Royal Ballet: Live (Programme A)	Live audience
5 NOVEMBER 2020 – NATIONAL LOCKDOWN RE-INTRODUCED: THEATRES SHUT		
13 November 2020	The Royal Ballet: Class on Stage	Stream only
	The Royal Ballet: Live (Programme B)	Stream only
20 November 2020	<i>Ariodante</i>	Stream only
2 DECEMBER 2020 – NATIONAL LOCKDOWN ENDS: THEATRES OPEN (REDUCED CAPACITY & SOCIALLY DISTANCED)		
11-15 December 2020	<i>The Nutcracker</i>	Live audience (4 performances out of a planned 17)
18 December 2020	The Royal Opera Christmas Concert	Stream only
19 DECEMBER 2020 – IMPENDING TIER 4 RESTRICTIONS FOR LONDON ANNOUNCED: ROH CLOSES		
6 JANUARY 2021 – NATIONAL LOCKDOWN		
9 April 2021	<i>The Seven Deadly Sins / Mahogony Songspiel</i>	Stream only (first fully-staged production live stream)
17 MAY 2021 – NATIONAL LOCKDOWN EASED: THEATRES OPEN (HALF CAPACITY AND UP TO 1000 PEOPLE)		
17-23 May 2021	<i>La clemenza di Tito</i>	Live audience (4 performances) and stream
18-30 May 2021	<i>21st Century Choreographers</i> (mixed programme)	Live audience (9 performances) and stream
21 May-10 June 2021	<i>Current, Rising</i>	Live participants (Linbury Theatre)
25, 26 May & 2 June 2021	The Royal Ballet: Class on Stage	Live audience (3 events)
4-13 June 2021	<i>Balanchine and Robbins</i> (mixed programme)	Live audience (8 performances) and stream
16 & 17 June 2021	Rambert School End of Term Performance	Live audience (2 performances) [Linbury Theatre]
19 June-6 July 2021	<i>La bohème</i>	Live audience (8 public performances, 1 NHS performance)

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23-26 June 2021	The Royal Ballet School End of Term Performance	Live audience (6 performances) [in our Linbury Theatre]
21 JUNE 2021 – ALL GOVERNMENT RESTRICTIONS REMOVED – ROH CONTINUES WITH REDUCED CAPACITY AUDIENCES		
26 June-11 July 2021	<i>Beauty</i> Mixed Programme (mixed programme)	Live audience (8 performances) & stream.
5-18 July 2021	<i>Don Giovanni</i>	Live audience (7 performances)
10 July 2021	Royal Ballet School Summer Performance	Live audience
12-17 July 2021	Engender Festival	Live audience [Clare Studio] and streamed events
16 & 17 July 2021	Engender Festival: Pegasus Opera	Live audience (2 performances) [Linbury Theatre]
17 July 2021	Jette Parker Young Artists Summer Performance	Live audience
29-31 July 2021	Kilimanjaro Presents: Chrissie Hynde sings Bob Dylan and Other Songs	Live audience (3 performances)
2-8 August 2021	Bill Bailey Summer Larks	Live audience (10 performances)

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Finance and Governance

The Royal Opera House strives to present an ambitious programme of work while balancing its books on unrestricted general funds in each full financial year.

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

The ROH's business plan includes a set of outcomes and related KPIs, agreed with the Executive team and Board of Trustees. Linked to a detailed action tracker, the KPIs included: the level of new work being generated; public engagement across performances, digital activity and learning and participation initiatives; diversity of audiences, participants, staff and artists; results against budget; and environmental performance. Performance against the KPIs is reviewed in detail at the end of each year. Pre Covid-19, progress with the action tracker is reviewed by the full Executive team every 3-4 months. As the pandemic severely impacted the KPIs, monitoring of the previously established KPIs was suspended, and more crucially, frequent regular reporting of cashflow and progress on the Recovery Plan was a priority.

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

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

As a National Portfolio Organisation (NPO), a grant of £24.5m (*53 week period ended 30 August 2020: £24.2m*) was received from Arts Council England, representing 36% of total (unrestricted) income (*53 week period ended 30 August 2020: 25%*). The Royal Opera House is one of only four National Portfolio Organisations to be awarded funding from Arts Council England to lead the Bridge programme for Bedford Borough, Central Bedfordshire, Luton, Hertfordshire, Essex, Thurrock, Southend, Dartford, Gravesham, Swale and Medway. Funding of £0.7m was received in the current year (*53 week period ended 30 August 2020: £0.7m*).

It was an extremely challenging year for the organisation financially and the charity was able to manage through careful financial stewardship, responding to the pandemic through our Recovery Plan, which included government support through CJRS (Coronavirus Job Retention Scheme) and securing a loan from the Cultural Recovery Fund, a major restructure of the organisation, a fundraising campaign and the sale of the Hockney painting of Sir David Webster.

Excluding income within the Endowment, fundraising income targets of £19m (*53 week period ended 30 August 2020: £29.1m*) were set against fundraising activities in the development department for the period and these were met with funds raised of £36.7m (*53 week period ended 30 August 2020: £31.1m*).

Our trading subsidiary, Royal Opera House Enterprises Limited, recorded an operating profit before tax of £1.2m for the 52-week period ended 29 August 2021 (*53 week period ended 30 August 2020: £1.9m*). This decrease in operating profit is attributable to the continued closure of the Opera House due to Covid-19 for the majority of the 20/21 Season.

The overall result for the group unrestricted general funds was a decrease on the Unrestricted general funds of £0.3m (*53 week period ended 30 August 2020: £0.1m*) after transfers from Restricted funds of £1.7m (*53 week period ended 30 August 2020: £2.0m*) and net transfers to Unrestricted Designated funds of £1.7m (*53 week period ended 30 August 2020: net transfers from Unrestricted Designated Funds of £8.0m*). Refer to Note 17 on pages 80-81 for details.

At 29 August 2021 unrestricted funds were £213.5m (*30 August 2020: £211.8m*) before Unrestricted pension reserve deficit of £30.1m (*30 August 2020: £36.3m*). There is £209.0m (*30 August 2020: £199.7m*) held in Unrestricted Designated funds and a further £0.4m (*30 August 2020: £7.7m*) held in Unrestricted Revaluation funds.

At the end of the period Restricted fund balances were £12.3m (*30 August 2020: £13.1m*). For further details refer to Note 27. At the end of period the Endowment fund balance of £48.7m (*30 August 2020: £43.4m*) is represented by restricted capital assets of the Royal Opera House Endowment Fund 2000.

The Royal Opera House group held positive cash balances throughout the period. Unrestricted cash, including unrestricted cash with a notice period of more than 3 months, held at the period end was £58.8m (*30 August 2020: £22.4m*), advance bookings held at the period end of £8.6m (*30 August 2020: nil*), required to meet the charity's working capital requirements and reserves. This increase in overall cash balances was a result

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of the impact of the recovery plan that was put in place to deal with the impact of the pandemic on the charity,
and included the proceeds of the loan from the Culture Recovery Fund, £21.7m.

Reserves

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

- Fixed Asset and Heritage Asset funds, of £179.9m and £5.4m respectively, 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 of £23.7m. This fund comprises specific amounts put aside for future activity, which includes a fund of £5.6m (30 August 2020: £1.4m) toward the planned investment in digital.

The level of free reserves (represented by the Unrestricted General fund) at 29 August 2021 of £4.2m (53 week period ended 30 August 2020: £4.4m) equates to only 6.1% of current unrestricted incoming resources. The Trustees agree that a higher level of reserves is desirable in order to protect against reductions in box office and fundraising income, economic uncertainties, unforeseen events and any further reductions in public funding. The Trustees review the level of free reserves annually, and considering the financial model of the charity, core expenditure and levels of cash held in advanced bookings, have determined that a target level of free reserves of £10m is appropriate, and this has been the target for the last several years. However, Trustees acknowledge that any increase to free reserves over the next two to three years will be unlikely due to both the impact of the Covid-19 pandemic and to the identified needs for the programme of major capital works and digital investments. As the financial strategy is to budget for a minimum £2m contingency in annual budgets, while building designated funds for specific, future, longer term planning, the Trustees will also consider increases to the free reserves when possible in order to make progress towards the £10m target.

The total funds held at 29 August 2021 was £244.4m (30 August 2020: £232.1m). The designated Future Projects Fund is likely to be spent in the next two years, in line with our forward planning assumptions.

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

Pension scheme

In line with the requirements of FRS 102 S28 'Employee 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 charge to the statement of financial activities is £0.9m less than contributions (53 week period ended 30 August 2020: £0.4m more than contributions), in accordance with FRS 102 (refer to note 31 of the financial statements). The actuarial gain, net of actual return less interests on plan assets for the period was £5.3m (53 week period ended 30 August 2020: £7.6m, actuarial loss). The net pension liability at the period end was £30.1m (30 August 2020: £36.3m), with the decrease from the prior period driven by asset returns in excess of the discount rate, all as part of the actuarial assumptions. 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 crystallise 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 & Co. monies are only invested in funds that are regulated by the FCA.

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 maximise 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;

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To achieve the above objectives, the Trustees have set the investment benchmark of a blended return of CPI +3.5% on a rolling basis, (net income 1.5% and capital return of CPI+2%).

The investment managers, Stonehage Fleming Investment Management Limited, Troy Asset Management Limited and Newton Investment Management Limited, achieved a combined capital growth and income return net of investment management fees of 11.99% for the year ended 31 August 2021 (Year ended 31 August 2020 0.79%). The return for 2021 exceeded the blended target of CPI plus 3.5% (5.5%). Investments with Stonehage Fleming which are long term in nature are being progressively wound down.

Financial Risk Management

The following statements summarise 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 56% of total expenditure for the Royal Opera House and higher levels of inflation represent a risk also as 36% of total income for the Royal Opera House group comes from Arts Council England (19% of total income in a normal year), which is expected to remain flat from April 2022. The Royal Opera House has freedom over its ticket pricing, and box office income in a normal year represents 33% of revenue. The pricing strategy aims to hold the lowest ticket price at an accessible level.

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

Liquidity risk: The Royal Opera House manages cash flow to ensure that sufficient levels are held as operating capital. The Royal Opera House took out a 20 year loan during the year for £21.7m from the Government's Culture Recovery Fund to provide additional liquidity due to the impact of Covid-19 (see Note 26 of the financial statements for further details). There is one other loan with an outstanding loan balance for the year ended 30 August 2021 of £1.3m. Risk on repayment of loans is low as the annual loan payment due in 2021/22 is 0.1% of total income.

Going Concern

The Trustees must satisfy themselves as to the Royal Opera House's ability to continue as a going concern for a minimum of 12 months from the signing of the financial statements. The Board of Trustees have considered business plans and budgets based on an artistic programme of activity to August 2023, supplemented by outline plans in other areas. These plans show improvement in the return to financial sustainability post-Covid-19, but there are still challenges ahead, and in the Board's assessment of going concern take into consideration whether the Royal Opera House has adequate resources to meet its obligations as they fall due in and beyond the 12 months from the date of approval of these financial statements.

Underlying assumptions in the plans and budgets are that there will not be further lockdowns or social distancing going forwards, however, we do anticipate a long-term negative impact on levels of box office income. In assessing going concern, the Board also considered financial risk should further closures occur, the impact of any shortfall in fundraising and trading income, and the impact of increasing inflation on costs. If the ROH were to experience performance cancellations in winter months there would be an impact on our box office income, with estimates ranging from £3.9m to £5.8m in lost box office across a winter month (Nov to Feb). Whilst the Trustees are confident that these risks have adequate mitigation to ensure the ROH remains a going concern, the modelling shows that there is sufficient liquidity to August 2023 excluding mitigations.

After consideration of the scenarios and the impact of the Recovery Plan, the Trustees consider that the Royal Opera House (Group and Parent Charitable Company) has adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements of the Group and Parent Charitable Company have been prepared on a going concern basis.

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2020/21: Risk Management approach

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

- Review and assessment by the full Board of Trustees of the risks which the charity may face and the approach to risk management.
- The establishment of systems and procedures to mitigate those risks identified.
- Detailed review by the Audit and Risk Committee of strategic and operational risks, including Health & Safety, the Major Incident Plan and Technology and Data Security matters.
- Procedures designed to minimise any potential impact on the Charity should any of those risks materialise.

The governance and management of risk is divided between **Strategic risk** and **Operational risk**.

Strategic risk is reviewed by the Executive at key meetings regularly throughout the year and is linked to the ROH Plan. The Executive considers each risk against its agreed risk appetite and reviews existing mitigations and planned actions. Operational risk is normally reviewed and updated by the Operational Risk Group which operates under clear terms of reference. As the majority of the year was spent dealing with the impact of Covid-19 and other specific projects and their related risks, meetings of this group were suspended for the year. As a result of this, we are reviewing the structure and make-up of the Operational Risk Group with a view to widen participation and improve internal risk discussions. Specific projects and risks monitored regularly throughout the year included Health & Safety, Capital & Estates, Planning & Scheduling, major projects including Main Stage Flying System and Digital Stage, as well as an extensive risk assessment regime throughout the organisation.

In dealing with the impact of Covid-19, the Board and the Executive met more frequently to discuss the strategic risks faced by the organisation, and to understand and consider how the pandemic was affecting our business operations, our risk and control environment and to assure themselves of the adequacy of controls and mitigations in place.

Strategic Risks

The Covid-19 pandemic is the most significant risk to have impacted the Royal Opera House in recent history.

In response to the unprecedented challenge that the pandemic caused, the organisation responded quickly to ensure the continued operation of the business. Since the Opera House first closed on 16 March 2020, employees worked remotely and a significant number of employees were furloughed, subject to operational requirements, supported by funding through the Government's Coronavirus Job Retention Scheme which finished at the end of September 2021. Action was taken to reduce cashflow requirements and maintain sufficient liquidity. To ensure the longer-term sustainability of the business a significant restructure was implemented in the last quarter of 2020 and the Royal Opera House were successful in applying for a loan from the Government's Culture Recovery Fund.

In August 2020 the government relaxed rules related to live performances in England allowing them to happen if social distancing rules were followed and subject to local restrictions if applicable. From September 2020 the Royal Opera House delivered performances and events with live audiences attending, albeit with much reduced capacity than usual, which then ceased following the further lockdown from December 2020.

The organisation continues to monitor and take necessary actions to ensure we come through this period with sufficient reserve levels to operate.

