



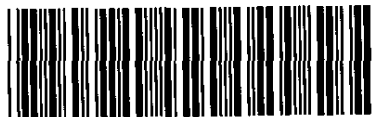
ROYAL
OPERA
HOUSE

THE ANNUAL

REPORT

2016/17

THURSDAY



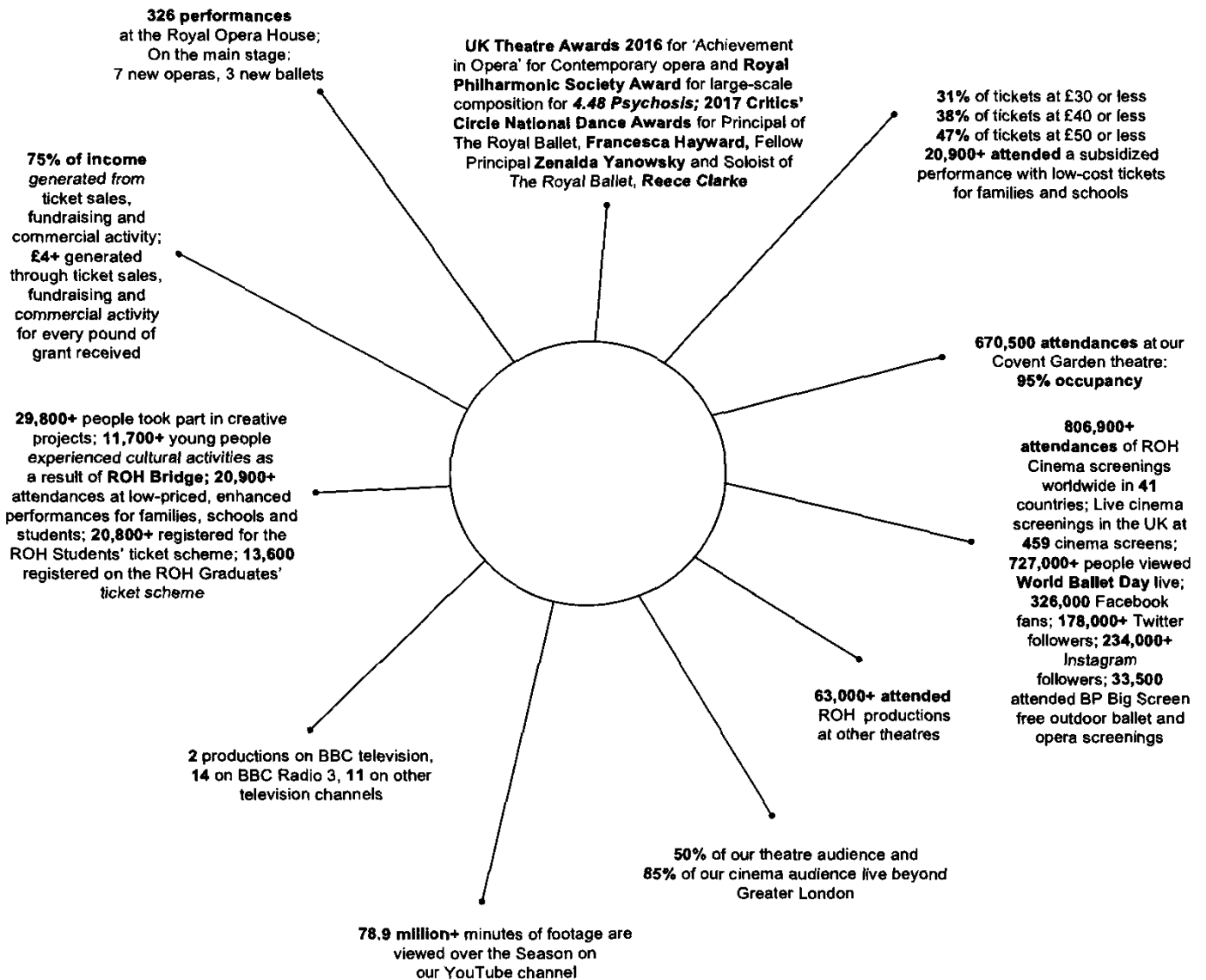
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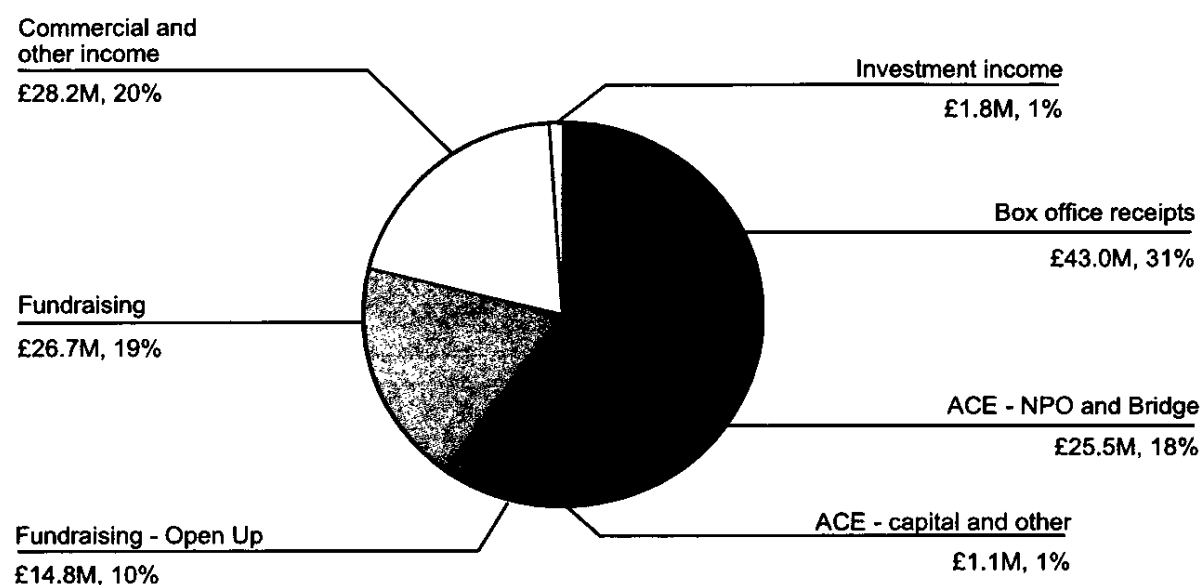
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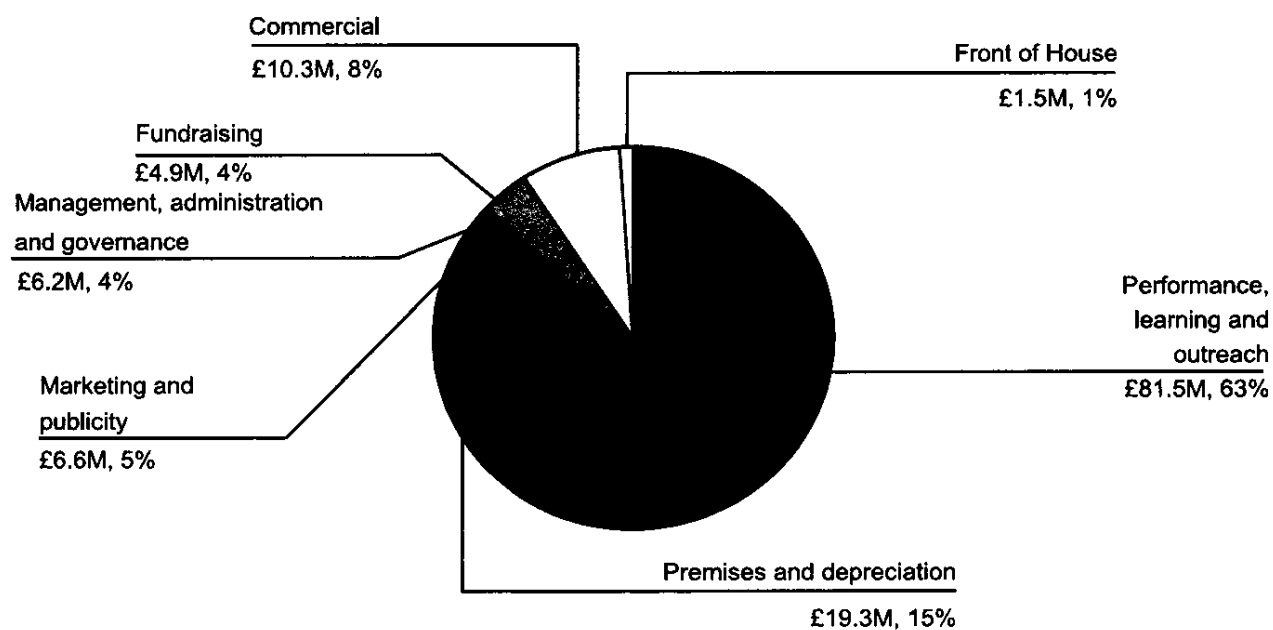
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INCOME 2017

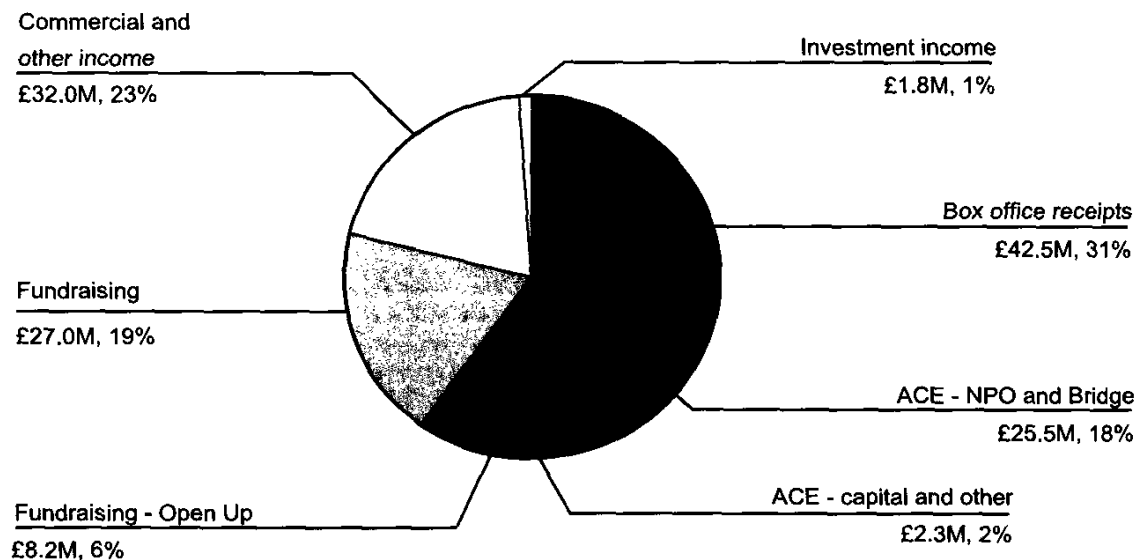


EXPENDITURE 2017

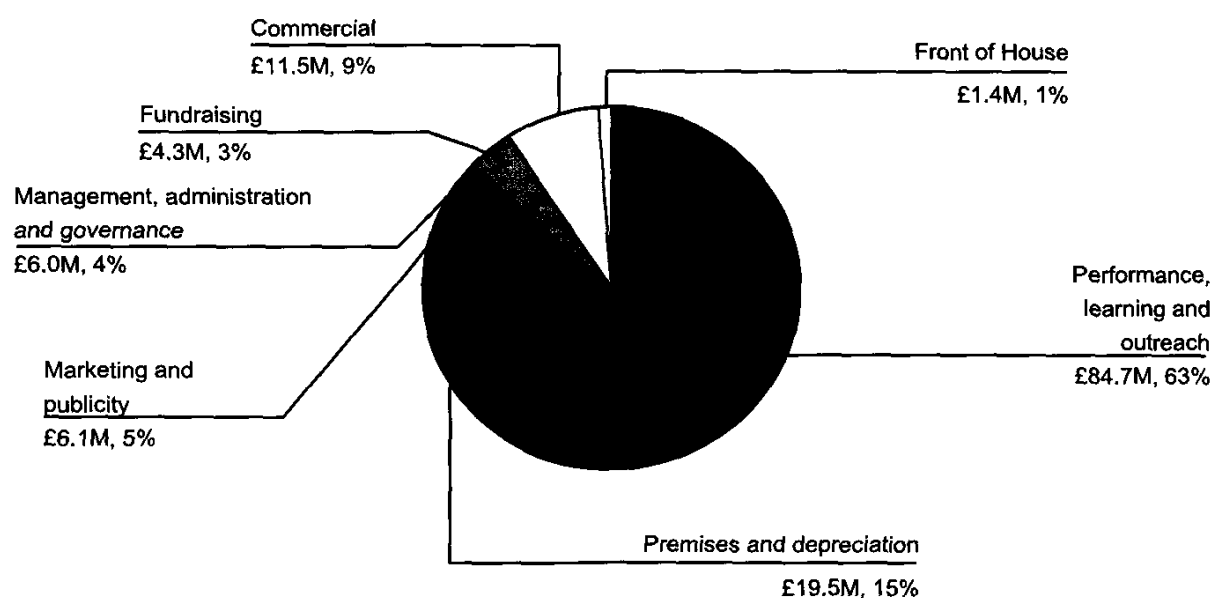


Total income £141.0m, including capital donations and funding of £15.9m. Total expenditure £130.3m, excluding capital expenditure. Figures exclude gains on investment and taxation.

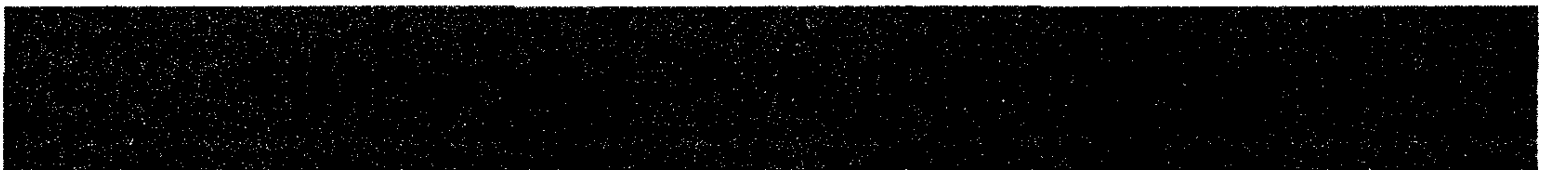
INCOME 2016



EXPENDITURE 2016



Total income £139.3m, including capital donations and funding of £10.2m. Total expenditure £133.6m, excluding capital expenditure. Figures exclude gains on investment and taxation.



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 27 August 2017.
The comparative period is the 52 week period ended 28 August 2016.

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

IAN TAYLOR *Chair*

**Welcome to the Royal Opera House Covent Garden Foundation (Limited by Guarantee)
2016/17 Annual Report.**

Change in an uncertain environment seems to be the over-riding theme for this year, not only for the Royal Opera House but more widely in our country and beyond. However, it is often in times of uncertainty that arts and culture flourish more than ever. It seems fitting, therefore, that our Open Up project, literally to open up our building for daytime audiences as well as our evening theatregoers, with a world-class second theatre, is well on the way to completion. This significant work has been entirely privately funded and our thanks go to those individuals and Trusts and Foundations who are making this transformation possible. We do look forward to seeing all the work completed, and the spaces used and enjoyed by existing and new audiences.