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Other strategic risks are listed below:

1	Cost Control	<p>Inability to deliver planned programme, in turn impacting our ability to achieve a balanced financial outturn. Caused by increasing inflation resulting in even greater pressure on salaries, fees and procurement, at best a static ACE grant from 2023, poor planning and prioritisation, and failure to plan for equipment needs.</p> <p>Mitigated through an overall framework and governance for balancing priorities and change programmes, including investment needs, three-year budget process, resource management and robust procurement policies and controls.</p>
2	Capacity to deliver ROH programme	<p>Failure to marry our increased organisational and artistic objectives with sufficiently robust support, planning systems and decision making structures.</p> <p>Mitigated by alignment of plans and ambitions with rigorous planning processes, integrated change planning and continuous reviews of systems and processes.</p>
3	Access to creative talent	<p>Inability to attract and work with exceptional talent to deliver a high quality programme owing to insufficient/inadequate training pathways, inability to pay competitive fees and salaries, Covid-19 travel restrictions, post-Brexit visa regime, reputational concerns or reduction in range of repertory.</p> <p>Mitigated by a range of talent development initiatives, creative and workforce diversity strategies, fair pay, advocacy on employment issues and a multi-layered staff engagement programme.</p>
4	Reputation	<p>Perceived drop in innovation investment, artistic quality and access to talent, or association with an individual or organisation whose reputation becomes damaged, impacting all income streams and our ability to attract talent.</p> <p>Mitigated by balanced programming, clear processes for sharing production concepts, advocacy activity, sustainability policy and ROH Values and Behaviours.</p>
5	Earned Income	<p>Inability to deliver planned programme and related revenue targets required to sustain ROH as a going concern. Caused by reduced philanthropy and customer spend.</p> <p>Mitigated through ambitious but balanced pricing strategy, expanded digital offering, informed and effective fundraising strategy, including Recovery campaign, and strong stakeholder relations.</p>
6	Health, safety and physical security	<p>The risks inherent in theatre production and presentation (e.g. working at height, noise, chemical, manual handling), combined with the challenges of operating a busy public venue and the potential for a terrorist attack on London.</p> <p>Mitigated through a robust management and governance structure for safeguarding, safety issues and reporting, staff training and awareness raising, investigation of near misses and incidents, and drawing on specialist external support as required.</p>
7	Technology equipment failure	<p>Cancellation of performance or loss of customer data or business information as a result of systems failures or cyber attack.</p> <p>Mitigated by a robust testing regime, training and planned investments for transformation supported by external expertise as required.</p>
8	Public investment via Arts Council England (ACE)	<p>Misalignment between ROH priorities and ACE strategy, including Investment Principles, breach of funding agreement and/or a drop in public investment in arts, ballet or London.</p>

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		Mitigated through presentation of a balanced programme, delivered across a variety of platforms, that seeks to place opera and ballet in a broader cultural context, through national Learning and Participation programmes, through measures to increase the diversity of new and underrepresented artists, workforce and audiences, underpinned by Equality, Diversity & Inclusion plan and monitoring, and through collaborations that strengthen the wider sector.
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Trustees' duty to promote the success of the Charity – Section 172 Statement

Section 172 of the Companies Act 2006 requires the Trustees to act in the way they consider, in good faith, would be most likely to promote the success of the charity to achieve its charitable purposes.

The Companies Act 2006 requires the Royal Opera House, as a large company, to report on how Trustees have complied with Section 172 and other linked matters.

Section 172: the Trustees must promote the success of the charity to achieve its charitable purposes by having regard to:

(A) The likely consequences of any decision long term

The current ROH Plan approved by the Trustees sets out four priorities which are aligned with the investment principles as set out by ACE and the actions and performance indicators for each over the period 2018-22.

These four principles are:

- Inclusivity and Relevance
- Dynamism
- Ambition and Quality
- Environmental Responsibility

All the decisions made by Trustees are predicated on the desire to achieve these long term aims. The needs of all our beneficiaries: our current and future audiences as well as the many participants in our educational programmes as well as our other key stakeholders: our employees, our freelancers, the Arts Council England and donors, are vital to the success of our strategic plans.

Trustees also keep under review the charity's principal risks and opportunities and ensure that our plans can adapt to respond to changes as required. These are set out on pages 33 to 35 of this report.

Trustees responded to the Covid-19 pandemic by formulating a four-pronged plan for recovery: a programme of restructuring and staffing cuts, reducing costs wherever possible; a fundraising campaign; support from Government; and realising such value as we were able to from our assets. These have allowed the ROH to move into the current season with a full programme of productions. As we move forward the Trustees have also approved the development of a new digital platform

(B) The interests of the Charity's employees

The Trustees recognise that it is the extraordinarily committed staff and artists that make the Royal Opera House such a remarkable institution. Considering and protecting their interests is crucial to the success of the ROH and our decision-making processes take into account the impact of potential decision on our staff and artists.

Over the period of this report Trustees recognised the incredible contribution of staff in keeping the ROH operating in the pandemic whether by working more flexibly, reducing hours or being on furlough; collaborating to enable socially distanced performances on stage and in working together to ensure a successful start to the 2021/22 season. The latter element has been made more difficult by widely reported labour shortages in all parts of the labour market caused both by the pandemic and also by Brexit and a desire for different working patterns.

The ROH recognises three trade unions with whom we work closely and consult with on key aspects of ROH operations.

(C) The need to foster the charity's business relationships with suppliers, customers and others.

It is important for the ROH to ensure that we engage with our customers whether they are audiences in our theatre or the participants in our Learning and Participation programmes or simply those who visit the ROH. The Executive team regularly receives information on the audience feedback as well as detailed feedback from teachers and other educational participants. The ROH also communicates with our audience and those who are part of our membership programmes with targeted information according to their preferences whilst at the same time being mindful of data privacy concerns.

Our procurement function ensures that we deal with suppliers fairly and in a professional manner. We also develop strong working relationships with key suppliers who are able to work with us to best support and maintain our unique building.

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(D) The impact of the charity's operations on the community and the environment

Trustees and Management recognise that sustainability and the environment are at the centre of our activities and currently we are continuing work on a sustainability plan being implemented at all levels of the ROH. This is set out on page 27. The ROH also works with both our local community but also communities elsewhere in the UK. We have local programmes in Thurrock as well as in Doncaster where we aim to foster community engagement with our art forms.

(E) The desirability of the charity maintaining a reputation for high standards of business conduct

The Trustees recognise both that the ROH's reputation is critical both to its success but that we also have an obligation to maintain the highest standards given our position in the UK arts and charity sectors. The Trustees formally adopted the Charity Governance Code in July 2021 and will monitor activities against it on a regular basis.

There are a number of policies in place to promote corporate responsibility as well as ethical behaviour including anti-fraud and bribery, modern slavery, safeguarding, conflicts of interest, bullying and harassment, as well as donation and income acceptance. Summaries of all these policies are available on the ROH website and full versions are available on request.

The ROH Values and Behaviours referred to previously underpin our recruitment and induction processes. Our procurement strategy embeds ethical standards in our supply chain as well and health and safety and safeguarding compliance.

(F) How Trustees have engaged with other stakeholders, eg service users, beneficiaries, funders and the wider community

We have outlined elsewhere in the report and in this statement how we engage with suppliers, employees, the wider community, customers and other users.

Our donors are a critical part of our success and this has been especially true in the last year when we have had to call on them to help support our recovery plan which successfully raised £62m. We continue to actively engage with all our donors at all levels. We receive significant funding from the Arts Council England (ACE) and it is an essential part of our financial wellbeing. We have a strong working relationship with ACE and keep them regularly informed on all aspects of our activities including having a representative attend some Board meetings.

(G) The need to act fairly as between members of the Charity and how directors/Trustees have engaged with employees and taken account of their interests

We want to make sure we are able to attract and develop talented people who bring more, precisely because of the breadth of their different backgrounds, experiences, cultures and outlooks.

Recruiting and working with those talented people is just part of the work. We know that we need to create an environment where everyone believes they belong and can do their best work. Achieving inclusion requires inclusive leaders with the ability and desire to continually seek feedback, really listen and then act to establish a culture where difference is genuinely valued. We commit to regularly measuring our progress, holding our leadership team accountable for achieving our goals but we acknowledge that we must learn as we go.

Equality, Diversity and Inclusion

Our EDI commitments fall under six themes: Representation, Talent Pipelines, Individual Voices, Authenticity, Access and Governance.

- **REPRESENTATION** - Our stages and events will better reflect and celebrate a diversity of communities and experiences
- **AUTHENTICITY** - We will engage more proactively with communities to ensure that our portrayals of diverse cultures are respectful and authentic
- **TALENT PIPELINES** - We will do more to attract and nurture wider talent pools, particularly in those areas of our work where gender, ethnic diversity and disability are currently under-represented

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- **INDIVIDUAL VOICES** - We will respect everyone as individuals and ensure equal access to the support needed for people to perform at their best. We will be sensitive to different lived experiences and will seek and listen to different cultural perspectives.
- **ACCESS** - We will do more to improve the access to and visibility of our work to communities who have historically had less engagement with our art forms and remove or reduce any practical barriers to access for our audiences and workforce.
- **GOVERNANCE** - We will do more to develop the skills required to lead our EDI work with cultural competence and confidence, and ensure we have effective policies and procedures in place to support our values and behaviours.

Monitoring Progress

The Royal Opera House Board of Trustees and Executive Team are responsible for the delivery of this strategy. Assessment of our success will be data driven, and high-level KPIs for EDI have been embedded in the ROH Business Plan. Transparency with staff on our plans and progress is key. We will consult with the Staff Diversity and Inclusion Network before this strategy and future updates are finalised and will report back formally to staff twice a Season. This strategy will next be formally updated in September 2022.

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ACKNOWLEDGEMENTS

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The pandemic meant we weren't able to work with all the organisations we normally would, but we did work with a significant number and we would like to thank them for their partnership:

Albany Depford
Anthony Clifford Dance Studios
Appetite (Stoke on Trent)
Art4Thinking
Arts Council England
Arts 4 Dementia
Association of British Orchestras
Association of British Choral Directors
Aurora Orchestra
Arup
Ballet Boyz
Ballet Boyz Parkinsons Group
Barbican
BBC
Beacon Hill Academy
Benesh International
Birmingham Conservatoire
Birmingham Opera
Birmingham Royal Ballet
Bolshoi Ballet
Breakin' Convention
Britten Pears Arts
Building Crafts College
Candoco
The Camden Society
Canadian Opera Company
Cast Theatre
Richard Chappell Dance
Chelsea and Westminster Hospital
Coalhouse fort
Confidance
The Complete Commedia Company
Corona House
Creative Barking & Dagenham
Creative and Cultural Skills
Creative Industries Federation
Culture Device
Dancer Development Fund
Dance2Drama
The Depression Alliance
Derbyshire Music Hub
Doncaster Council
Doncaster Creates
Dutch National Ballet
East Sussex Music Education Hub
Elmhurst Dance School
English Touring Opera
Enoa (European Network of Opera Academies)
Essex Dance Theatre
Essex Music Education Hub
Figment
Firstsite
GUAP
Gendered Intelligence
Great Ormond Street Hospital
Gem Arts
Google
Graeae
Greater Manchester Music Education Hub
Guildhall School of Music and Drama
Historic Royal Palaces
Home (Slough)
High House Production Park

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Hull Music Education Hub
Ideas Test (Medway)
Into Film
International Society for Teachers of Dance
Imaginarium
Isango Ensemble
Job Centre Plus
Keychange
Kinetika
Kite Spirit textile group
London Handel Festival London Sinfonietta
Lyric Arts
Maggie's Cancer Centres
Magic Leap
Masterclass at the Theatre Royal Haymarket
Mercury Theatre
Mousetrap projects
Muziektheater Transparant
The Natasha Project
The National Ballet of Canada
National College for Creative Industries
National Opera Studio
National Theatre
Nottingham Music Hub
Norwegian National Ballet
Oedipa
Opera Europa
Opera North
OperaUK
PACT
Parents in Performing Arts
Picturehouse cinemas
Pride London
Rambert School
Red Cross, Tilbury
Revolution (Luton)
Royal Academy of Dance
Royal Academy of Dramatic Arts
Royal Academy of Music
The Royal Ballet School
Royal Holloway London
Royal Shakespeare Company
Satore Studio
Shape Arts
Sheffield Music Education Hub
Shubback Festival
Sinfonia Viva and Orchestra Live
SIRT, Sheridan College
Sky Arts
Silent Uproar
Sino-UK Performing Arts Skills Exchange
Slough Music Education Hub
SOLT and UK Theatre
Southbank Centre
Southbank Sinfonia
Stonewall
Streetwise Opera
St Mary's University
Studio Wayne McGregor
SWAP'ra
Synergy
Theatrecraft
Thurrock Community College
Thurrock Music Services
Thurrock Education Hub
Tilbury-on-Thames Trust

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Time to Change
Together Productions
Tonic Theatre
Trestle
Tri-Borough Music Hub (London)
Trinity Laban
UK Dance Network
United Learning
University of West England
V&A
WNO
Yorke Dance Project
Young Creatives

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STRUCTURE, GOVERNANCE AND MANAGEMENT

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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:

Lady Heywood (Acting Chair – retired 1st September 2020) (Deputy Chair – appointed 1 September 2020)

David Ross (Chair – appointed 1 September 2020; retired 13 May 2021)

Sir Simon Robey (Chair – appointed 14 May 2021)

Zeinab Badawi

Caroline Britton (appointed 14 December 2021)

Lord John Browne (appointed 1 September 2020)

Tim Bunting

Kirsty Cooper

Dr Genevieve Davies (retired 1 September 2021)

Sir Lloyd Dorfman CBE

Dame Vivien Duffield

Susan Hoyle OBE (Senior Independent Director – appointed 26 May 2021)

Sir Nicholas Hytner (retired 1 September 2021)

Sir John Kingman (Senior Independent Director – retired 26 May 2021,

Director – retired 1 September 2021)

Julian Metherell

Paul Morrell OBE

Indhu Rubasingham MBE (appointed 1 September 2020)

Christopher Townsend CBE (appointed 1 January 2021)

Laura Wade-Gery (retired 1 January 2021)

Roger Wright CBE

Danny Wyler

Chief Executive

Alex Beard CBE

Company Secretary

Leah Hurst

Governing Document

The Royal Opera House Covent Garden Foundation is a company limited by guarantee (company number: 00480523) governed by its Memorandum and Articles of Association, which were last amended on 7 July 2017 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. The achievement of our aims as listed in the pages above (p12-p29) enable us to fulfil our charitable objects and therefore our legal purpose.

Public benefit

The Trustees refer to the Charity Commission's 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.

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Appointment of Trustees

Trustees are appointed for an initial term of up to four years and are self-appointing. The Nominations and Remuneration Committee has delegated authority to recruit Trustees who are formally elected at Board meetings and ratified at the next following Annual General Meeting of the Company. On the expiry of such initial term they may be re-appointed for additional terms expiring on or before the financial year end following either the second or fourth anniversary of the date of re-appointment. No Trustee shall be appointed for a term exceeding twelve 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. The Nominations and Remuneration Committee reviews regularly the structure, size, composition, diversity and succession needs of the Board, ensuring that the Board has the required blend of skills and experience and its remit is to identify, assess and formally recommend to the Board candidates for appointment as Trustees.

Trustee Induction and training

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

Organisation

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

Audit and Risk: The committee meets at least three times a year. The committee is chaired by Julian Metherell. Other members are Caroline Britton (appointed 8 February 2022), Kirsty Cooper, Lady Heywood, Sir Nicholas Hytner (retired 1 September 2021), Sir John Kingman (retired 1 September 2021), Paul Morrell OBE, Laura Wade-Gery (retired 1 January 2021) and Danny Wyler. Alex Beard, Mindy Kilby (Director of Finance) and Heather Walker (Director of Operations), report to all meetings. The committee is responsible for considering and reviewing matters relating to the control environment, including internal audit, health and safety and risk management, including consideration of matters raised by the external auditors. The committee is responsible for the appointment of the external auditors, meets regularly with them and reviews their performance and independence.