The success that the Royal Opera House has achieved in this past year, the 18th year of break-even results in succession and the second most successful box office in the past ten years, is all the more incredible set against a backdrop of continued austerity, the impact of the falling pound and the uncertainty surrounding Brexit. However, with a reduction in investment from Arts Council England over the next three years, and further financial pressures, we are facing extremely challenging times. Nevertheless our artistic ambitions remain as resolute as ever, and I am indebted to our performing companies for their continued commitment to producing work on stage at the highest levels. My thanks go also to our audiences, for their continued support for our work and for their patience during the inevitable disruption caused by the building work.

Beyond the Covent Garden building, we continue to connect people across the nation and further afield with the very best opera and ballet in the world through our ROH Live Cinema, now reaching more people than ever, and through our increased national programme of learning and participation.

None of this would be possible without the tremendous passion, dedication, talent and constant striving for the highest standards by each and every member of our staff. I would like to thank them for their invaluable contribution.

It's also with gratitude that I must, on behalf of the whole board, thank those individuals, Trusts, Foundations and corporate partners who care so much for us and our work. It is only with this support, together with investment from Arts Council England and DCMS which provides the bedrock for our creativity, that we are able to achieve all that we do.

Ian Taylor, Chair
20 February 2018

ALEX BEARD *Chief Executive*

In 2016/17 we saw a commitment to artistic renewal bear fruit, achieved further growth in our national presence, and presented an unrivalled breadth of work, all while making strong progress on our Open Up project. I would like to extend a huge thanks to everyone - our staff and audience members alike - for coping so well with the temporary inconveniences of a major construction project as we presented a full programme of world-class opera and ballet. Over the next year we will build on this momentum, transforming the experience we offer throughout the entire building: a complete renewal of the Amphitheatre foyer, bar and restaurant, a new winter garden on the terraces overlooking Covent Garden and a major refurbishment of the Clore Studio. These new facilities complement the work already underway towards our new world-class Linbury Theatre, welcoming new entrances and ground floor foyers and an extended programme of daytime activity to match. We aim to complete this programme of work in time for the start of the 2018/19 season.

The Royal Ballet enjoyed a remarkably successful Season with new work and revivals delighting audiences throughout the year. We celebrated the tenth anniversary of Wayne McGregor's appointment as Resident Choreographer of The Royal Ballet with dancers from the Alvin Ailey Dance Company joining ours to perform in his classic of contemporary ballet, *Chroma*, alongside revivals of *Multiverse* and *Carbon Life*. The award-winning *Woolf Works* returned to our stage in its first revival, firmly establishing its place at the heart of the Royal Ballet repertory.

Crystal Pite's first piece for the company, *Flight Pattern*, took the refugee crisis as its inspiration, and held audiences in rapt attention with the compassion and elegiac beauty of its choreography set to Górecki's hauntingly beautiful 3rd symphony. Artist in Residence Liam Scarlett's new commission *Symphonic Dances* proved a gloriously affecting swansong for Royal Ballet principal dancer Zenaïda Yanowsky as she took her final bows on the Covent Garden stage.

At the end of the Season, The Royal Ballet returned to Australia for the first time in 15 years with Christopher Wheeldon's *The Winter's Tale* and Wayne MacGregor's *Woolf Works*. Both were presented in a three-week residency in Brisbane together with a gala performance in Cairns, accompanied by an extensive learning and participation programme. We were delighted to showcase the company's commitment to new work and new audiences, alongside the artistry and athleticism of the dancers themselves. The whole experience set a new benchmark to which future international tours will aspire.

The Royal Opera's 2016/17 season began and ended with two extraordinary role debuts in two brilliantly successful new productions under the baton of our acclaimed Music Director Antonio Pappano: Sonia Yoncheva as Norma in Àlex Ollé's new production of Bellini's opera, and Jonas Kaufman as Verdi's Otello in Keith Warner's production. Both were landmark events internationally and clearly demonstrated the well-founded trust that Pappano enjoys from the world's leading singers in taking on new roles.

Throughout the year we welcomed many of the opera world's finest practitioners to our stage. Acclaimed Director Barrie Kosky made his debut with The Royal Opera with his wonderfully theatrical production of Shostakovich's absurdist opera *The Nose*. Soprano Renée Fleming returned to Covent Garden in Robert Carsen's compelling new production of *Der Rosenkavalier*. Kasper Holten and Pappano's collaboration on *Die Meistersinger von Nürnberg* was a fitting finale to their close partnership here over the last six years. Finally, celebrated British composer Thomas Adès's new opera *The Exterminating Angel* was an extraordinary achievement in both theatrecraft and music making.

Our work on stage was underpinned by extraordinary musicianship and commitment from the Orchestra of the Royal Opera House and the Royal Opera Chorus.

As the transformation of the Linbury Theatre continued, we forged new relationships with venues and audiences outside Covent Garden. Our co-production with the London Philharmonic Orchestra and Leicester's Curve Theatre took Ravi Shankar's *Sukanya* to Leicester, Birmingham Symphony Hall, The Lowry, Salford and London's Royal Festival Hall. Meanwhile, The Royal Opera's co-production with the Young Vic and the Isango Ensemble brought Jonny Steinberg's book *A Man of Good Hope* to the stage of the Young Vic theatre.

Beyond the stage, our national learning programmes *National Nutcracker*, *Create and Sing Carmen*, *Design Challenge* and *Fanfare* blended live and digital learning to bring ballet, opera, theatrecraft and composition to teachers and pupils across the country. More than 20,900 people enjoyed targeted programmes for schools, families and students. We continue to provide opportunities and experience to people of every age in numerous forms: through our Youth Opera Company, our many apprenticeships, and through ROH Bridge.

We also celebrated the tenth anniversary of our work in Thurrock. Over the decade, more than 60,000 people across Thurrock have participated in activities ranging from schools projects and teacher training, to work-based learning and fully-staged community operas. Our example has inspired further regeneration in the area, with plans in development to make Purfleet a cultural and artistic hub. As we roll out our Learning and Participation work to more and more locations across the country, Thurrock is a model of what we can achieve.

ROH Live Cinema beamed the best of opera and ballet around the world. In 2016/17, we broadcast to 459 cinema screens around the country, giving 430,000 people in the UK the opportunity to see a Royal Ballet or Royal Opera performance. Our international cinema relays played to another 41 countries, reaching a further 377,000 people. Two productions were shown on BBC television, 11 on other television channels and 14 on BBC Radio 3.

In addition to our broadcast achievements, social media engagement continues to grow and we now boast more than 326,000 Facebook fans, 178,000+ Twitter followers and a rapidly expanding following of 234,000+ on Instagram. We are the most subscribed to arts organisation in the world on Youtube, with 78.9+ million minutes of footage watched and we have also increased the streaming of our Insight programme of talks and masterclasses, with 727,000+ people viewing World Ballet Day Live.

The Royal Opera House is above all a remarkable group of people, committed to extending access to the very best of opera and ballet. I would like to pay tribute to all the staff and artists across the organisation for their continued dedication, professionalism and creative flair in this cause.

Alex Beard, Chief Executive
20 February 2018

Buttressed by many strongly defined supporting performances, this is a much-needed hit for Covent Garden, rapturously and deservedly acclaimed.

Forbes magazine

Rupert Christiansen: *The Daily Telegraph*



Who we are and what we do

Ballet and opera capture the deepest human emotions. We aim to share these unique artforms and their power to thrill, move and excite, with as many people as possible.