Finance and Operations: The committee meets six times a year. The committee is chaired by Lady Heywood. Other members are Caroline Britton (appointed 8 February 2022), Lord John Browne (appointed 26 February 2021), Timothy Bunting (appointed 6 July 2021), Sir Lloyd Dorfman CBE, Sir Nicholas Hytner (retired 1 September 2021), Sir John Kingman (retired 1 September 2021), Julian Metherell, Paul Morrell OBE, Laura Wade-Gery (retired 1 January 2021) and Danny Wyler. Alex Beard, Mindy Kilby (Director of Finance) and Heather Walker (Director of Operations), report to all meetings. The committee is responsible for reviewing and assessing the balance, integrity and transparency of financial information, the adequacy of financial planning, budgeting and forecasting, and the Royal Opera House's annual financial statements. It makes recommendations to the Board on major capital expenditure and revenue contracts and on the overall framework for delegated financial authority in the Royal Opera House.

Development: The committee is chaired by Danny Wyler. Other members are Timothy Bunting, The Countess of Chichester, Nicola Davidson (retired 4 May 2021), Sir Lloyd Dorfman (appointed 14 December 2021), Dame Vivien Duffield, Lady Heywood (retired 1 September 2020), Robert Kalff (retired 31 August 2021), Paul Raphael (retired 11 August 2021), Sir Simon Robey (appointed 14 May 2021), Dame Gail Ronson, David Ross (appointed 1 September 2020, retired 13 May 2021), The Earl of Snowdon, Andrew Walton (retired 31 August 2021) and Lady Young of Graffham. Alex Beard and Amanda Saunders (Director of Development and Enterprises) report to all meetings. The committee supports the Development department in maximising fundraising opportunities and income.

Donation and Income Acceptance: Lady Heywood chaired the committee until 1 September 2020, when David Ross assumed the chair. David Ross retired on 13 May 2021, and Sir Simon Robey assumed the chair on 14 May 2021. Other members are Zeinab Badawi (appointed 6 July 2021), Kirsty Cooper, Susan Hoyle (appointed 26 May 2021) and Danny Wyler. The committee supports the organisation around the ethical acceptance/rejection of sponsorship, donations and membership. This includes making decisions,

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.

Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

recommending referral of those decisions to the Charity Commission where appropriate, assessing the potential impact of those decisions while advising the business communications department with regard to their rationale, advising the main Board on the associated risks, annually reviewing the policy on accepting/rejecting such funds and monitoring compliance with this policy.

Learning and Participation: The committee is chaired by Susan Hoyle. Other members are Alex Beard, Helen Bruckdorfer, Hilary Carty, Annie Crombie (appointed 20 April 2021), Dame Vivien Duffield, Jane Ellison (retired 19 November 2020), David Hall (retired 19 November 2020), Anne McElvoy (retired 19 November 2020), Tanya Joseph (appointed 20 April 2021), Simon Pearson (appointed 5 October 2021), Dame Theresa Sackler (retired 19 November 2020), Jonathan Sands and Bridget Whyte. Jillian Barker (Director of Learning and Participation) reports to all meetings. The committee supports the organisation in planning, implementing and monitoring programmes and initiatives focused on learning, participation and widening engagement.

Nominations and Remuneration: Lady Heywood chaired the committee until 1 September 2020, when David Ross assumed the chair. David Ross retired on 13 May 2021, when Sir Simon Robey assumed the chair from 14 May 2021. Sir Simon Robey retired on 26 May 2021, when Susan Hoyle OBE assumed the chair. Other members are Dame Vivien Duffield, Lady Heywood, Sir John Kingman (retired 1 September 2021), Julian Metherell and Danny Wyler. Alex Beard and Dale Haddon 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. 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. The committee is responsible for reviewing and benchmarking internationally the pay, benefits and total compensation of the Executive Team. The activities of the Royal Opera House are driven by the artistic plans of the Royal Ballet and the Royal Opera, and managed by the Chief Executive with the support of the Executive Team. The Committee consider the Chief Executive, Music Director, Director of the Royal Ballet and Director of Opera as key management personnel responsible for these activities. The Committee conducts an annual review of executive compensation, focussing on survey data from a range of comparable UK and international arts organisations, and also takes into account the annual pay award for all staff. Under the chairmanship of the Senior Independent Director the Nominations and Remuneration Committee will set up a subcommittee to propose and assess candidates for the Chairmanship of the Board.

Digital Strategy: The committee is chaired by Christopher Townsend (appointed 20 April 2021). Other members are Timothy Bunting (appointed 20 April 2021), Simon McGrath (appointed 20 April 2021), Sir Simon Robey (appointed 14 May 2021), David Ross (appointed 20 April 2021, retired 13 May 2021). The committee supports the organisation in overseeing the development and implementation of the organisation's strategy for digital content and communications.

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

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:

Alex Beard, Chief Executive

Jillian Barker, Director of Learning and Participation

Heather Baxter, Administrative Director, The Royal Ballet

Bob Brandsen, Production Director (*until 31 August 2020*)

Melanie Crompton, Orchestra Administrative Director (*until 30 April 2021*)

Mark Dakin, Technical Director

Lindsey Glen, Head of Policy and Strategy (*until 10 December 2020*)

Dale Haddon, Director of Human Resources

Mark Heholt, Head of Policy and Strategic Funding (*from 8 March 2021*)

Leah Hurst, Head of Legal and Business Affairs

Peter Katona, Director of Casting

Koen Kessels, Music Director, The Royal Ballet

Mindy Kilby, Director of Finance

Terry McGrath, Director of Audiences & Media

Oliver Mears, Director of Opera

Kevin O'Hare, Director, The Royal Ballet

Antonio Pappano, Music Director

Amanda Saunders, Director of Development and Enterprises

Cormac Simms, Administrative Director, The Royal Opera

Laura Stevenson, Renewal Programme Director

Heather Walker, Director of Operations

James Whitebread, Chief Technology Officer (*from 10 June 2021*)

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
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Emma Wilson, Deputy Director of Technical & Production

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

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

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

Ambassadors

The Countess of Chichester
Dame Gail Ronson DBE

The Board of the Royal Opera House Endowment Fund

Dame Vivien Duffield, Chair
Tim Bunting, Hamish Forsyth, Lady Gavron, Sir Simon Robey, Peter Troughton CBE

Board of Honorary Directors

Lady Heywood, Chair (retired 1 September 2020)
David Ross, Chair (appointed 1 September 2020, retired 13 May 2021)
Sir Simon Robey, Chair (appointed 14 May 2021)
The Countess of Chichester, Honorary Vice Chair
Dame Gail Ronson, Honorary Vice Chair

Gregory and Regina Annenberg Weingarten
Lady Ashcroft
Mikhail Bakhtiarov
Celia Blakey
Mr & Mrs Anthony Bolton
Boodles – Michael Wainwright
BP International – Peter Mather
Tim and Sarah Bunting
Susan Burns OBE and John Burns
Ricki Gail Conway
Dr Genevieve and Mr Peter Davies
Sir Mick and Lady Barbara Davis
Sir Lloyd and Lady Dorfman
Dame Vivien Duffield
Aline Foriel-Destezet
Hamish and Sophie Forsyth
The Deborah Loeb Brice Foundation
David and Sarah Fransen
Kenneth and Susan Green
Lady Hamlyn
Jane Hamlyn
Dr Catherine Høgel
Charles Holloway
Aud Jebsen
Frances Kirsh

Doug and Ceri King
Alfiya and Timur Kuanyshev
Lord and Lady Laidlaw
Rena and Sandro Lavery
Margarita Louis-Dreyfus and
Phillipp Hildebrand
The Marguiles Family
Bertrand and Elisabeth Meunier
Marit Mohn
OANDA Europe Limited – David Hodge
Mrs Susan A Olde OBE
Stefan Sten Olsson
Jette and Alan Parker
Natalie Parker
Melinda and Donald Quintin
Julia and Hans Rausing
Yvonne and Bjarne Rieber
Sir Simon and Lady Robertson
Rolex – Arnaud Boetsch
The Gerald and Gail Ronson Family Foundation
Ruinart – Mr Bertrand Steip
Dame Theresa Sackler
Mrs Lily Safra
Lord and Lady Sainsbury of Preston
Candover
Kim Samuel
Tina Taylor
Lindsay and Sarah Tomlinson
Van Cleef & Arpels – Geoffroy Medinger
Dr and Mrs Michael West
Danny and Lillian Wyler
Anonymous (4)

The Royal Opera House Pension Fund: Richard Soper, Chair

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

REFERENCE AND ADMINISTRATIVE DETAILS

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

Charity number

211775

Company number

00480523

ACTUARIES

*(to the Royal Opera House
Pension Scheme) Lane*

Clark & Peacock LLP

95 Wigmore Street, London,
W1U 1DQ

PRINCIPAL OFFICE

Royal Opera House

Covent Garden, London,
WC2E 9DD

INTERNAL AUDITORS

RSM UK Group LLP

25 Farringdon Street London
EC4A 4AB

AUDITORS

Grant Thornton UK LLP 30

Finsbury Square, London,
EC2A 1AG

BANKERS

Coutts & Co. 440 Strand,
London, WC2R 0QS

**INVESTMENT
ADVISORS**

Stonehage Fleming

**Investment Management
Limited**, 15 Suffolk Street,
London SW1Y 4HG

Troy Asset Management

Limited Brookfield House,
33-34 Davies Street, London
W1K 4BP

Newton Investment

Management Limited BNY
Mellon Centre, 160 Queen
Victoria Street, London,
EC4V 4LA



Supported using public funding by

**ARTS COUNCIL
ENGLAND**

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Group entities

On 29 August 2021 the group included the charity and:

Royal Opera House Endowment Fund 2000

Royal Opera House Enterprises Limited

ROH Holdings Limited

ROH Developments Limited

The consolidated financial statements include the results of these entities, as detailed in Note 2. See Note 2 for the principal activities of these entities.

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 organisational resilience in the long term.

Health and safety

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

Employees

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

Disabled persons

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

Political and charitable contributions

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

Payment policy

It is the charity's policy to pay suppliers in accordance with agreed credit terms. The Royal Opera House had trade creditors equivalent to 20 days supply at the period end (53 week period ended 30 August 2020: 18 days).

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Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

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.

Fundraising statement

Our guiding principle for fundraising is to build secure, long term fundraising support from our Members, encouraging their interest in our charitable work, allowing them to engage with our staff and projects and seeing how their additional gifts help us. Our fundraising materials are written and designed around this principle.

Fundraising activities include targeted direct mail, events and leaflets at promoting donations and bequests, donations through our website, and approaches to Trusts, Foundations, companies and individual benefactors.

Our fundraising is carried out by our in-house fundraising teams and we are a registered member of The Fundraising Regulator. We have procedures in place to ensure our staff and volunteers comply with fundraising standards and regulation; we are not aware of any failure by our staff or volunteers to meet these standards. We are committed to acting promptly if we receive any information indicating we have not met these standards.

In 2020/21 we received 7 general fundraising complaints about our fundraising activity. If complaints are received we respond quickly and ensure corrective action is taken as required. If complaints are received about the suggested donations added to ticket purchases, these are refunded at the point of complaint.

We take our responsibilities on managing our contact data very seriously and we strive to ensure that our policies and procedures around data and processing meet our legal requirements, our high expectations and those of our supporters. As part of the risk-based audit plan and in line with our risk management processes, Internal Audit performs regular reviews of the Fundraising team activities and control environment.

We recognise the need to protect vulnerable people. We ensure comprehensive training is provided to ensure that empathy and respect are demonstrated towards people in vulnerable circumstances and that no donation is sought or gained from someone who may not have the capacity to make an informed and considered decision.

We respect our supporters' privacy and rights to decide how and if we contact them. We make it easy for supporters to choose how they want to hear from us, and if they ask us not to contact them we will not, unless it is a legal or administrative requirement.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements, 52 week period ended 29 August 2021.

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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 (FRS 102);
- 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.

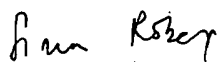
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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 (incorporating the strategic report) was approved by the Board of Trustees and signed on 29 March 2022.



Sir Simon Robey, Chair

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

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

Opinion

We have audited the financial statements of Royal Opera House Covent Garden Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the 52 week period ended 29 August 2021, which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated Balance Sheet, the Parent Charitable Company Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 29 August 2021 and of the group's incoming resources and application of resources including, its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

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

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

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's financial statements are not in agreement with the accounting records and 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.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 52, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent charitable company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Charities SORP (FRS 102), The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), the Companies Act 2006 and the Data Protection Act 2018.
- We understood how the group and parent charitable company is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.
- We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
 - Challenging assumptions and judgments made by management in its significant accounting policies
 - Identifying and testing journal entries
 - Identifying and testing related party transactions
 - Inspecting the board minutes

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of income.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The group and parent charitable company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
 - The group and parent charitable company's control environment, including:
 - Management's knowledge of relevant laws and regulations and how the charitable company is complying with those laws and regulations
 - The adequacy of procedures for authorisation of transactions and review of management accounts, and
 - Procedures to ensure that possible breaches of laws and regulations are appropriately resolved

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grat *um* *up*

Michael Redfern
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
29 March 2022

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

FINANCIAL STATEMENTS

ROYAL OPERA HOUSE COVENT GARDEN FOUNDATION (LIMITED BY GUARANTEE)

Consolidated financial statements

52 week period ended 29 August 2021

Registered charity number: 211775. Registered company number: 00480523.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

Consolidated statement of financial activities

for the 52 week period ended 29 August 2021

	Note				52 week period ended 29-Aug- 21	53 week period ended 30-Aug-20
		Total Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Charitable activities						
Operation of Royal Opera House (including box office)	3	6,619	-	-	6,619	37,766
Government Grant	5	-	10,636	-	10,636	12,416
Donations and legacies						
Donations, legacies and similar incoming resources	6	32,274	3,394	1,078	36,746	29,090
Grants from Arts Council England	4	24,472	740	-	25,212	24,945
Other trading activities						
Commercial trading income	7	4,324	-	-	4,324	12,502
Investments	8	532	222	-	754	1,297
Total income and endowments		68,221	14,992	1,078	84,291	118,016
Expenditure on:						
Charitable activities						
Productions, sales and operations	9	(61,365)	(13,949)	-	(75,314)	(108,731)
Raising Funds						
Generating voluntary income	11	(3,115)	(294)	-	(3,409)	(4,507)
Commercial activities	12	(2,147)	(91)	-	(2,238)	(8,393)
Restructuring	15	(691)	-	-	(691)	(5,816)
Interest payable	16,25	(202)	-	-	(202)	(62)
Total expenditure	14	(67,520)	(14,334)	-	(81,854)	(127,509)
Net gain / (loss) on investments	19	-	286	4,176	4,462	(231)
Net income / (expenditure)		701	944	5,254	6,899	(9,724)
Transfers between funds	17	1,697	(1,697)	-	-	-
Other recognised gains and (losses)						
Gain / (Loss) on revaluation of heritage assets	19,23	156	-	-	156	(3,739)
Actuarial gain / (loss) on the defined benefit pension scheme	31	5,316	-	-	5,316	(7,601)
Net movement in funds		7,870	(753)	5,254	12,371	(21,064)
Fund balances brought forward at 30 August 2020	27	175,537	13,090	43,427	232,054	253,118
Fund balances carried forward at 29 August 2021	27	183,407	12,337	48,681	244,425	232,054

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 19).