As The Royal Ballet, The Royal Opera and the Orchestra of the Royal Opera House, we bring together the world's most extraordinary ballet and opera artists in more than 500 performances every year. Our theatre is in Covent Garden but our work is experienced across the UK and globally, with 1.5m+ attending a performance in a theatre or cinema each year, and many millions more enjoying our work on radio, TV and online.

We constantly question and discover, re-imagining the great masterpieces of the past, and investing in new works, exceptional talent and innovative ideas. Our Learning and Participation programme opens up opportunities to almost 30,000 people each year, reaches many more through digital insights and resources, and enables families, schools and communities to access affordable performances.

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 ambition.

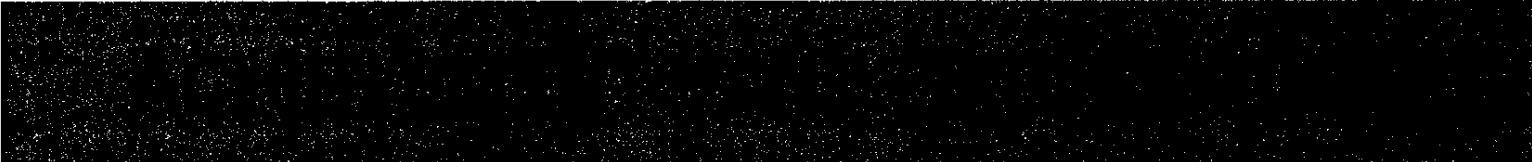
ROHThurrock10 was a fabulous event that all the pupils really enjoyed. It was a great opportunity for pupils to link their learning through ROH Trailblazer activities and workshops to the role of the ROH and the arts in the real world. It also enabled pupils to see the many wonderful opportunities that the arts provide as possible career choices.

Reported to: Local Birmingham Primary Academy

Our priorities

The Board and Executive team identified seven priorities for the period 2014/15 to 2016/17, devising action plans for each:

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



The overall ROH Plan was approved by the Board and shared with staff and with our principal funder Arts Council England. Over the coming pages we will expand what was delivered against each priority during 2016/17 and provide an overview of our Plan for 2017/18 to 2021/22.

THE REPERTORY

Renew the repertory of opera and ballet productions, working with the world's greatest artists and craftspeople to create transformational new work and to offer new insights from the historic canon to audiences today. There will be a strong emphasis throughout on innovation and experiment, encouraging debate on the future development of the art forms.

- The Royal Ballet presented 12 programmes in the main auditorium. The Company's identity remains rooted in great choreography, bringing together the grand traditions of 19th-century ballet with the Company's singular 20th-century heritage and contemporary canon of compelling new work. We celebrated ten years of Wayne McGregor's association with The Royal Ballet with the first revival of the Critics Circle and Olivier Award winning *Woolf Works*, the premiere of *Multiverse*, a studio programme of two works from two choreographers mentored by McGregor – Charlotte Edmonds and Robert Binet – and revivals of *Carbon Life* and, featuring dancers from Alvin Ailey Dance Company alongside Royal Ballet dancers, *Chroma*. Crystal Pite's Royal Ballet debut *Flight Pattern*, set to the first movement of Henryk Górecki's *Symphony of Sorrowful Songs*, was a deeply moving response to the refugee crisis. Liam Scarlett thrilled audiences with his choreography to Rachmaninov's *Symphonic Dances*, a dramatic swansong for Principal dancer Zenaïda Yanowsky. We also revived several works long absent from our stage, including Kenneth MacMillan's *Anastasia* and William Forsythe's *The Vertiginous Thrill of Exactitude*, while coaching from Viviana Durante and Leanne Benjamin and guest appearances from Alessandra Ferri and Mara Galeazzi provided a connection with the Company's past. Javier De Frutos directed and choreographed Philip Glass's setting of *Les Enfants Terribles* at the Barbican, while, at the Roundhouse, we revived our exuberant collaboration with hip-hop artists Zoonation *The Mad Hatter's Tea Party*.

William Forsythe's ferociously elegant quintet *The Vertiginous Thrill of Exactitude* got the show off to an exhilarating start. Debra Crane (The Times) sees The Royal Ballet make an historic visit to the UK City of Culture: Hull

- The Royal Opera presented 19 operas in the main auditorium, including seven new productions. The much-awaited UK premiere of Thomas Adès *Exterminating Angel* was performed to great acclaim, while George Benjamin and Martin Crimp's masterpiece *Written on Skin* received its first revival; both works were performed by an outstanding cast and conducted by the composer. The Season opened with Music Director Antonio Pappano conducting Àlex Ollé and Valentina Carrasco's new production of *Norma*, featuring a superb performance from Sonya Yoncheva in the title role. Other new productions brought together some of the world's best-loved directors and performers: Renée Fleming in Robert Carsen's thoughtful *Der Rosenkavalier*; Bryn Terfel in Kasper Holten's last production as Director of The Royal Opera, *Die Meistersinger von Nürnberg*; and Jonas Kaufmann in Keith Warner's dark and powerful staging of *Otello*. The Season also saw directorial debuts from Barrie Kosky, with a hugely inventive production of Shostakovich's *The Nose*, and Jan Philipp Gloger who directed a youthful and engaging *Così fan tutte*. WNO presented Iain Bell's moving response to World War One *In Parenthesis*. With the Linbury Studio Theatre closed, the Company collaborated with South Africa's Isango Ensemble at the Young Vic, presented the Jette Parker Young Artists' production of *Oreste* at Wilton's Music Hall and worked with the London Philharmonic Orchestra to tour Ravi Shankar's vibrant, colourful *Sukanya* to Leicester, Birmingham and Southbank Centre.
- Francesca Hayward, Reece Clarke and Zenaïda Yanowsky (*Elizabeth*) won Critics Circle National Dance Awards; Alexander Campbell, Tierney Heap, Laura Morera, Vadim Muntagirov and Will Tuckett (*Elizabeth*) were also nominated. *4.48 Psychosis* won an RPS Award as well as a UK Theatre Award 2016 'Achievement in Opera' for Contemporary opera. *Così fan tutte*, *4.48 Psychosis* and Renée Fleming (*Der Rosenkavalier*) were nominated for Olivier Awards. Other remarkable performances included Yasmine Naghdi (who was promoted to Principal Dancer), Vittorio Grigolo and Joyce DiDonato (*Werther*), Andris Nelsons (*Der Rosenkavalier*) and the Royal Opera Chorus and the Orchestra of the Royal Opera House, whose work continues to underpin our programme.
- We continued to identify and support artists and craftspeople with exceptional potential in relation to our core principles of excellence, theatricality and curiosity. From first encounters through to performances on a world stage, we want the people shaping, creating and performing ballet and opera to represent the UK, with a greater balance of disability, ethnicity, gender and socio-economic status. This has been reflected in new partnerships and in the development of several initiatives. With support from Oak Foundation, the Jette Parker Young Artists programme has been expanded to identify and nurture diversity among

opera performers. We also took part in Tonic Theatre's Advance programme, examining gender balance and, in particular, the barriers to progression among female conductors. The Aud Jebsen Young Dancers Programme and our relationship with Southbank Sinfonia and the Guildhall School of Music and Drama continue. Backstage, we welcomed our 50th apprentice. On the basis of this activity, Arts Council England increased our 'Creative Case for Diversity' rating from 'met' to 'strong'.

- To sustain the quantity and quality of productions, we interrogated our planning processes, developing new metrics to inform conversations about capacity and artistic planning.

THE PROGRAMME

Present an inspiring public programme of performances, events and workshops, created for and distributed widely through cinema, broadcast and other digital media as well as on our stages in a manner that is engaging, participatory and that supports and inspires learning.