Notes from pp. 63-106 form part of the financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

Consolidated income and expenditure account

for the 52 week period ended 29 August 2021

	Note	52 week period ended 29-Aug-21	53 week period ended 30-Aug-20 Total Income Funds
		£'000	£'000
Income and endowments from			
Charitable activities			
Operation of Royal Opera House (including box office)	3	6,619	37,766
Government Grant	5	10,636	12,416
Donations and legacies			
Donations, legacies and similar incoming resources	6	35,668	28,923
Grants from Arts Council England	4	25,212	24,945
Other trading activities			
Commercial trading income	7	4,324	12,502
Investments	8	754	1,297
Total income and endowments		83,213	117,849
Expenditure on:			
Charitable activities			
Productions, sales and operations	9	(75,314)	(108,731)
Raising Funds			
Generating voluntary income	11	(3,409)	(4,507)
Commercial activities	12	(2,238)	(8,393)
Restructuring	15	(691)	(5,816)
Interest payable	16,25	(202)	(62)
Total expenditure	16	(81,854)	(127,509)
Net income / (expenditure) before taxation		1,359	(9,660)
Taxation	36		
Net income / (expenditure) after taxation		1,359	(9,660)

The consolidated income and expenditure account is prepared for Companies Act purposes and presents the group's gross income and expenditure. The consolidated statement of financial activities includes the consolidated income and expenditure account along with movements in endowment funds and unrealised gains and losses and actuarial gains and losses on pension liability.

Notes from pp. 63-106 form part of the financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

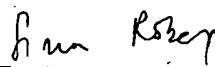
Consolidated balance sheet

as at 29 August 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	29 August 2021 Total Funds £'000	30 August 2020 Total Funds £'000
Fixed assets						
Intangible fixed assets	20	1,327	-	-	1,327	1,377
Tangible fixed assets	21	179,890	10,260	-	190,150	196,664
Heritage assets	23	5,760	-	-	5,760	16,791
Investments	22(a)	-	-	39,075	39,075	38,584
Total fixed assets		186,977	10,260	39,075	236,312	253,416
Current assets						
Productions in preparation		2,427	-	-	2,427	957
Stocks	24	439	-	-	439	422
Debtors: amounts falling due after more than one year	25	1,230	-	5,430	6,660	6,760
Debtors: amounts falling due within one year	25	14,807	612	-	15,419	18,454
Cash at bank and in hand		68,759	2,316	-	71,075	23,800
		87,662	2,928	5,430	96,020	50,393
Creditors: amounts falling due within one year	26	(39,414)	472	4,176	(34,766)	(34,086)
Net current assets		48,248	3,400	9,606	61,254	16,307
Total assets less current liabilities		235,225	13,660	48,681	297,566	269,723
Creditors: amounts falling due after one year	26	(21,700)	(1,323)	-	(23,023)	(1,365)
Net assets excluding pension liability		213,525	12,337	48,681	274,543	268,358
Defined benefit pension scheme liability	31	(30,118)	-	-	(30,118)	(36,304)
Net assets including pension liability		183,407	12,337	48,681	244,425	232,054
Funds						
Unrestricted general funds	27	4,156	-	-	4,156	4,470
Unrestricted revaluation funds	27	389	-	-	389	7,708
Unrestricted designated funds	27	208,980	-	-	208,980	199,663
Unrestricted funds before pension reserve		213,525	-	-	213,525	211,841
Unrestricted pension reserve	31	(30,118)	-	-	(30,118)	(36,304)
Restricted funds	27	-	12,337	-	12,337	13,090
Endowment fund	27	-	-	48,681	48,681	43,427
Total Funds		183,407	12,337	48,681	244,425	232,054

These financial statements were approved by the board of Trustees on 29 March 2022 and were signed on its behalf by:

SIR SIMON ROBEY


Trustee

JULIAN METHERELL


Trustee

Notes from pages 63-106 form part of these financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

Parent charitable company balance sheet


as at 29 August 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	29 August 2021 Total Funds £'000	30 August 2020 Total Funds £'000
Fixed assets					
Intangible fixed assets	20	1,327	-	1,327	1,377
Tangible fixed assets	21	179,890	10,260	190,150	196,664
Heritage assets	23	5,760	-	5,760	16,791
Investment in subsidiaries	22(b)	6,676	-	6,676	6,676
Total fixed assets		193,653	10,260	203,913	221,508
Current assets					
Productions in preparation		2,427	-	2,427	957
Debtors: amounts falling due after more than one year	25	400	-	400	600
Debtors: amounts falling due within one year	25	14,920	659	15,579	19,098
Cash at bank and in hand		63,865	-	63,865	20,440
		81,612	659	82,271	41,095
Creditors: amounts falling due within one year	26	(33,745)	-	(33,745)	(33,613)
Net current assets		47,867	659	48,526	7,482
Total assets less current liabilities		241,520	10,919	252,439	228,990
Creditors: amounts falling due after one year	26	(21,700)	(1,323)	(23,023)	(1,365)
Net assets excluding pension liability		219,820	9,596	229,416	227,625
Defined benefit pension scheme liability	31	(30,118)	-	(30,118)	(36,304)
Net assets including pension liability		189,702	9,596	199,298	191,321
Funds					
Unrestricted General funds	27	4,672	-	4,672	4,670
Unrestricted Revaluation funds	27	389	-	389	7,708
Unrestricted Designated funds	27	214,759	-	214,759	205,436
Unrestricted Funds before pension		219,820	-	219,820	217,814
Unrestricted pension reserve	31	(30,118)	-	(30,118)	(36,304)
Restricted funds	27	-	9,596	9,596	9,811
Total Charity funds		189,702	9,596	199,298	191,321

The parent company's profit for the period, before other comprehensive income, was £2.505m (2020: £8.712m loss). After gain on revaluation of heritage assets and actuarial gain on defined benefit scheme the profit for the period was £7.977m (2020: £20.052m).

These financial statements were approved by the board of Trustees on 29 March 2022 and were signed on its behalf by:

SIR SIMON ROBEY


Trustee

JULIAN METHERELL


Trustee

Notes from pages 63-106 form part of these financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

Consolidated statement of cash flows

for the 52 week period ended 29 August 2021

	Note	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Cash inflow / (outflow) from operating activities	32(a)	12,809	(2,774)
Cash inflow / (outflow) from investing activities	32(b)	12,868	3,596
Cash inflow / (outflow) from financing activities	32(c)	<u>21,598</u>	<u>(102)</u>
Change in cash and cash equivalents in the reporting period		47,275	720
Cash and cash equivalents at the beginning of the reporting period		<u>23,800</u>	<u>23,080</u>
Cash and cash equivalents at the end of the reporting period		<u><u>71,075</u></u>	<u><u>23,800</u></u>

Notes from pages 63-106 form part of these financial statements.

Royal Opera House Covent Garden Foundation (Limited by guarantee): Company Number 00480523.
Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

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 FRS102 : The Financial Reporting Standard applicable in the UK and Republic of Ireland 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" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and Companies Act 2006. There are no material departures from FRS102.

Comparative figures are shown for the 53 week period ended 30 August 2020.

Going Concern

The Trustees must satisfy themselves as to the Royal Opera House's ability to continue as a going concern for a minimum of 12 months from the signing of the financial statements. The Board of Trustees have considered business plans and budgets based on an artistic programme of activity to August 2023, supplemented by outline plans in other areas. These plans show improvement in the return to financial sustainability post-Covid, but there are still challenges ahead, and in the Board's assessment of going concern take into consideration whether the Royal Opera House has adequate resources to meet its obligations as they fall due in and beyond the 12 months from the date of approval of these financial statements.

Underlying assumptions in the plans and budgets are that there will not be further lockdowns or social distancing going forwards, however, we do anticipate a long-term negative impact on levels of box office income. In assessing going concern, the Board also considered financial risk should further closures occur, the impact of any shortfall in fundraising and trading income, and the impact of increasing inflation on costs. If the ROH were to experience performance cancellations in winter months there would be an impact on our box office income, with estimates ranging from £3.9m to £5.8m in lost box office across a winter month (Nov to Feb). Whilst the Trustees are confident that these risks have adequate mitigation to ensure the ROH remains a going concern, the modelling shows that there is sufficient liquidity to August 2023 excluding mitigations.

After consideration of the scenarios and the impact of the Recovery Plan, the Trustees consider that the Royal Opera House (Group and Parent Charitable Company) has adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements of the Group and Parent Charitable Company have been prepared on a going concern basis.

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 (Limited by Guarantee), incorporated in the United Kingdom with registered address and principal address of Royal Opera House, Covent Garden, London WC2E 9DD) and its subsidiaries as set out in Note 22(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 Limited Group and Royal Opera House Enterprises Limited (Company Number 04112266) have been included in the consolidated statement of financial activities throughout the period. ROH Holdings Limited (Company Number 02580395) is the holding company of ROH Developments Limited (Company Number 02580400). In the charity's financial statements, the investment in subsidiary undertakings is stated at cost.

The Royal Opera House Endowment Fund 2000 (Charity Registration Number 1089928) 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

Royal Opera House Covent Garden Foundation (Limited by guarantee); Company Number 00480523.
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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 control in that it actually exercises dominant influence over the Royal Opera House Endowment Fund 2000, through influencing the operating and financial policies for the benefit of the ROH and both entities are managed on a unified basis. 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. The income and expenditure of the charity are detailed in note 27. A separate cash flow statement has not been presented for the charity in accordance with FRS 102 section 1.12(b).

Public Benefit Entity

The Royal Opera House Covent Garden Foundation (Limited by Guarantee) is a Public Benefit Entity under FRS102.

Significant judgements and key sources of estimation uncertainty

Management have exercised their judgement in the following areas:

Assessing the useful lives of tangible fixed assets (see **Tangible fixed assets and depreciation** below) as well as any impairment provision required for those assets. See Note 21 for carrying values for the current and prior periods.

The valuation method of heritage assets. See **Heritage assets** below and Note 23 for more details and for carrying values for the current and prior periods.

The decision to include ROH Endowment Fund 2000 in the Group Consolidation. See **Basis of consolidation** above.

In addition, the pension actuarial assumptions (see **Pension Costs** below and Note 31) are areas of significant judgement.

That the rate payable on the intragroup loan payable from Royal Opera House Enterprises Limited to Royal Opera House Covent Garden Foundation Limited a commercial rate of interest and that, given the decision to continue not to demand immediate payment, that the long term portion of the loan continue to be disclosed in **Debtors: amounts due after more than one year** (see Note 25).

Management have used estimations in the following areas:

Determining that the fair value of the leased commercial units at the inception of the leasing arrangement amounts to the initial payments paid by the third party and the present value of rent receipts over the term of the lease and determining that the residual value of the leased units at the end of the lease term is negligible when discounted to present value. See Note 25 for carrying values for the current and prior periods.

In addition, the valuation of Investment in Programming assets (see **Intangible Fixed Assets** below and Note 20) is an area of significant judgement and estimation.

Functional Currency

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

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Income

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

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

Grants and donations are accounted for when the receipt is probable, there is evidence of entitlement and can be measured reliably. Entitlement is assessed using performance and time-restriction conditions.

Legacies are accounted for when the receipt is probable, there is evidence of entitlement and can be measured reliably. Entitlement is assessed using conditions as set out in the will of the deceased legacy owner.

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

Co-production income represents income from other theatre companies as a contribution towards the costs of delivering a new Opera or Ballet production. Income is recognised at the date of the first performance of the production.

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

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

Investment income is recognised on an accruals basis. Specifically, interest is recognised using the effective interest method and dividend income is recognised when the right to receive payment is established.

Amounts due to the Royal Opera House in respect of the Theatre Tax Credit are included in the financial year to which the claim relates. These amounts are recognised in income, rather than as a tax credit or recovery of expenditure, as the intention and nature of the Theatre Tax Credit is akin to government grant income.

Payment from a trading subsidiary under Gift Aid

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

The Royal Opera House Covent Garden Foundation recognises the income in the period in which the profits of the subsidiary arise.

Assets

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

Debtors

Debtors fall into the definition of assets and encompass trade debtors, accrued income, prepayments and intra-group balances. Debtors are measured at the cost of the transaction where receipt is not deferred beyond normal terms. Where receipt is deferred beyond normal terms, the debtor is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. In both instances, measurement is net of provision for doubtful debts.

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Liabilities

Liabilities arise when there is a present obligation (legal or constructive) as a result of a past event, from which future economic benefits are expected to flow to the supplier or counterparty. Liabilities are recognised only when it is probable that future economic benefits will flow to the supplier or counterparty and when the item has a cost or value that can be measured reliably. Contracted commitments are not recorded as liabilities on the balance sheet, as the criteria for recognition have not been met. Commitments are disclosed in notes 30(b) and 30(c).

Creditors

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

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 cash equivalents which are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. These include deposits with more than 24 hours' notice to access. Any cash deposits at institutions with a notice period of longer than three months are separately disclosed under Short term investments: Deposits.

Short term investments: Deposits

Cash deposits with notice periods of more than three months are separately disclosed on the balance sheet and included in investing activities for the purposes of the cash flow statement. These have a maturity date of less than one year and are held for investment purposes rather than to meet short-term cash commitments as they fall due.

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 income and expenditure account. 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%

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Stage, production and technical equipment	2 - 20%
Other equipment	2 - 25%
Computer hardware	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 fair value. Fair value of the fine art collection is based on retail replacement cost. Management have made reference to the latest available external valuations in forming their assessment of period end fair value. Gains and losses on revaluation are recognised through 'Other recognised gains' in the Statement of Financial Activities.

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

Outside of those assets recognised on the balance sheet, there is an extensive collection of other items that are not valued and not included on the balance sheet. These include, but are not limited to, costumes, accessories, music scores and the audio visual collection. Before embarking on a comprehensive valuation, these assets would need to be fully catalogued, and given the extent of the items this would be a considerable and lengthy task. Also, due to the uniqueness of the majority of these assets, there is no comparable market value.

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

Investments

Investments, excluding investments in subsidiaries, are shown at fair value as at the balance sheet date. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than the quoted prices within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Realised and unrealised gains on investments are recognised in the income and expenditure account. Investments in subsidiaries are recorded at cost in the individual balance sheet of the charity.

Foreign currencies

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

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Intangible fixed assets

Intangible fixed assets include investment in programming costs and computer software.

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

Computer software is stated at cost less accumulated amortisation. Computer software costing less than £1,500 is not capitalised and is expensed through the income and expenditure account. Amortisation is provided at an annual rate of 33% on a straight-line basis to write off the cost of the computer software over its estimated useful life. Computer software in course of construction is transferred to the intangible asset category when the asset is ready for use, and amortised thereafter.

Basic Loans

Loans payable are included at their amortised cost and disclosed in Note 26. The long term portion is included in Creditors: amounts falling due after one year with the current portion included in Creditors: amounts falling due within one year.

Loans receivable are included at their amortised cost and disclosed in Note 25. The long term portion is included in Debtors: Amounts due after one year with the current portion included in Debtors: amounts due within one year.

Expenditure

Expenditure on charitable activities comprises expenditure on 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. Expenditure 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.'

Expenditure on raising funds consist of direct fundraising costs and costs of commercial trading operations. These costs are recognised when incurred.

Support costs, including management and administration, and premises and depreciation costs have been allocated across expenditure on production, sales and operation, and expenditure on raising funds. Support costs are analysed in note 14.

On occasion, management decides to make redundancy or termination payments for operational reasons. These are expensed in the SOFA on an accruals basis.

Governance costs, including audit fees and legal and professional fees on statutory and governance matters, are allocated across expenditure on productions, sales and operation, and expenditure on raising funds. These are analysed in note 13.

Interest payable is shown separately in the Statement of Financial Activities and in note 26.

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

Leases

As a lessee: Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

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

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Pension costs

The charity operates a pension scheme providing benefits based on final pensionable pay, which is now closed to future accrual. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability method. The pension scheme liability is disclosed on the balance sheet within unrestricted funds. The actuarial gain or loss for the period is disclosed under other recognised gains and losses in the Statement of Financial Activities. The current service costs and finance charge are included within expenditure on productions, sales and operations. These movements are analysed in detail in note 31.

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. The amounts are shown in the Statement of Financial Activities in the same activity as the payroll costs which relate to that activity. For amounts which relate to payroll costs within support costs, these are allocated to the relevant activity on the same basis as other support costs (see Note 14).

Any liabilities for unpaid contributions at year end are included in unrestricted creditors in the balance sheet.

Stocks

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

Productions in preparation

Expenditure relating directly to a production which is 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 income and expenditure account 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.

Volunteers

The Royal Opera House Group benefits from the role played by volunteers, which includes assisting in certain learning and participation activities, helping with large mail-outs and some general administrative support. The Royal Opera House Volunteer Programme includes a number of volunteers in Thurrock. Donated services such as the contribution from unpaid volunteers are not recognised in the Statement of Financial Activities as the amounts involved would be impractical to measure.

Financial Instruments

Financial instruments are accounted for in accordance with FRS102. Financial instruments are recognised only when the Group and Charity becomes a party to the contractual provisions of the instrument.

The initial amount recognised is the transaction price, except for financing transactions (for example, loans below market rate or accounts where payment is deferred beyond normal terms) where the amount recognised initially is the present value of the future payments, discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost using the effective rate of interest determined at inception of the loan.

Subsequent measurement at each year end for non-financing transactions is:

- undiscounted cash receivable or payable for debt instruments due or receivable within one year (this includes intra-group balances, apart from intra-group loans; which are deemed to be repayable on demand); or
- amortised cost using the effective interest rate method for debt instruments due or receivable for more than one year; or

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- fair value for investments in publicly traded shares, funds and bonds.

For financial assets measured at amortised cost, an impairment assessment is conducted at year end and if there is any objective evidence of an impairment loss, that loss is recognised in the Statement of Financial Activities immediately. Where there is subsequently objective evidence that the circumstances have improved, the impairment loss is reversed in the Statement of Financial Activities immediately, limited to what the carrying amount would have been without the initial impairment.

A financial asset and a financial liability is offset and the net amount presented in the Balance Sheet when, and only when, (a) there is currently a legally enforceable right to set off the recognised amounts; and (b) there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are disclosed in Note 33. See policies above for specific policies for cash at bank and in hand, debtors, creditors, investments and basic loans.

Taxation

As a charitable entity, the Royal Opera House Covent Garden Foundation (Limited by Guarantee) is exempt from corporate taxation. There are no recognised deferred tax amounts in the subsidiaries as there are no recognised significant timing differences.

Employee benefits

All employee benefits are recognised as expenses in the period in which they are incurred. Post-employment benefits, representing contributions into defined contribution plans for current employees are equally recognised as expenses in the period in which the contribution payable is exchanged for services rendered by employees. The assets of the scheme are held separately from the charity.

A termination benefit liability is recognised at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits or;
- when the entity recognises costs for the restricting which involves the payment of termination benefits.

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2. Subsidiary undertakings

Charitable subsidiaries

The charity has one connected charity – the Royal Opera House Endowment Fund 2000. The Royal Opera House Endowment Fund 2000 is treated as a subsidiary for reasons outlined in Note 1.

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.

The summary results for the Endowment fund are shown below:

	Endowment Fund	
	Year Ended	Year Ended
	31-Aug-21	31-Aug-20
	£'000	£'000
Income		
Donations, legacies and similar income	1,900	620
Investment income	712	1,134
Total income	2,612	1,754
Expenditure		
Cost of sales and administrative expenses	(9)	(18)
Donations and grants to other group undertakings	(2,426)	(2,254)
Investment managers' fees	(246)	(261)
Total expenditure	(2,681)	(2,533)
Gains / (Losses) on revaluation and disposal of investments	4,462	(232)
Net movement in funds	4,393	(1,011)

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2. Subsidiary undertakings (continued)

The assets and liabilities of the Endowment fund were:

	Endowment Fund	
	31-Aug-21 £'000	31-Aug-20 £'000
Fixed asset investments	39,075	38,584
Current assets	12,511	8,645
Current liabilities	(65)	(101)
Total net assets	51,521	47,128
Total funds	51,521	47,128

Except for fixed asset investments which at 31 August 2021 had an historical cost of £35.4m (31 August 2020: £33.3m) there is no difference between the carrying values and their historical cost equivalents.

Trading subsidiaries

The charity has two trading subsidiaries – ROH Holdings Limited and Royal Opera House Enterprises Limited.

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. The reporting date of ROHEL is the same as the charity's, which falls on the last Sunday in August each year.

ROH Holdings is a holding company and has one wholly owned subsidiary, ROH Developments Limited, a property development company. The ROH Holdings Group prepares its accounts to 31 August each year. Summary trading results of all trading subsidiaries are shown below:

	ROHEL		ROHHL	
	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000	52 week period ended 31-Aug-21 £'000	52 week period ended 31-Aug-20 £'000
Turnover	3,856	12,040	5	5
Cost of Sales	(1,609)	(8,650)	(5)	(5)
Gross profit	2,247	3,390	-	-
Administration and financial expenses	(1,054)	(1,456)	-	-
Operating profit	1,193	1,934	-	-
Profit before taxation	1,193	1,934	-	-
Taxation for current year's profits	(227)	(367)	-	-
Taxation relief for current year's profits	227	367	-	-
Net profit for the period	1,193	1,934	-	-
Donations under the gift aid scheme	(1,193)	(1,934)	-	-
Retained result in subsidiary for the period	-	-	-	-

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2. Subsidiary undertakings (continued)

The assets and liabilities of each trading subsidiary were:

	ROHEL		ROHHL	
	29-Aug-21 £'000	30-Aug-20 £'000	31-Aug-21 £'000	31-Aug-20 £'000
Intangible fixed assets	-	-	320	320
Current assets	2,526	2,955	5	5
Current liabilities	(1,950)	(2,179)	(5)	(5)
Non-current liabilities	(400)	(600)	-	-
Total net assets	176	176	320	320
Aggregate share capital and reserves	176	176	320	320

3. Income from operation of Royal Opera House

	52 week period ended 29-Aug-21 £'000	52 week period ended 29-Aug-10 £'000	53 week period ended 30-Aug-20 £'000	53 week period ended 30-Aug-20 £'000
Unrestricted funds:				
Box office receipts:				
The Royal Opera	1,698		15,883	
The Royal Ballet	1,097		11,744	
		2,795		27,627
Other income:				
Publications	1		478	
Other	1,968		3,689	
Theatre Tax Credit	1,855		3,554	
		3,824		7,721
UK total		6,619		35,348
Overseas touring receipts				2,418
		6,619		37,766

Other income includes £1.97m (53 week period ended 30 August 2020: £3.69m). This represents box office receipts from productions, other than those on the main stage, co-production income and income from production and costume hires, income from audio-visual exploitation, income from learning and participation, income from ice-cream sales and backstage tours and other income from sundry sources.

4. Grants from Arts Council England

	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Unrestricted funds:		
Arts Council England - grant in aid	24,472	24,213
Restricted funds:		
Arts Council England - Bridge funding	740	732

Other forms of government assistance, apart from Arts Council England, included grants from the Thurrock Borough Council and other government agencies for learning and participation projects of £0.02m (53 week period ended 30 August 2020: £0.1m) included as other income in Note 3.

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5. Grants from the UK Government

	52 week period ended 29-Aug-20 £'000	53 week period ended 30-Aug-20 £'000
Restricted funds:		
UK Government – Coronavirus Job Retention Scheme	10,636	12,416

The UK Government's Coronavirus Job Retention Scheme (CJRS) was announced on 20 March 2020 as one of a number of support schemes for UK employers as a result of the impact of the Covid-19 pandemic. Initially the scheme was to run for three months, backdated to 1 March 2020. The UK Government extended the scheme into 2021 with support varying from 60% of a staff wage up to a maximum of £1,875 per person per month to 80% of a staff wage up to a total of £2,500 per person per month. No national insurance or employer pension contributions were supported. The scheme closed at 30 September 2021.

6. Donations, legacies and similar incoming resources

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 29-Aug-21
	£'000	£'000	£'000	£'000
Membership	5,737	-	-	5,737
Events	10	-	-	10
Donations, gifts and legacies	26,527	3,394	1,078	30,999
	<u>32,274</u>	<u>3,394</u>	<u>1,078</u>	<u>36,746</u>
	Unrestricted Funds	Restricted Funds	Endowment Funds	53 week period ended 30-Aug-20
	£'000	£'000	£'000	£'000
Membership	7,453	-	-	7,453
Events	369	-	-	369
Donations, gifts and legacies	15,754	5,347	167	21,268
	<u>23,576</u>	<u>5,347</u>	<u>167</u>	<u>29,090</u>

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7. Commercial Trading Income

	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Unrestricted Funds		
Catering	614	5,552
Sponsorship	1,799	1,904
Sales of audio-visual materials	427	340
Cinema broadcast	257	2,556
Retail	546	1,044
Promotions and summer season	184	-
Venue Hire	-	408
Advertising	21	195
Property recharges	468	463
Licensing	8	40
	4,324	12,502

The closure of the Opera House for the majority of the 2020/21 Season resulted in significant impact to commercial income streams, in particular catering, cinema, retail and venue hire.

8. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	52 week period ended 29-Aug-21 £'000
Dividend and interest income	262	222	-	484
Finance lease interest income	270	-	-	270
	532	222	-	754

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	53 week period ended 30-Aug-20 £'000
Dividend and interest income	564	463	-	1,027
Finance lease interest income	270	-	-	270
	834	463	-	1,297

Dividend and interest income is earned on funds managed (for the Royal Opera House Endowment Fund 2000) by the investment managers Stonehage Fleming Investment Management Limited, Troy Asset Management Limited and Newton Investment Management Limited, and as well as interest received on bank deposits. Finance lease interest income is derived from the leases for the retail units on the site of the Royal Opera House.

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9. Expenditure on productions, sales and operations

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 29-Aug-21 £'000
	£'000	£'000	£'000	
The Royal Opera	5,054	1,179	-	6,233
The Royal Ballet	7,803	1,623	-	9,426
Orchestra of the Royal Opera House	4,163	2,024	-	6,187
Royalties and hire fees	81	-	-	81
Production	2,357	4,024	-	6,380
Stage and transport	6,397	1,727	-	8,124
Touring expenses	-	-	-	-
Other production and sales costs	5,306	197	-	5,503
Front of House	566	437	-	1,003
Marketing and publicity	6,495	275	-	6,770
Education, archives & live relays	1,612	903	-	2,515
Support costs (note 14)	22,391	1,561	-	23,952
Grants (note 10)	10	-	-	10
Expense on pension scheme	(870)	-	-	(870)
	<u>61,365</u>	<u>13,949</u>	<u>-</u>	<u>75,314</u>

	Unrestricted Funds	Restricted Funds	Endowment Funds	53 week period ended 30-Aug-20 £'000
	£'000	£'000	£'000	
The Royal Opera	14,945	1,072	-	16,017
The Royal Ballet	9,286	1,784	-	11,070
Orchestra of the Royal Opera House	8,045	1,530	-	9,575
Royalties and hire fees	423	-	-	423
Production	5,378	7,380	-	12,758
Stage and transport	9,585	3,091	-	12,676
Touring expenses	1,959	-	-	1,959
Other production and sales costs	6,417	185	-	6,602
Front of House	1,439	384	-	1,823
Marketing and publicity	6,807	467	-	7,274
Education, archives & live relays	2,210	1,034	-	3,244
Support costs (note 14)	24,329	618	-	24,947
Grants (note 10)	10	-	-	10
Expense on pension scheme	353	-	-	353
	<u>91,186</u>	<u>17,545</u>	<u>-</u>	<u>108,731</u>

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9. Expenditure on productions, sales and operations (continued)

The employer cash contribution to the defined benefit pension scheme is included in the expenditure on productions, sales and in operations in the Unrestricted fund in the Statement of Financial Activities. The gain on the pension scheme above, which is recognised in the Unrestricted pension reserve in note 27, represents the difference between the cash contributions and the expense in the Statement of Financial Activities as calculated by the Scheme's actuary (refer to note 31).