- Twelve productions were relayed to more than 459 cinemas around the UK, attracting 430,000 UK and 377,000 global attendances. Three productions were relayed to BP Big Screens in 19 locations, one of which, *Turandot*, was live streamed, attracting 110,000 views; *The Nose* was also live streamed. Thirteen productions were broadcast on television and 14 on BBC Radio 3. Royal Opera House artists performed at West End Live in Trafalgar Square, our own Out Loud choral festival in Covent Garden Piazza and at the turning on of the Covent Garden Christmas Lights.
- Across cinemas and in Covent Garden, more than 130,000 enjoyed a performance of *The Nutcracker* last Christmas. The production was complemented by a BBC TWO documentary *Dancing The Nutcracker – Inside The Royal Ballet*, broadcast on Christmas Day, attracting 1m viewers. In its second year, the National Nutcracker programme blended live and digital learning to give primary school children in Lincolnshire, North Devon, Kent, Cambridgeshire, Yorkshire, County Durham, Northumberland and Middlesex opportunities to experience and learn about ballet, see the production in their local cinema, and create their own response.
- 29,800 people took part in Learning and Participation projects; numbers have doubled since 2014/15. In addition to the roll-out of the National Nutcracker project, a new national dramatic singing programme, Create and Sing Carmen, was piloted. The Fanfare (composition) and Design Challenge programmes were also extended to enable greater national reach. We continued to support young people with exceptional potential, celebrating 25 years of Chance to Dance (currently in Lambeth, Southwark and Thurrock) and showcasing our Youth Opera Company in the online film *Watcher in the Wings*.

The hottest ticket this year is indubitably Jonas Kaufmann's debut as Otello in Covent Garden's new production by Keith Warner. Kaufmann traces Otello's slow crucifixion and vertiginous descent into paranoia and suspicion with growing conviction, unleashing a darker deeper timbre. Almost too conflicted at the outset, his performance blooms gradually. As always, Pappano's contribution in the pit is a thing of wonder, with no detail too trifling to be given full weight in his masterful sweep of the whole.

Cara Chanteau: The Independent

RELATIONSHIPS

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

It has been life changing for me. It's an amazing opportunity to learn and perform music to the best of your ability, through the work of first-class practitioners and musicians. The belief that is placed in us, and the pride we feel of being associated with the ROH has enabled us to achieve levels which I would not have thought possible. There's a fantastic sense of belonging, family and community in the chorus and I've made strong friendships. We all support each other.

Rebecca, soprano, English Opera House, Covent Garden

- We attracted 670,500 attendances of 326 performances in our Covent Garden theatre, achieving 95% occupancy. In Covent Garden, 31% of main auditorium tickets were priced at £30 or less, 38% were priced at £40 or less and 47% at £50 or less. There were 430,000 attendances in 459 UK cinemas, with everyone in the UK able to access a screening within 30 miles. A further 377,000 people attended screenings in 41 overseas countries.
- A combined audience of 6,791 attended four whole-theatre and two amphitheatre performances for newcomers, complemented by demonstrations and workshops. We worked with health and community groups to broaden engagement including Depression Alliance, Kentish Town Health Centre, Mousetrap projects and Creative People and Places projects. Of those who attended a 'Welcome Performance' of *Giselle*, 71% cited financial reasons for never having previously attended. 'Welcome Back' events were piloted to promote continued attendance and which enabled attendees to experience another art form. We also gave a 'relaxed' performance of *The Mad Hatter's Tea Party* for people with autism and other sensory issues, and piloted a new strand of work with refugees.
- Six Schools Matinees attracted 10,431 pupils and teachers, with 19% of attendances coming from schools with above-average pupil premium levels, and 64% coming from outside the M25. As discussed above, national learning programmes were rolled out in different parts of the country. Alongside these, we provided continuing professional development for 1,718 teachers, equipping them with the skills and practical tools to inspire their students about ballet, opera and theatre craft.
- The number of students registered with us grew to 20,920, with a further 13,600 graduates registered. In addition to amphitheatre evenings and offers, a dedicated performance of *The Nose* for students was supported through immersive and interactive performances, talks and workshops.
- We made significant progress with our plans to 'Open Up' our building. Alongside the ongoing construction work in front of house spaces and the Linbury Studio Theatre, we made significant steps in defining the visitor experience and public programme for the new spaces, and in developing financial, operating and communications plans to support these. We are grateful to the small group of committed supporters who have enabled the project to take place. Detailed planning and careful communication with staff and audiences enabled us to maintain a full programme of main stage performances and rehearsals.

INVOLVEMENT

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

So really to sum up the last two years I would say it has been a rollercoaster of emotions, tons of challenges and sometimes very steep learning curves, but also I've had the chance to work with some of the best in the business, on some of the newest and biggest shows and some of the oldest and most prestigious. I think the Royal Opera House is the perfect example of how apprenticeships can be good as, and even better than going to university.

As a result of this work, we have achieved the following:

- A wide range of Insight adult learning events were produced, with many streamed online. In conjunction with international partners and UK ballet companies we presented another World Ballet Day, this year delivered through Facebook Live, attracting more than 727,000 live views and 823,378 follow-up views during the subsequent six months. A new virtual reality experience brought performers into the heart of the Chorus during a rehearsal for *Nabucco*. A total of 79 million minutes of content were viewed on YouTube across the year.
- Social media activity grows year on year, increasing our ability to engage audiences, gather feedback and deepen relationships. Facebook 'likes' rose to 325,972, Twitter followers to 178,119 and Instagram followers to 234,616.
- More than 24,000 Friends as well as 484 Patrons made membership contributions in support of the Royal Opera House. An Annual Fund and Young Philanthropists programme were also piloted.
- Marketing, communications, film and digital teams were brought together in one Audiences and Media division, tasked with taking a holistic approach to understanding and growing all audiences, deepening engagement and, crucially, maximising revenue.

CULTURE

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

- Partnership played an important role in enabling us to deliver our artistic programme and place our work in a broader cultural context. With the Linbury closed, we worked with the Roundhouse, Young Vic, Barbican, Southbank Centre and Leicester Curve, seizing the opportunity to connect with different audiences and learn from others' ways of working. We took part in installations and events at the Wellcome Collection and the Roundhouse and made plans for our involvement in the exhibition *Opera: Power, Passion and Politics* at the V&A and for a landmark performance by The Royal Ballet, complemented by a major participatory project, as part of Hull City of Culture.
- We developed new relationships within communities around the UK, focusing on places with little existing ballet or opera provision. The Learning and Participation team worked with Bridges, Music Hubs and local organisations to deliver taster teaching training, embed national learning programmes and piloted community workshops and screenings. We celebrated a decade of the Royal Opera House in Thurrock with three days of workshops and events. The Trailblazer programme, supported by Thurrock Borough Council, continued to connect local schools with opportunities to take part in the arts, resulting in 75% of the borough's schools taking part in the ArtsMark scheme. Through ROH Bridge we nurtured Local Cultural Education Partnerships in Medway, Thurrock, Colchester, Luton and Bedford and supported the development of the cultural infrastructure for children and young people across Essex, North Kent, Hertfordshire and Bedfordshire.
- We partnered Alexander Whitley Dance Company, Fallen Angels Dance Theatre, Fuel and Oedipe, Revelation Ashford and Dance Woking through ROH Links, a bespoke programme that helps people and projects to thrive by drawing on the skills, expertise and perspectives of people working at the Royal Opera House, and by encouraging wider networking. The Links programme was extended to include a day of panel discussions about resilience, attended by 30 organisations. In addition, working with Opera North, we brought the opera sector together to explore the concept of creative diversity. ROH Bridge held a further, well-attended conference at Chatham Historic Dockyards.
- From the Opera Europa, Dance UK and Remix conferences, to specialist forums such as the Institute of Fundraising and Association of Chartered Physiotherapists in Sports Medicine, and on our Medium blog, staff shared a huge range of learnings. We also played an active role in What Next? and the Creative Industries Federation, advocating for public funding for arts and culture to be sustained and for the distinct needs of cultural organisations to be understood during Brexit negotiations. Royal Opera House staff sat on the Boards of 30 different cultural organisations.
- The Royal Ballet made a well-received visit to Australia, performing *The Winter's Tale* and *Wolf Works*, complemented by a learning and participation programme and an exhibition. Overseas cinema attendances remained stable, attracting around 377,000 attendances in 41 countries and we entered into a new partnership with Picturehouse. In China, we were a lead partner in the Sino-UK Performing Arts Skills Exchange programme, supported by Arts Council England, the British Council, China's Ministry of Culture and the China National Arts Fund to enrich cultural exchange and share skills to enable productive working relationships.

PEOPLE

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

The opportunity to work in an environment which is practical and artistic, collaborating with a variety of people from different departments and working on a range of different productions are just a few of the points that have made my time working at the ROH a joy.

Barbara, General Services, Royal Opera House

- **A training programme for all Royal Opera House managers was designed and rolled out across the organisation. We also continued to build staff engagement activity, conducting a full staff survey and agreeing action plans in response to the issues raised.**
- **We want the Royal Opera House to be a diverse and inclusive place to work and so, last year, we introduced anonymous shortlisting, recruited from a wider range of sources and updated the information available to potential employees. Working with the National Theatre and Southbank Centre, we piloted a new management training programme for BAME and disabled employees.**
- **The need to embed appropriate safety culture and practices was heightened by the Construction (Design and Management) Guidelines 2015 (CDM) and by several high-profile legal cases in the creative industries. The build area was improved, hard hats were made mandatory during all activity involving working at height, and we explored how health and safety culture could be improved across the organisation. Noise was regularly monitored and reviewed, and a drugs and alcohol policy was implemented.**
- **At The Royal Opera, Kasper Holten's return to Copenhagen saw the appointment of Oliver Mears as Director of Opera. William Spaulding became Chorus Director and Richard Hetherington became Head of Music. Succession plans were devised for all Executive and Board roles.**

LEGACY

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

Kosky and his design team, however, come up with enough visual invention to keep you happy for a couple of outlandishly colourful hours. A ballet of 11 tap-dancing noses - even if not envisaged by the composer - proves an unforgettable image. But everybody has a ball in this fast and furious entertainment - and wisely sung in a clever English translation courtesy of David Pountney.

Colin Harte, The Guardian

- We replaced back-of-house lighting with LEDs and made upgrades to heating, ventilation and air conditioning. These projects marked the conclusion of a programme of urgent upgrades to technical equipment and technology, funded by an Arts Council England Capital grant programme. With this funding at an end, and with various equipment reaching the end of its useful life (as evidenced by get-in lift and stage compensator failures), we are developing a future capital, technology and estates plan.
- Energy use dropped 4.2% and we were awarded a four-star Creative Green rating by Julie's Bicycle.
- Acquisitions, management and public engagement policies were developed for the ROH Collections.
- For the 18th successive year we achieved an overall balanced financial result on the unrestricted general funds, generating £4 for every pound invested by Arts Council England, excluding donations for the Open Up project. Revenue fundraising generated £26.3m and we achieved £43m at the Box Office. This was the third year in which we were able to claim Theatre Tax Credit; amid a backdrop of reduced public funding for arts and culture, this new revenue stream has played a crucial role in enabling us to realise our ambition to enrich the range of work we present, bring new creative voices to the fore, maintain accessible pricing, while extending reach, supporting emerging artists (with increased emphasis on combatting barriers to inclusion) and expanding digital leadership.

FUTURE PLANS

The Board and Executive team have refreshed the ROH Plan for 2017–22. The forward plan is rooted in our aim for many more people to enjoy and engage in exceptional ballet and opera, and in three core principles:

1. Excellence: We bring together the arts at their best – music, dance, theatre – to craft thrilling, moving, experiences that transport you to other worlds
2. Theatricality: The spirit of theatre runs deep in our veins, on stage, backstage, online, at workshops, events and performances
3. Curiosity: We question, we discover, we-reimagine, we perform; and we empower others to do the same

Over the course of the Plan we will:

STRENGTHEN EXCELLENCE

Consistently reflect today's best people and ideas, attracting audiences more representative of the UK.

To achieve this, we plan to:

- Develop exciting, deliverable programming that reflects our artistic identity and balances audiences, capacity and financial imperatives;
- *Reopen the Linbury Theatre with cohesive programming, grounded in quality, innovation and collaboration;*
- Nurture astonishing, diverse artists, working with partners to make the talent pipeline more inclusive;
- Expand opportunity, by inspiring and equipping schools to get more young people creating, performing and critiquing.

OPEN UP

Welcome many more people into the heart of ballet and opera so they feel they belong and want to deepen their involvement.

To achieve this, we plan to:

- Enhance and animate front of house spaces with displays, performances, activities and improved visitor services;
- Expand cinema and digital participation around the UK, extending and deepening involvement and testing new technologies;
- Participate in high-impact national events placing ballet and opera at the heart of the nation's cultural life;
- Refresh our brand identity and reflect it consistently through our performances, projects, buildings and content;
- Improve our understanding of audiences and use data and feedback to inform programming and services.

ENSURE FINANCIAL RESILIENCE

Improve how we use our resources and grow income to ensure a healthy organisation through very challenging times.

To achieve this, we plan to:

- Grow earned income by better understanding our customers and seizing commercial opportunities;
- Lay foundations for future philanthropy by growing our Endowment and nurturing future philanthropists;
- Make permanent cost savings through efficiency reviews and automation;
- *Futureproof our theatre by investing in a phased programme of building and machinery/equipment upgrades;*
- Optimise our use of technology to reduce cost and increase capacity and generate revenues.

BE A GREAT PLACE TO WORK

Make working here safe, inclusive and productive.

To achieve this, we plan to:

- Improve safety, updating our culture, processes and behaviours to ensure staff health and well-being;
- Embed ROH values and behaviours setting clear standards so that the ROH is inclusive, fair and safe for all staff and visitors;
- Streamline how we plan and produce so that the pathway from 'great idea' to curtain up' is more efficient;
- Support staff to learn, develop and share, including by equipping managers to manage well;
- Develop a resource plan for the future to ensure that we will have skilled, diverse people working within a manageable capacity.

Risk Management

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

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

During the year, there have been three major reviews of risk at the Audit and Risk Committee, of both progress on operational risk and full discussion of strategic risks. The governance and management of risk is divided between **Strategic risk** (managed directly by the senior executive team) and **Operational risk**. Operational risk is reviewed and updated by the Operational Risk Group which meets quarterly and operates under clear terms of reference. The membership of the Operational Risk Group is made up of senior managers from across the Royal Opera House with representation from Technical, Finance, Business Affairs, Facilities, Human Resources, Information Technology, Health and Safety and the Opera and Ballet Companies. The Director of Finance attends the Operational Risk Group meetings and a regular report is produced and discussed with the senior executive.