10. Grants

	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Unrestricted funds		
Grant to Royal Ballet School	10	10
	10	10

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

11. Expenditure on generating voluntary income

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	52 week period ended 29-Aug-21 £'000
Fundraising staff costs	1,578	102	-	1,680
Fundraising overheads	530	127	-	657
Support costs	1,007	65	-	1,072
	3,115	294		3,409

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	53 week period ended 30-Aug-20 £'000
Fundraising staff costs	1,615	175	-	1,790
Fundraising overheads	1,525	155	-	1,680
Support costs	1,012	25	-	1,037
	4,152	355		4,507

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12. Expenditure on commercial activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 29-Aug-21 £'000
	£'000	£'000	£'000	
Retail costs	295	-	-	295
Advertising and licensing costs	(1)	-	-	(1)
Sponsorship costs	65	-	-	65
Audio visual recording, production and distribution costs	-	-	-	-
Cinema broadcast costs	301	16	-	317
Property recharges	468	-	-	468
Catering costs	507	-	-	507
Other commercial costs	512	75	-	587
	2,147	91		2,238

	Unrestricted Funds	Restricted Funds	Endowment Funds	53 week period ended 30-Aug-20 £'000
	£'000	£'000	£'000	
Retail costs	707	-	-	707
Advertising and licensing costs	39	-	-	39
Sponsorship costs	194	-	-	194
Audio visual recording, production and distribution costs	122	-	-	122
Cinema broadcast costs	1,132	39	-	1,171
Property recharges	463	-	-	463
Catering costs	4,765	-	-	4,765
Other commercial costs	761	171	-	932
	8,183	210		8,393

13. Governance costs

	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Unrestricted funds		
External audit (see note 14)	104	104
Legal and professional costs	359	364
	463	468

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14. Allocation of support costs

	Expenditure on production, sales and operations (note 9) 29-Aug-21 £'000	Expenditure on generating voluntary income (note 11) 29-Aug-21 £'000	Total 52 week period ended 29-Aug-21 £'000
Management and administration	4,590	205	4,795
Premises	9,810	439	10,249
Depreciation, amortisation and impairment	9,109	408	9,517
External audit	100	4	104
Legal and professional costs	343	16	359
	23,952	1,072	25,024
	Expenditure on production, sales and operations (note 9) 30-Aug-20 £'000	Expenditure on generating voluntary income (note 11) 30-Aug-20 £'000	Total 53 week period ended 30-Aug-20 £'000
Management and administration	5,539	230	5,769
Premises	9,459	393	9,852
Depreciation, amortisation and impairment	9,498	395	9,893
External audit	100	4	104
Legal and professional costs	349	15	364
	24,945	1,037	25,982

Directly attributable support costs are allocated to governance costs where appropriate. The remaining support costs are pro-rated between the key cost driving areas: expenditure on productions; sales and operations and expenditure on raising funds; based on their proportional costs to the overall costs.

15. Restructuring costs

	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Unrestricted funds		
Restructuring costs	691	5,816
	691	5,816

In July 2020 the Royal Opera House announced a restructure of the organisation as part of a four-point plan to deal with the long-term impacts of the Covid-19 pandemic on the Royal Opera House and ensure its continued existence. The consultation process with affected staff and the three recognised unions: Equity, the Broadcasting, Entertainment, Cinematographic and Theatre Union (BECTU) and the Musician's Union concluded in December 2020. The impact of the restructure continued into the 2020/21 Season with further structural changes planned, in particular within the Human Resources team.

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17. Gross transfers between funds (continued)

(c) A net transfer of £6.8m (53 week period ended 30 August 2020: £7.0m) was made to other designated funds. A transfer was made from Unrestricted General Funds to other designated funds of £6.8m representing recovery campaign funds accumulated in the 20/21 Season.

(d) Transfers of £0.9m (53 week period ended 30 August 2020: £1.1m) were made to Unrestricted General Funds from Restricted Funds.

18. Staff numbers and costs

The full time equivalent number of permanent and casual staff employed by the group during the period was as follows:

	Number of staff	
	52 week period ended 29-Aug-21	53 week period ended 30-Aug-20
Production	291	440
Orchestra	114	129
Royal Ballet	128	143
Royal Opera	71	86
Sales and marketing	67	111
Management and administration	72	91
Fundraising	34	41
Education and collections	35	36
Premises	3	5
Shop	7	16
	822	1,098

The aggregate payroll costs of these persons were as follows:

	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Payroll Costs		
Wages and salaries	34,218	51,070
Social security costs	4,298	5,560
Other pension costs, of which:	3,666	4,160
-contributions to defined contribution pension schemes	2,434	2,960
-operating costs of defined benefit pension scheme	1,232	1,200
Non-PAYE payroll costs	3,497	3,509
	45,679	64,299

The average salary cost per employee (£40,787), excluding termination costs, is a decrease compared to prior period (£41,215) and includes increases for the London Living Wage. The decrease in average salary cost per employee is partly due to a 20% reduction in salary for all those earning £37,500 and above from May 2020 until December 2020 together with a reduction in salary for all those earning a base salary of £75,000 and over as a response to the impact of the Covid-19 pandemic.

Included in the wages and salaries are termination and redundancy payments of £1,334,682 (for 53 week period ended 30 August 2020: £417,179) that left employment up to 29 August 2021. All termination and redundancy costs are included in total payroll costs of £45.7m, as above. During 20/21 we recognised £691,103 (for 53 week period ended 30 August 2020: £5,816,342) of additional payroll costs associated with the restructure that was first announced in July 2020, which are included in the £45.7m of total payroll costs. See Note 15 for further details.

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18. Staff numbers and costs (continued)

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

		Number of staff 52 week period ended 29-Aug-21			Number of staff 53 week period ended 30-Aug-20		
		Performers	Artistic and General Management	Total	Performers	Artistic and General Management	Total
up to	£59,999	235	502	737	195	777	972
£60,000	- £69,999	25	16	41	49	22	71
£70,000	- £79,999	4	10	14	13	6	19
£80,000	- £89,999	5	2	7	7	4	11
£90,000	- £99,999	2	1	3	2	-	2
£100,000	- £109,999	1	2	3	2	2	4
£110,000	- £119,999	1	2	3	2	2	4
£120,000	- £129,999	3	-	3	1	1	2
£130,000	- £139,999	3	1	4	3	-	3
£140,000	- £149,999	-	2	2	2	-	2
£150,000	- £159,999	-	2	2	-	3	3
£160,000	- £169,999	-	1	1	1	-	1
£170,000	- £179,999	-	-	-	-	1	1
£180,000	- £189,999	-	1	1	-	1	1
£220,000	- £229,999	-	1	1	-	-	-
£260,000	- £269,999	-	-	-	-	1	1
£390,000	- £399,999	-	-	-	-	1	1
		279	543	822	277	821	1,098

Emoluments comprise wages and salaries together with benefits in kind.

For employees in bandings from £60,000 and above, contributions of £428,644 (for 53 week period ended 30 August 2020: £700,737) were made during the period to defined contribution pension schemes.

Retirement benefits were accruing to 81 (30 August 2020: 125) of the above employees under defined contribution pension schemes, and to nil (30 August 2020: nil) under a defined benefit pension scheme.

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18. Staff numbers and costs (continued)

Emoluments for the key management personnel are as follows:

						52 week period ended 29-Aug-21
	Salary (£)	Fees (£)	Total Emoluments (£)	Pension (£)	National Insurance (£)	Total (£)
Sir Antonio Pappano, Music Director	9,823	12,000	21,823	-	2,809	24,632
Alexander Beard, CBE, Chief Executive	224,396	-	224,396	-	29,762	254,158
Kevin O'Hare, Director, The Royal Ballet	184,163	-	184,163	18,026	24,199	226,388
Oliver Mears, Director of Opera	169,882	-	169,882	6,385	22,228	198,495
	588,264	12,000	600,264	24,411	78,998	703,673

						53 week period ended 30-Aug-20
	Salary (£)	Fees (£)	Total Emoluments (£)	Pension (£)	National Insurance (£)	Total (£)
Sir Antonio Pappano, Music Director	68,760	321,720	390,480	5,833	53,091	449,404
Alexander Beard, CBE, Chief Executive	268,189	-	268,189	-	35,810	303,999
Kevin O'Hare, Director, The Royal Ballet	193,794	-	193,794	18,999	25,544	238,337
Oliver Mears, Director of Opera	171,901	-	171,901	6,698	22,523	201,122
	702,644	321,720	1,024,364	31,530	136,968	1,192,862

As noted on page 85, there were reductions in salaries in line with the terms of our Cultural Recovery Fund loan with senior staff earning in excess of £150,000 taking a reduction of 10% from December 2020. Voluntarily, Alex Beard increased his reduction to 25% and Sir Antonio Pappano waived his salary from April 2020 to July 2021.

Emoluments for Sir Antonio Pappano 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.

Key management personnel are reflected in the table above. Their compensation for the 52 week period ended 29 August 2021 included emoluments of £0.6m (53 week period ended 30 August 2020: £1.024m) which together with pension costs of £24,411 (53 week period ended 30 August 2020: £31,530) and employer contributions to national insurance of £78,998 (53 week period ended 30 August 2020: £136,968) came to £0.7m (53 week period ended 30 August 2020: £1.19m). Key management personnel also include Trustees who receive no compensation as detailed in Note 29. Key management personnel do not include all of the Executive Team as listed in the Trustees' report.

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19. Net Gains on investments and on revaluation of heritage assets

	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Endowment Funds		
Realised gains on disposal of investments	5,969	1,759
Unrealised loss on revaluation of investments	(1,507)	(1,990)
Gains / (Loss) on investment assets	4,462	(231)
	52 week period ended 29-Aug-21 £'000	53 week period ended 30-Aug-20 £'000
Unrestricted Funds		
Unrealised gains / (loss) on revaluation of heritage assets	156	(3,739)
Gains / (Loss) on heritage assets	156	(3,739)

20. Intangible fixed assets

	Investment in Programming	Computer Software	Total
	£'000	£'000	£'000
Group			
Cost			
At beginning of period	13,748	6,078	19,826
Additions	(75)	912	837
At end of period	13,673	6,990	20,663
Amortisation			
At beginning of period	13,482	4,967	18,449
Amortisation for period	176	711	887
At end of period	13,658	5,678	19,336
Net book value			
At 29 August 2021	15	1,312	1,327
At 30 August 2020	266	1,111	1,377

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20. Intangible fixed assets (continued)

	Investment in Programming	Computer Software	Total
Charity Cost	£'000	£'000	£'000
At beginning of period	16,600	6,078	22,678
Additions	(75)	912	837
At end of period	16,525	6,990	23,515
Amortisation			
At beginning of period	16,334	4,967	21,301
Amortisation for period	176	711	887
At end of period	16,510	5,678	22,188
Net book value			
At 29 August 2021	15	1,312	1,327
At 30 August 2020	266	1,111	1,377

21. Tangible fixed assets

	Freehold premises	Assets in the course of construction	Equipment & vehicles	Total
Group Cost	£'000	£'000	£'000	£'000
At beginning of period	210,533	9,391	89,488	309,412
Additions	1,210	819	264	2,293
Transfers		(1,143)	1,143	-
Disposals	(198)		(1,344)	(1,542)
At end of period	211,545	9,067	89,551	310,163
Depreciation and diminution in value				
At beginning of period	55,369		57,379	112,748
Charge for period	4,796		3,671	8,467
Disposals	(198)		(1,004)	(1,202)
At end of period	59,967		60,046	120,013
Net book value				
At 29 August 2021	151,578	9,067	29,505	190,150
At 30 August 2020	155,164	9,391	32,109	196,664

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	Freehold premises £'000	Assets in the course of construction £'000	Equipment & vehicles £'000	Total £'000
Charity Cost				
At beginning of period	210,533	9,391	89,466	309,390
Additions	1,210	819	264	2,293
Transfers		(1,143)	1,143	-
Disposals	(198)	-	(1,344)	(1,542)
At end of period	211,545	9,067	89,529	310,141
Depreciation and diminution in value				
At beginning of period	55,369	-	57,357	112,726
Charge for period	4,796	-	3,671	8,467
Disposals	(198)	-	(1,004)	(1,202)
At end of period	59,967	-	60,024	119,991
Net book value				
At 29 August 2021.	151,579	9,067	29,505	190,150
At 30 August 2020	155,164	9,391	32,109	196,664

Assets in the course of construction represents projects in progress and equipment received but not placed in service before the period end (£9.1m).

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

In October 2014, a first deed of mortgage over the Bob and Tamar Manoukian Costume Centre and by way of first fixed charge, all its present and future plant and machinery on or serving the Property (apart from the mortgage charge) and the rents (if any) was provided as security for a loan of £1.5m from the Thurrock Borough Council. The current balance of the loan is £1.32m. The net book value of the Bob and Tamar Manoukian Costume Centre at 29 August 2021 was £4.2m (30 August 2020: £4.3m).

As part of the actuarial valuation of the pension scheme (see Note 31), the Trustee secured a charge on the Royal Opera House'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 £65.3m) if the Royal Opera House became insolvent.

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22. Investments

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

	Group 29 August 2021 £'000	Group 30 August 2020 £'000
Held with investment managers:		
- Venture funds	301	358
- Quoted equities	18,378	18,381
- Hedge funds	220	291
- Bonds	9,119	8,882
- Cash funds	7,405	7,171
- Gold	3,652	3,501
Total investment with Investment Managers	39,075	38,584

Movements in investments held with investment managers:

	Listed investments £'000	Other investments £'000	Total 29 August 2021 £'000
Endowment Funds			
Fair value at beginning of period	37,817	767	38,584
Additions (at cost)			
Disposals	(3,774)	(195)	(3,969)
Net realised and unrealised gains	4,423	37	4,460
Fair value at end of the period	38,466	609	39,075
Historical cost at end of the period	34,676	761	35,437
	Listed investments £'000	Other investments £'000	Total 30 August 2020 £'000 Total
Endowment Funds			
Fair value at beginning of period	38,003	1,146	39,149
Additions (at cost)	1,997		1,997
Disposals	(1,980)	(350)	(2,330)
Net realised and unrealised gains	(209)	(23)	(232)
Fair value at end of the period	37,811	773	38,584
Historical cost at end of the period	32,569	761	33,330

As at 31 August 2021 investments held with investment managers are measured at fair value, £38.5m (2020: £37.9m) categorised as Level 1 and £0.5m (2020: £0.6m) as Level 3.

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(b) Charity: The following were the subsidiary undertakings of Royal Opera House Covent Garden Foundation as at 29 August 2021:

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

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

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

ROH Productions Limited has been dormant since incorporation.

The issued share capital in Royal Opera House Enterprises Limited is 125,987 £1 shares (125,987 £1 shares at 30 August 2020). The remaining balance is related to the original acquisition of Royal Opera House Enterprises Limited.

The Royal Opera House Endowment Fund 2000 is a connected charity of the Royal Opera House Covent Garden Foundation. See Note 2 for further details.

Investment in Royal Opera House Enterprises Limited:

Unrestricted Funds	Charity 29 August 2021 £'000	Charity 30 August 2020 £'000
Cost		
At beginning and end of period	6,676	6,676
Net book value		
At beginning of period	6,676	6,676
At end of period	6,676	6,676

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23. Heritage assets

(a) Tangible fixed assets – heritage assets

	Fine art	Costumes & accessories	Other collections	Total 29 August 2021
Unrestricted Funds Group and Charity Cost or valuation	£'000	£'000	£'000	£'000
At beginning of period	14,149	1,477	1,165	16,791
Additions	-	-	88	88
Disposals	(11,275)	-	-	(11,275)
Revaluation	156	-	-	156
At end of period	3,030	1,477	1,253	5,760
At beginning of period	14,149	1,477	1,165	16,791

The external valuers for the Royal Opera House, Mark Peters, Senior General Valuer and David Vyvyan-Robinson, Picture Valuer of Gurr Johns, valued the entirety of the fine art collection in August 2021, on the basis of retail replacement values (RRV). RRV represents the value used for insurance, based on replacement in the retail market, or where appropriate in the second-hand retail market with items of a similar nature, age, condition and quality.

Included in the fine art collection was a painting by David Hockney, Portrait of Sir David Webster with Tulips. In October 2020 the painting was sold at auction to David Ross, the former Chair of the Royal Opera House. Refer to Note 30 for details of the sale of this painting. The value of the painting at the time of disposal was £11.275m.