At its annual review of risk management, the Board discussed the strategic risks and assured themselves of the adequacy of controls and mitigations in place. These are listed below:

Strategic Risks

1. **Health, safety and security:** The inherent risks involved 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. Mitigated through a robust management and governance structure for safety issues, staff training and awareness raising, investigation of near misses and incidents, and by drawing on specialist external support as required.
2. **Position of opera and ballet in society:** The risk that opera and ballet cease to hold both meaning and value in society, either because the sector has failed to make its work sufficiently appealing, relevant and accessible and/or through the decreasing emphasis on arts subjects within the school curriculum. Mitigated through presentation of an outstanding 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 artists, workforce and audiences, and through collaborations that strengthen the wider sector.
3. **Organisational capacity:** Failure to marry our increased organizational and artistic ambitions with sufficiently robust structures, planning systems and decision making structures. Mitigated by alignment of objectives, rigorous planning processes, integrated change planning (including for Open Up) and reviews of processes.
4. **Open Up delivery and impact:** Failure to implement the project, anticipate and manage its impact, deliver a realistic operating model for the new building and deliver the culture change required to maximise the full potential of the capital investment. Mitigated through strong project governance, a Visitor Experience programme, extensive staff and audience engagement with the project, and programme and resource planning for the period beyond reopening.
5. **Financial sustainability:** Inability to sustain the programme due to a drop in any income stream (Box Office, fundraising, Arts Council, commercial) caused by reputational issues, drop in public appetite, economic downturn or other political/social factors, or through poor planning and/or cost control. Mitigated through a clear planning methodology and three-year budget cycle, evaluation of processes and expenditure, capital and estates planning, robust pricing strategy and customer relationship management, informed and effective fundraising strategy, and strong stakeholder relations.
6. **Reputation of ROH:** Perceived drop in the quality and relevance of artistic output, health and safety/security failure, or association with an individual or organisation whose reputation becomes damaged, impacting all income streams and our ability to attract talent. Mitigated by high artistic standards, clear processes for sharing production concepts, advocacy activity, and through best practice in health and safety, customer care and fundraising.

7. Sufficiently skilled and committed staff and artists: Inability to recruit and retain the people we need to deliver a high quality programme owing to insufficient/inadequate training pathways, inability to pay competitive fees and salaries, reputational concerns or organisational capacity issues. Mitigated by a range of talent development initiatives, creative and workforce diversity strategies, fair pay and internal communications.

Finance and Governance

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

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

The ROH's business plan includes a set of key performance indicators (KPIs), agreed with the Executive team and Board of Trustees. Linked to a detailed action tracker, these include: the level of new work being generated; public engagement across performances, digital activity and learning and participation initiatives; diversity of audiences, participants, staff and artists; results against budget; and environmental performance. Performance against the KPIs is reviewed in detail at the end of each year. Progress with the action tracker is reviewed by the full Executive team every 3-4 months. During 2016/17, two-thirds of the numbers specified within the KPIs were either achieved or over-achieved (in some by a significant margin), and good progress was made with all areas of the strategy.

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 £24.8m (*52 week period ended 28 August 2016: £24.8m*) was received from Arts Council England, representing 23% of total (unrestricted) income (*52 week period ended 28 August 2016: 22%*). 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. Total funding of up to £2.2m has been provided over three years, of which £0.7m was received in the current year (*52 week period ended 28 August 2016: £0.7m*). The Royal Opera House also received grants totalling £0.9m from Arts Council England (*52 week period ended 28 August 2016: £2m*) for capital projects and a further £0.2m (*52 week period ended 28 August 2016: £0.3m*) for industry professional development and skills exchange between the UK and China.

An overall balanced financial result on the unrestricted general funds has been achieved for the 18th successive year. This has been achieved through careful financial stewardship: managing the Arts Council grant with carefully considered box office pricing, commercial activities, sustained levels of fundraising income and targeted efficiencies and cost reductions through procurement and tendering activity, within the overall contingency set for the year.

Fundraising income targets of £26m (*52 week period ended 28 August 2016: £26.9m*) were set against fundraising activities in the development department for the period and these were met with funds raised of £26.3m (*52 week period ended 28 August 2016: £27m*).

For our Open Up capital project, there is an overall fundraising target of £50.5m. As of 27 August 2017, funding commitments of £50.5m (*28 August 2016 £50.5m*) have been pledged.

Our trading subsidiary, Royal Opera House Enterprises Limited, recorded a profit before tax of £4.5m for the 52 week period ended 27 August 2017 (*52 week period ended 28 August 2016: £4.9m*). This decrease in operating profit is attributable to reduced profits from our catering, retail and venue hire activities, which were impacted by the Open Up building works. This was anticipated in our planning for the capital project, and actual results were better than our original expectations.

The overall result for the group unrestricted general funds and unrestricted funds retained within a non-charitable subsidiary was an increase of the funds of £0.2m (*52 week period ended 28 August 2016: £0.7m*) after transfers from Restricted funds of £18.9m (*52 week period ended 28 August 2016: £11.4m*) and net transfers to Unrestricted Designated funds of £13.3m (*52 week period ended 28 August 2016: £6.9m*).

At 27 August 2017 unrestricted funds were £206.4m (28 August 2016: £192.9m) before Unrestricted pension reserve deficit of £23.1m (28 August 2016: £35.7m). There is £200.6m (28 August 2016: £187.3m) held in Unrestricted Designated funds and a further £1.5m (28 August 2016: £1.5m) held in Unrestricted Revaluation funds.

At the end of the period Restricted fund balances were £20.6m (28 August 2016: £22.8m). For further details refer to Note 25. At the end of period the Endowment fund balance of £39.1m (28 August 2016: £38.2m) 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 £33.2m (28 August 2016: £36.7m), including advance bookings of £10.2m, as well as cash required to meet the charity's working capital requirements and reserves.

Reserves

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

- Fixed Asset and Heritage Asset funds equivalent to the tangible and intangible fixed assets owned by the charity, plus the current anticipated excess of capital expenditure over depreciation in the next season.
- Designated Future Project Fund. This fund comprises specific amounts put aside for future activity, which includes a fund of £3.5m (28 August 2016: £3.5m) toward the planned artistic activity in future seasons.

The level of free reserves (represented by the Unrestricted General fund) at 27 August 2017 of £4.3m (52 week period ended 28 August 2016: £0.8m) equates to only 3.9% of total unrestricted incoming resources. The Trustees agree that a higher level of reserves is desirable, and it remains a medium to long term objective to build free reserves. A target level of free reserves of nearer £6m would protect against a major downturn in box office and fundraising, however it is acknowledged that building free reserves over the next two to three years will be a challenging task.

The total funds held at 27 August 2017 was £243m (28 August 2016: £218.2m). The designated Future Projects Fund is likely to be spent in the next two to three years, in line with our forward planning assumptions.

The financial strategy is to budget for a minimum £2.5m contingency in annual budgets, while building designated funds for specific future, longer term planning. In the current environment trustees are content that, while not ideal, these levels of reserves are adequate for future planning.

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

Pension scheme

In line with the requirements of FRS 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 difference between contributions paid and the cost / (credit) in profit or loss charged to the statement of financial activities in accordance with FRS 102 was an expense of £0.1m (52 week period ended 28 August 2016: £1.4m) (refer to note 29 of the financial statements). The actuarial gain, net of actual return less interests on plan assets for the period was £12.6m (52 week period ended 28 August 2016: loss of £17.3m). The gross pension liability at the period end was £23.1m (28 August 2016: £35.7m), with the decrease from the prior period driven by the increase in the discount and inflation rates used, a change in the post-retirement mortality assumption and 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 crystallize in the short or medium term.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest funds not immediately required for its purposes in such investments, securities or property as may be considered appropriate by the Trustees. Aside from balances held with the Royal Opera House bankers, Coutts & Co. monies are only invested in funds that are regulated by the FSA.

The Trustees of the Royal Opera House Endowment Fund 2000 have no restrictions on their investment powers and are permitted to invest and reinvest the Trust Fund, providing the objectives and purposes of the charitable fund are met, and subject to such consents as may be required by law.