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

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23. Heritage assets (continued)

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

Unrestricted Funds	29 August 2021 £'000	30 August 2020 £'000	25 August 2019 £'000	26 August 2018 £'000	27 August 2017 £'000
Purchases/Commissions					
Fine art	-	-	-	-	-
Costumes & accessories	-	-	-	-	-
Other collections	-	-	12	-	-
Donations					
Fine art	-	-	-	-	-
Costumes & accessories	-	-	-	-	-
Other collections	88	-	-	-	-
Disposals					
Fine art	(11,275)	-	-	-	-
Costumes & accessories	-	-	-	-	-
Other collections	-	-	-	-	-
Proceeds from disposals					
Fine art	11,275	-	-	-	-
Costumes & accessories	-	-	-	-	-
Other collections	-	-	-	-	-
Total additions	88	-	12	-	-

(c) Further information on Heritage Assets:

The Royal Opera House maintains three collections as follows:

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

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

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

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

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

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

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

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24. Stocks

	Group 29 August 2021 £'000	Group 30 August 2020 £'000	Charity 29 August 2021 £'000	Charity 30 August 2020 £'000
Goods for resale	439	422	-	-
	<u>439</u>	<u>422</u>	<u>-</u>	<u>-</u>

During the 53-week period ended 29 August 2021 £290,150 (53 week period ended 30 August 2020: £650,524) of stock was expensed through the Statement of Financial Activities.

25. Debtors

	Group 29 August 2021 £'000	Group 30 August 2020 £'000	Charity 29 August 2021 £'000	Charity 30 August 2020 £'000
Amounts due after more than one year				
Finance lease debtor	5,430	5,430	-	-
Amounts due from subsidiary and associated undertakings	-	-	400	600
Prepayments	1,230	1,330	-	-
	<u>6,660</u>	<u>6,760</u>	<u>400</u>	<u>600</u>
Amounts due within one year				
Trade debtors	5,925	4,198	5,468	3,473
Amounts due from subsidiary and associated undertakings	-	-	1,012	2,074
Accrued income	7,920	11,893	7,835	11,657
Other debtors	353	719	353	719
Prepayments	951	1,374	827	1,091
Finance lease debtor	270	270	84	84
	<u>15,419</u>	<u>18,454</u>	<u>15,579</u>	<u>19,098</u>

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, with interest charged at a rate of 2% above the Bank of England base rate.

The expected repayments on the loan are as follows:

	Capital	Interest	Total 52 Week Period Ended 29-Aug-21 £'000
Due within one year	200	16	216
Due between one year and two years	200	11	211
Due between two years and five years	200	6	206
	<u>600</u>	<u>33</u>	<u>633</u>

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

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25. Debtors (continued)

Reconciliation between gross investment in a lease and the present value of minimum lease payments receivable is as follows:

	Group 29 August 2021 £'000	Group 30 August 2020 £'000
Gross investment in a finance lease at the end of the period	59,513	59,782
Unearned finance income for the period	(53,813)	(54,082)
Present value of minimum lease payments at the end of the period	5,700	5,700

The expected maturity of the gross investment in a lease and present value of the minimum lease payments receivable is as follows:

	Gross investment in a finance lease £'000	Present value of minimum lease payments £'000
Not later than one year	270	258
later than one year and not later than five years	1,081	922
later than five years	58,162	4,520
	59,513	5,700

There are no unguaranteed residual values accruing to the lessor and no accumulated allowance for uncollectible minimum lease payments. There were no contingent rents for the period (53 week period ended 30 August 2020: £53k).

26. Creditors

Amounts falling due within one year

	Group 29 August 2021 £'000	Group 30 August 2020 £'000	Charity 29 August 2021 £'000	Charity 30 August 2020 £'000
Trade creditors	5,238	2,833	5,182	2,807
Taxation and social security	137	1,724	137	1,724
Accruals	12,101	20,027	11,353	19,912
Deferred income	17,290	9,502	17,073	9,170
	34,766	34,086	33,745	33,613
	Group 29 August 2021 £'000	Group 30 August 2020 £'000	Charity 29 August 2021 £'000	Charity 30 August 2020 £'000
Deferred income at start of period	9,502	19,770	9,170	19,306
Box office receipts, subscription and donations received	17,589	48,813	15,085	43,091
Released to statement of financial activities	(9,801)	(59,081)	(7,182)	(53,227)
Deferred income at end of period	17,290	9,502	17,073	9,170
Comprising:				
Advanced bookings	8,608		8,608	
Subscriptions and donations	5,813	6,309	5,813	6,309
Other deferred income	2,869	3,193	2,652	2,861

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26. Creditors (continued) Amounts falling due after one year

Thurrock Borough Council Loan

	52 Week Period Ended 29-Aug-21 £'000	53 Week Period Ended 30-Aug-20 £'000
Balance at the beginning of the year	1,365	1,405
Amounts repaid	(102)	(102)
Interest payable	60	62
Balance at the end of the year	1,323	1,365
Less amounts disclosed in creditors: amounts falling due within one year	-	-
Balance at the end of the year falling due after one year	1,323	1,365

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

	Capital	Interest	Total	Capital	Interest	Total
	52 Week Period Ended 29-Aug-21 £'000	52 Week Period Ended 29-Aug-21 £'000	52 Week Period Ended 29-Aug-21 £'000	53 Week Period Ended 30-Aug-20 £'000	53 Week Period Ended 30-Aug-20 £'000	53 Week Period Ended 30-Aug-20 £'000
Due within one year	45	58	103	43	59	102
Due between one year and two years	46	55	101	45	57	102
Due between two years and five years	155	154	309	147	160	307
Due after five years	1,077	359	1,436	1,130	409	1,539
	1,323	626	1,949	1,365	685	2,050

In October 2014, a first deed of mortgage over the Bob and Tamar Manoukian Costume Centre and by way of first fixed charge, all its present and future plant and machinery on or serving the Property (apart from the mortgage charge) and the rents (if any) was provided as security for a loan of £1.5m from the Thurrock Borough Council. The current balance of the loan is £1.32m. The net book value of the Bob and Tamar Manoukian Costume Centre at 29 August 2021 was £4.2m (30 August 2020: £4.3m).

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26. Creditors (continued) Amounts falling due after one year

Cultural Recovery Fund Loan

	52 Week Period Ended 29-Aug-21 £'000	53 Week Period Ended 30-Aug-20 £'000
Balance at the beginning of the year	-	-
Amounts drawn down	21,700	-
Amounts repaid	-	-
Interest payable	-	-
Balance at the end of the year	21,700	-
Less amounts disclosed in creditors: amounts falling due within one year	-	-
Balance at the end of the year falling due after one year	21,700	-

	Capital	Interest	Total	Capital	Interest	Total
			52 Week Period Ended 29-Aug-21 £'000			53 Week Period Ended 30-Aug-20 £'000
Due within one year	-	-	-	-	-	-
Due between one year and two years	-	276	276	-	-	-
Due between two years and five years	2,390	2,581	4,971	-	-	-
Due after five years	19,310	2,786	22,096	-	-	-
	21,700	5,643	27,343	-	-	-

In support of arts organisations affected by the Covid-19 pandemic, the government established a Cultural Recovery Fund (CRF) offering grants to smaller organisations and loans to larger organisations. In March 2021, the ROH received a loan from the CRF of £21.7m. The loan is interest bearing, at a rate of 2%, over a 20 year period and has a four year repayment holiday.

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27. Statement of Funds – Group

	At 30 August 2020	Incoming Resources	Outgoing Resources	Other gains/ (losses)	Transfers	At 29 August 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted General fund	4,415	68,133	(68,335)	-	(57)	4,156
Unrestricted Revaluation fund	7,708	-	-	156	(7,475)	389
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	184,935	-	-	-	(5,044)	179,891
Unrestricted Heritage Asset Fund	9,084	88	-	-	(3,800)	5,372
Unrestricted Future Projects Fund	5,644	-	-	-	18,073	23,717
Unrestricted Funds before pension reserve	211,786	68,221	(68,335)	156	1,697	213,525
Unrestricted: pension scheme liability	(36,304)	-	870	5,316	-	(30,118)
Total unrestricted funds	175,482	68,221	(67,465)	5,472	1,697	183,407
Restricted funds:						
Thurrock Capital Fund	9,229	-	-	-	(271)	8,958
Production Fund	-	2,894	(2,894)	-	-	-
Coronavirus Job Retention Scheme	-	10,636	(10,636)	-	-	-
Open Up Project Fund	-	500	-	-	(500)	-
Arts Council England Bridge programme fund	390	740	(732)	-	-	398
Arts Council England China skills exchange	164	-	-	-	-	164
ROH Holdings Limited	105	-	-	-	-	105
Endowment Restricted Income Fund	3,174	222	(127)	286	(926)	2,629
Special Projects	83	-	-	-	-	83
Total restricted funds	13,145	14,992	(14,389)	286	(1,697)	12,337
Endowment funds	43,427	1,078	-	4,176	-	48,681
Total funds	232,054	84,291	(81,854)	9,934	-	244,425

Unrestricted Funds: Unrestricted funds are segregated between general funds (representing free reserves and unrestricted general funds held in trading subsidiaries) 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 20/21 season carried over to the 21/22 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 pension scheme liability is disclosed in accordance with FRS 102.

Restricted Funds: The Thurrock Capital Fund has been established to hold funding received in the development of both the Bob and Tamar Manoukian Production Workshop and the Bob and Tamar Manoukian Costume Centre in Thurrock. The Production Fund represents donations received which are restricted for the purpose of specific productions. The Open Up Project Fund has been established to hold funding received towards the Open Up Project, a capital project intended to enhance audiences' experience of our work and inspire wider interest and engagement. The Bridge Programme Fund represents funding received from Arts Council England for improving the delivery of arts opportunities for children and young people, acting as a bridge between the arts and education sectors in Thurrock, Essex, Southend, Hertfordshire, Bedfordshire, Luton and North Kent. The 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.

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27. Statement of Funds - Charity

	At 30 August 2020	Incoming Resources	Outgoing Resources	Other gains/ (losses)	Transfers	At 29 August 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted General fund	4,617	66,084	(65,046)	-	(983)	4,672
Unrestricted Revaluation fund	7,708	-	-	156	(7,475)	389
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	190,714	-	-	-	(5,044)	185,670
Unrestricted Heritage Asset Fund	9,084	88	-	-	(3,800)	5,372
Unrestricted Future Projects Fund	5,644	-	-	-	18,073	23,717
Unrestricted Funds before pension reserve	217,767	66,172	(65,046)	156	771	219,820
Unrestricted: pension scheme liability	(36,304)	-	870	5,316	-	(30,118)
Total unrestricted funds	181,463	66,172	(64,176)	5,472	771	189,702
Restricted funds:						
Thurrock Capital Fund	9,221	-	-	-	(271)	8,950
Production Fund	-	3,820	(3,820)	-	-	-
Coronavirus Job Retention Scheme	-	10,636	(10,636)	-	-	-
Open Up Project Fund	-	500	-	-	(500)	-
Arts Council England Bridge programme fund	390	740	(732)	-	-	398
Arts Council England China skills exchange	164	-	-	-	-	164
Special Projects	84	-	-	-	-	84
Total restricted funds	9,859	15,696	(15,188)	-	(771)	9,596
Total funds	191,321	81,868	(79,364)	5,472	-	199,298

28. 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 29 August 2021 there were 18 members (30 August 2020: 15).

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29. Connected charities and other related party transactions

Connected charities

Royal Opera House Endowment Fund 2000 - registered charity No 1089928

During the period the charity received grants of £2.4m (53 week period ended 30 August 2020: £2.3m) from Royal Opera House Endowment Fund 2000 in furtherance of its charitable objectives. At 29 August 2021, the charity owed £0.2m to the Royal Opera House Endowment Fund 2000 (30 August 2020: £0.1m owed to the charity).

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

Trading subsidiaries

Royal Opera House Enterprises Limited

During the period the charity received a loan repayment of £0.2m (53 week period ended 30 August 2020: £0.2m), a royalty payment of £0.5m (53 week period ended 30 August 2020: £1.5m) and a gift aid payment of £1.2m (53 week period ended 30 August 2020: £1.9m) from Royal Opera House Enterprises Limited. At 29 August 2021, Royal Opera House Enterprises Limited owed £1.3m to the charity (30 August 2020: £2.0m).

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

Royal Opera House Developments Limited

During the period the charity received no gift aid payments (53 week period ended 30 August 2020: £511) from Royal Opera House Development Limited in furtherance of its charitable objectives. At 29 August 2021, Royal Opera House Developments Limited owed £0.1m to the charity (30 August 2020: £0.1m).

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

Royal Opera House Holdings Limited

During the period the charity received £5,000 (53 week period ended 30 August 2020: £5,000) from Royal Opera House Development Limited in respect of audit fees. At 29 August 2021, Royal Opera House Holdings Limited owed £5,000 to the charity (30 August 2020: £5,000).

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

Other related party transactions

At the Board meeting on 13 October 2020 the Trustees agreed to sell the portrait of Sir David Webster by David Hockney as part of the four point recovery plan. On 22 October 2020 the portrait was sold from the ROH heritage asset collection. Christie's were appointed to sell the painting and ahead of the auction date an independent third party guarantee was secured. The painting sold for £11.275m in a public auction in October 2020. The sale estimate from Christie's was £10-12m and the price realised (hammer price plus buyer's premium net of applicable fees) was £12.865m. In late November 2020, the buyer at auction was publicly announced as the former ROH Chair of Trustees, David Ross.

No other trustee had an interest in any contract or transaction with the charity or its subsidiaries in the period ended 29 August 2021. 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 (2020: nil). The aggregate amount of unrestricted donations received from trustees was £3.040m (53 week period ended 30 August 2020: £1.982m). Of this amount, £2.043m (53 week period ended 30 August 2020: £1.074m) was received from trustees of the ROH Endowment Fund 2000. The charity undertakes transactions in its normal course of business with its subsidiaries. These transactions are carried out on an arms-length basis.

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30. Commitments

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

	29-Aug-21 Land and Buildings £'000	30-Aug-20 Land and Buildings £'000
Operating leases payable:		
Not later than one year	1	12
Later than one year and not later than five years	5	5
Later than five years	145	145
	<u>151</u>	<u>162</u>

(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:

	29-Aug-21 £'000	30-Aug-20 £'000
Less than one year	5,421	58
In the second to fifth years inclusive	870	3,746
	<u>6,291</u>	<u>3,804</u>

(c) The group has capital commitments for the Fly System project which are not reflected in the balance sheet:

	29-Aug-21 £'000	30-Aug-20 £'000
Less than one year	925	2,447
In the second to fifth years inclusive		
	<u>925</u>	<u>2,447</u>

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31. 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 the Trustee and are independent of the ROH's finances. Contributions are paid to the Scheme in accordance with the Schedule of Contributions agreed between the Trustee and the ROH.

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 £2.434m (53 week period ended 30 August 2020: £2.960m).

The funding plan is for the Scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the Royal Opera House and Trustee agree on deficit contributions to meet this deficit over a period. As a part of the actuarial valuation with an effective date of 5 April 2018 the Trustee and the Royal Opera House have agreed that the Royal Opera House will make contributions to the scheme of £0.85m per annum from 30 April 2018 until 31 January 2037, increasing by 3.5% per annum. As a result of the Covid-19 pandemic, the contributions due in April, July and October 2020 were deferred but have since been repaid. The Royal Opera House also makes contributions of £0.3m per annum to cover the expenses of running the Scheme.

The initial results of the formal actuarial valuation as at 5 April 2021 were updated to the accounting date by an independent qualified actuary in accordance with FRS 102, allowing for contributions, benefit payments made, and changes in market conditions. The results, based on assumptions used for FRS102, are as follows:

The amount included in the balance is as follows:

	29-Aug-21	30-Aug-20
	£'000	£'000
Fair value of plan assets	79,728	71,544
Present value of defined benefit obligation	(109,846)	(107,848)
Net liability recognised in the balance sheet	(30,118)	(36,304)

The movement in net defined benefit liability is as follows:

	52 week period ended 29-Aug-21	53 week period ended 30-Aug-20
	£'000	£'000
Opening net defined benefit liability	36,304	28,350
Cost in income and expenditure	970	951
Employer contributions	(1,840)	(598)
Amount recognised outside income and expenditure	(5,316)	7,601
Closing net defined benefit liability	30,118	36,304

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31. Pension scheme (continued)

The amounts recognised in income or expenditure, in the Statement of Financial Activities are as follows:

	52 week period ended 29-Aug-21	53 week period ended 30-Aug-20
	£'000	£'000
Past service cost	60	-
Administration expenses	336	388
Interest expense	574	563
Total expense recognised in income or expenditure	970	951

Movement in present value of defined benefit obligation is as follows:

	52 week period ended 29-Aug-21	53 week period ended 30-Aug-20
	£'000	£'000
Opening defined benefit obligation	(107,848)	(103,146)
Past service cost	(60)	-
Interest on obligation	(1,702)	(2,057)
Actuarial losses	(3,153)	(5,655)
Benefits paid	2,917	3,010
Closing defined benefit obligation	(109,846)	(107,848)

Movement in the fair value of the plan assets is as follows:

	52 week period ended 29-Aug-21	53 week period ended 30-Aug-20
	£'000	£'000
Opening fair value of plan assets	71,544	74,796
Interest on plan assets	1,128	1,494
Actual return less interest on plan assets	8,469	(1,946)
Administration expenses	(336)	(388)
Contributions by the employer	1,840	598
Benefits paid	(2,917)	(3,010)
Closing fair value of plan assets	79,728	71,544

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31. Pension scheme (continued)

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

	29-Aug-21 Fair value	30-Aug-20 Fair value	25-Aug-19 Fair value
Asset distribution and expected return	£'000	£'000	£'000
Equities	25,700	20,270	26,251
Bonds	14,852	14,281	8,266
Property	1,745	1,626	1,730
Diversified Growth Fund	15,601	14,413	14,380
Liability Driven Investment Fund	21,294	19,990	23,605
Cash and net current assets	536	964	564
Total	79,728	71,544	74,796

The Scheme does not invest directly in property occupied by the charity or in financial securities issued by the charity.

The following table sets out the significant assumptions used for the plan:

Assumptions	29-Aug-21	30-Aug-20	25-Aug-19
Retail Prices Index Inflation	3.30%	2.90%	3.20%
Consumer Prices Index Inflation	2.50%	2.10%	2.10%
Discount rate	1.70%	1.60%	2.00%
Pension increases (according to increases under the scheme rules)	2.5/3.5/3.1/2.1% pa	2.5/3.3/2.8/2.0% pa	2.5/3.5/3.1/2.1% pa
Salary growth	n/a	n/a	n/a
Life expectancy of female / male aged 65 at the accounting date	24.4/21.8 years	24.4/21.8 years	Not known/21.7 years
Life expectancy of female / male aged 65 at 20 years from the accounting date	25.9/23.1 years	25.9/23.2 years	Not known/23.0 years

Future agreed contributions from the employer to be made to fund the deficit of the defined benefit scheme are as follows:

	£'000
Due within one year	903
Due between one year and two years	935
Due between two years and five years	3,005
Due after five years	13,969

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Trustees' report and consolidated financial statements. 52 week period ended 29 August 2021.

32. Cash flows

a) Reconciliation of net outgoing resources to net cash inflow from operating activities

	52 Week Period Ended 29-Aug-21	53 Week Period Ended 30-Aug-20
	£'000	£'000
Net income / (expenditure) for the reporting period	6,899	(9,724)
Net cash (income) / expenditure on Defined benefit pension scheme	(870)	353
Investment and finance interest income	(754)	(1,297)
Interest paid	60	62
(Losses) / gains on investments	(4,462)	232
Loss on disposal of fixed assets	341	161
Depreciation charge	8,467	9,402
Amortisation of intangible fixed assets	887	2,093
(Increase) / decrease in productions in preparation	(1,470)	1,712
(Increase) / Decrease in stock	(17)	(119)
Decrease / (increase) in debtors	3,135	(554)
Increase / (decrease) in creditors	593	(5,095)
Net cash provided by operating activities	12,809	(2,774)

b) Cash outflow from investing activities

	52 Week Period Ended 29-Aug-21	53 Week Period Ended 30-Aug-20
	£'000	£'000
Capital expenditure on tangible fixed assets	(2,293)	(9,062)
Capital expenditure on intangible fixed assets	(837)	(1,472)
Additions of investment (at cost)	-	(1,997)
Proceeds from sale of heritage assets	11,275	-
Disposals of investments	3,969	2,330
Finance lease interest and contingent rents received	270	270
Interest income received	484	1,027
(Investment in) / Redemption of Short Term Investments: Deposits	-	12,500
Net cash provided by investing activities	12,868	3,596

c) Cash inflow from financing activities

	52 Week Period Ended 29-Aug-21	53 Week Period Ended 30-Aug-20
	£'000	£'000
Cash inflow on receipt of borrowings	21,700	-
Cash outflow on repayment of borrowings	(102)	(102)
Net cash provided by / (used in) financing activities	21,598	(102)

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32. Cash flows (continued)

d) Reconciliation of cash at bank and on hand per Charity's balance sheet and cash and cash equivalents per Group's cash flow statement

	Unrestricted	Restricted	Total 29 August 2021 £'000
	£'000	£'000	£'000
Cash at bank and in hand per Charity's balance sheet	63,865	-	63,865
Cash at bank and in hand in group undertakings			
ROH Endowment Fund 2000	4,617	1,945	6,562
Royal Opera House Enterprises Limited	277	-	277
Royal Opera House Holdings Limited	-	-	-
Royal Opera House Developments Limited	-	371	371
Cash and cash equivalents per Group's cash flow statement	68,759	2,316	71,075
	Unrestricted	Restricted	Total 30 August 2020 £'000
	£'000	£'000	£'000
Cash at bank and in hand per Charity's balance sheet	20,440	-	20,440
Cash at bank and in hand in group undertakings			
ROH Endowment Fund 2000	1,768	1,029	2,797
Royal Opera House Enterprises Limited	192	-	192
Royal Opera House Holdings Limited	-	-	-
Royal Opera House Developments Limited	-	371	371
Cash and cash equivalents per Group's cash flow statement	22,400	1,400	23,800

e) Reconciliation of net debt

	At 30 August 2020	Cash flows	At 29 August 2021 £'000
	£'000	£'000	£'000
Cash	23,800	10,000	33,800
Cash equivalents	-	37,275	37,275
Loans falling due within one year	23,800	47,275	71,075
Loans falling due after more than one year	(102)	102	(102)
	(1,948)	(21,701)	(23,547)
Total net debt	21,750	25,676	47,426

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33. Financial Instruments

Carrying amount, income, expense, gains and losses of the Group's Financial Instruments

Group	Carrying Amount	Income earned			Carrying Amount	Income earned		
	Group 29 August	Interest income/	Dividend income/	Net gains/ (losses) including changes in fair value	Group 30 August	Interest income/	Dividend income/	Net gains/ (losses) including changes in fair value
	2021	(expense)	(expense)	in fair value	2020	(expense)	(expense)	in fair value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Measured at fair value through Statement of Financial Activities								
Financial Assets	39,075	-	442	4,460	38,584	-	863	(232)
Investments	39,075	-	442	4,460	38,584	-	863	(232)
Measured at undiscounted cash receivable/(payable)								
Financial Assets	79,783	42	-	-	31,279	164	-	-
Trade debtors	5,926	-	-	-	4,199	-	-	-
Accrued income & Other Debtors	2,782	-	-	-	3,280	-	-	-
Cash and cash equivalents	61,075	-	-	-	23,800	-	-	-
Short term investments:								
Deposits	10,000	42	-	-	-	164	-	-
Financial Liabilities	(5,238)	-	-	-	(2,833)	-	-	-
Trade creditors	(5,238)	-	-	-	(2,833)	-	-	-
Measured at amortised cost								
Financial Liabilities	(23,023)	(60)	-	-	(1,365)	(62)	-	-
Government loan	(21,700)	-	-	-	-	-	-	-
Mortgage loan	(1,323)	(60)	-	-	(1,365)	(62)	-	-

Financial assets carried at fair value (Investments) are measured at the quoted market price in an actively traded market. All investments are managed by reputable investment managers. Of the carrying amount at 29 August 2021 of £39.1m (30 August 2020: £38.6m), £18.4m (30 August 2020: £18.0m) is invested in markets outside of the UK. The changes to the fair value of those investments are all as a result of market risk (including foreign exchange risk). Immaterial amounts are due to credit risk. An immaterial liquidity risk exists due to the remote risk of not being able to repatriate funds.

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33. Financial Instruments (continued)

Carrying amount, income, expense, gains and losses of the Charity's Financial Instruments

Charity	Carrying Amount	Income earned		Net gains/(losses) including changes in fair value	Carrying Amount	Income earned		Net gains/(losses) including changes in fair value
	Charity 29 August 2021 £'000	Interest income/(expense) £'000	Dividend income/(expense) £'000	£'000	Charity 30 August 2020 £'000	Interest income/(expense) £'000	Dividend income/(expense) £'000	£'000
Measured at undiscounted cash receivable/(payable)								
Financial Assets	73,043	59	-	-	29,032	193	-	-
Trade debtors	5,469	-	-	-	3,474	-	-	-
Amounts due from subsidiary and associated undertakings	1,012	9	-	-	2,074	7	-	-
Accrued income & Other Debtors	2,697	-	-	-	3,044	-	-	-
Cash and cash equivalents	53,865	-	-	-	20,440	-	-	-
Short term investments: Deposits	10,000	50	-	-	-	186	-	-
Financial Liabilities	(5,182)	-	-	-	(2,807)	-	-	-
Trade creditors	(5,182)	-	-	-	(2,807)	-	-	-
Measured at amortised cost								
Financial Assets	400	28	-	-	600	28	-	-
Amounts due from subsidiary undertaking	400	28	-	-	600	28	-	-
Financial Liabilities	(23,023)	(60)	-	-	(1,365)	(62)	-	-
Government loan	(21,700)	-	-	-	-	-	-	-
Mortgage loan	(1,323)	(60)	-	-	(1,365)	(62)	-	-

The financial asset measured at amortised cost above represents an inter-company loan between Royal Opera House Enterprises Limited (as borrower) and its holding company, Royal Opera House Covent Garden Foundation (Limited by Guarantee), entered into in January 2010. The unsecured loan bears interest at 2% above the Bank of England base rate, which management assess to be a commercial rate of interest. Due to the commercial rate of interest, the present value of the future cash flows approximates the carrying amount and thus the loan presents no current pricing risk. As the interest rate is a variable rate, the lender and borrower are exposed to interest rate risk.

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34. Consolidated statement of financial activities for the 53 week period ended 30 August 2020

	Note	Total Unrestricted Funds	Restricted Funds	Endowment Funds	53 week period ended 30-Aug-20 Total Funds
		£'000	£'000	£'000	£'000
Income and endowments from:					
Charitable activities					
Operation of Royal Opera House (including box office)	3	37,766	-	-	37,766
Government Grant	5	-	12,416	-	12,416
Donations and legacies					
Donations, legacies and similar incoming resources	6	23,576	5,347	167	29,090
Grants from Arts Council England	4	24,213	732	-	24,945
Other trading activities					
Commercial trading income	7	12,502	-	-	12,502
Investments	8	834	463	-	1,297
Total income and endowments		98,891	18,958	167	118,016
Expenditure on:					
Charitable activities					
Productions, sales and operations	9	(91,186)	(17,545)	-	(108,731)
Raising Funds					
Generating voluntary income	11	(4,152)	(355)	-	(4,507)
Commercial activities	12	(8,183)	(210)	-	(8,393)
Restructuring	15	(5,816)	-	-	(5,816)
Interest payable	16,25	(62)	-	-	(62)
Total expenditure	14	(109,399)	(18,110)	-	(127,509)
Profit on disposal of operations	17	-	-	-	-
Net (loss) / gains on investments	19	-	156	(387)	(231)
Net (expenditure) / income		(10,508)	1,004	(220)	(9,724)
Transfers between funds	17	1,987	(1,987)	-	-
Other recognised gains and (losses)					
(Loss) / Gains on revaluation of heritage assets	19,23	(3,739)	-	-	(3,739)
Actuarial (loss) / gain on the defined benefit pension scheme	31	(7,601)	-	-	(7,601)
Net movement in funds		(19,861)	(983)	(220)	(21,064)
Fund balances brought forward at 25 August 2019	27	195,398	14,073	43,647	253,118
Fund balances carried forward at 30 August 2020	27	175,537	13,090	43,427	232,054

35. Taxation

UK corporation tax charge and relief of £226,770 has arisen in Royal Opera House Enterprises Limited in the period in respect of current year profits (53 week period ended 30 August 2020: tax charge and relief of £367,408). No deferred tax has arisen in the period (53 week period ended 30 August 2020: nil).

36. Post Balance Sheet Event

In November 2021 the Trustees of the Royal Opera House Endowment Fund 2000 approved the payment of an exceptional grant of £3,774,000 to be paid from the Royal Opera House Endowment Fund 200 to the Royal Opera House Covent Garden Foundation in support of the latter's recovery plan. The funds are part of the income accumulated by the Paul Hamlyn Education Fund. The funding agreement for the Paul Hamlyn Education Fund was amended on 28 September 2021 to facilitate this exceptional grant. This grant is being treated as a non-adjusting post balance sheet event.

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THANK YOU

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

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Spindrift Al Swaidi
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Anonymous (13)

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The Deborah Loeb Brice Foundation
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The Gatsby Charitable Foundation
The Headley Trust
The Helen Hamlyn Trust
The Huo Family Foundation
The JP Jacobs Charitable Trust
The Linbury Trust
The Lord Leonard And Lady Estelle Wolfson Foundation
The Constance Travis Charitable Trust

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