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

- Generate investment income to maximize the grant income available to support the Royal Opera House Covent Garden Foundation;
- Deliver capital growth, as well as income, to maintain the real value of investments for future years;

To achieve the above objectives the Trustees have set the investment benchmark of a blended return of RPI +4% on a rolling basis, (net income 3% and capital return of RPI+1%).

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 5.13% for the year ended 27 August 2017 (*year ended 28 August 2016: 16.8%*). The return for 2017 fell short of the blended target of RPI plus 4% (7.9%). Investments with Stonehage Fleming Investment Management Limited which are long term in nature are being progressively wound down. Troy investments' capital gain was only 0.4% this year with a total return achieved of 4.24%. Newton investments' return came close to the target (7.7%).

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.

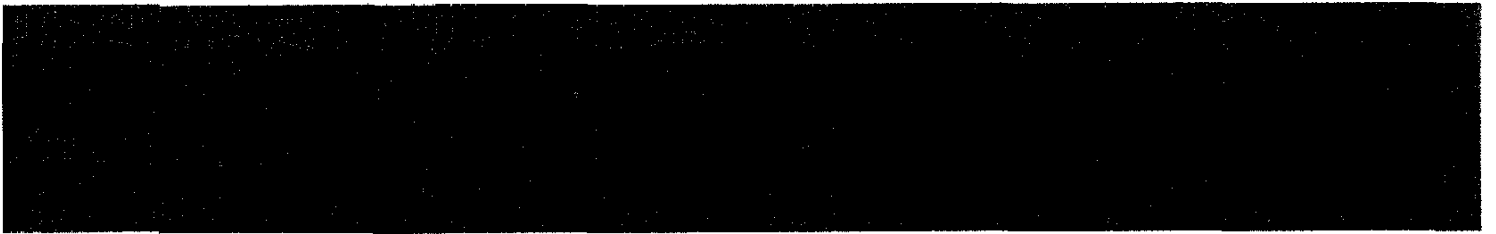
Price risk: Payroll costs represent 44% of total expenditure for the Royal Opera House and higher levels of inflation represent a risk as 19% of the total income for the Royal Opera House group comes from Arts Council England, which has decreased for the past three years and will decrease further from April 2018. The Royal Opera House has freedom over its ticket pricing, and box office income represents 30% 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 has one loan with an outstanding loan balance for the year ended 27 August 2017 of £1.48m. Risk on repayment of loans is low as the annual loan payment is 0.1% of total income and the property for which the loan was secured is mortgaged against the loan.

Going Concern

The charity substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will match expenditure (in the unrestricted general fund). The financial statements are drawn up on a going concern basis. In making this assessment the trustees have considered the changes in Arts Council England funding, including the 3% cut from April 2018 for the next year NPO funding period. The Trustees believe that despite this drop in funding the group will continue in operational existence for the foreseeable future, and based on future forecasts prepared to August 2019, be in a position to continue to meet its liabilities as they fall due for at least 12 months from signing these financial statements.



Directors and Trustees

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

Ian Taylor (Chairman)
Lady Heywood (Deputy Chairman and Senior Independent director)
Tim Bunting (*appointed 3 October 2017*)
Kirstine Cooper
Dr Genevieve Davies
Lloyd Dorfman *cbe*
Dame Vivien Duffield
Hamish Forsyth (*appointed 3 October 2017*)
Sue Hoyle *cbe* (*appointed 28 August 2017*)
Sir Nicholas Hytner
Sir John Kingman
Julian Metherell
Munira Mirza
Paul Morrell *cbe*
Dame Heather Rabbatts (*retired 27 August 2017*)
Roland Rudd (*retired 27 August 2017*)
Laura Wade-Gery
Roger Wright *cbe* (*appointed 28 August 2017*)
Danny Wyler

Chief Executive

Alex Beard *cbe*

Company Secretary

Fiona Le Roy

Governing Document

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

Charitable objects

Our charitable objects, as stated in the Royal Opera House governing document, are:

to promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, to raise the artistic taste of the country, and to procure and increase the appreciation and understanding of the musical art in all its forms. The achievement of our aims as listed in the pages above (p9-p21) 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.

Appointment of Trustees

Trustees are appointed for an initial term of up to four years. Trustees are self-appointing with new Trustees being elected at Board meetings, to be ratified at the next following Annual General Meeting of the Company. On the expiry of such initial term they may be re-appointed for a second term of four years. Where the Trustees consider there are exceptional circumstances, Trustees may be re-appointed for a third and final term of up to four years. The Trustees appoint a Chair for a term of five years or less and on expiry of such term he or she may be re-appointed for a second term of three years or fewer by approval of the Trustees provided that on expiry of such second term he or she shall, unless the Trustees otherwise exceptionally determine, retire from office. The People and Organisation 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 and Learning and Participation, 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 Lady Heywood, Sir Nicholas Hytner, Sir John Kingman, Ian Taylor from 4 October 2016, Laura Wade-Gery from 4 October 2016 and Danny Wyler. Alex Beard, Sally O'Neill (Chief Operating Officer) until 12 December 2017, and Mindy Kilby (Director of Finance) 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 Lloyd Dorfman from 4 October 2016, Sir Nicholas Hytner, Sir John Kingman, Julian Metherell, Ian Taylor from 4 October 2016, Laura Wade-Gery from 4 October 2016 and Danny Wyler. Alex Beard, Sally O'Neill (Chief Operating Officer) until 12 December 2017, and Mindy Kilby (Director of Finance) report to all meetings. The committee is responsible for reviewing and assessing the balance, integrity and transparency of financial information, the adequacy of financial planning, budgeting and forecasting, and the Royal Opera House's annual financial statements. It makes recommendations to the Board on major capital expenditure and revenue contracts and on the overall framework for delegated financial authority in the Royal Opera House.

Development: Ian Taylor chairs this committee. Other members are Ian Andrews, Roger Barron, Sue Butcher, The Countess of Chichester, Meyrick Cox, Dr Genevieve Davies, David Hancock, Simon Holden, Martin Houston, Robert Kalff from 15 May 2017, Sophie Lecoq, Viscount Linley, Thomas Lynch, Bernard and Genevieve Mensah, Julian Metherell, Sir Simon Robertson, Sir Simon Robey, Kristina Rogge, Dame Gail Ronson, John Singer from 28 August 2017, The Earl of Snowdon, Natasha Tsukanova, Danny Wyler 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.

Ethics: Ian Taylor chairs this committee. Other members are Alex Beard, Kirstine Cooper, Lady Heywood, Amanda Saunders and Lucy Sinclair. The committee supports the organisation around the ethical acceptance/rejection of sponsorship, donations and membership. This includes making decisions, 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: Munira Mirza chairs this committee. Other members are Alex Beard, Hilary Carty, Dame Vivien Duffield, Jane Ellison from 1 September 2016, David Hall, Richard Hallam from 4 July 2017, Anne McElvoy, Dame Theresa Sackler from 1 September 2016, Ian Taylor and Dr Susan Tranter. 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.

People and Organisation Committee (formerly Nominations Committee and Remuneration Committee): Ian Taylor chairs this committee. Other members are Dame Vivien Duffield from 4 October 2016, Lady Heywood, Julian Metherell, Munira Mirza. Alex Beard also attends these meetings. The committee nominates appointees to the Board and other Senior Executives for approval by the Board. It may co-opt additional members where particular expertise is required and a particular role is under consideration. Under the chairmanship of the Senior Independent Director, the committee will also propose candidates for the Chairmanship of the Board. The committee is also responsible for the continuous review of Board membership to ensure that a proper balance of skills, experience and diversity is maintained. 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 Chief Operating Officer. The Committee consider the Chief Executive, Music Director, Director of the Royal Ballet, Director of Opera and the Chief Operating Officer 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.

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

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

Caroline Bailey, Director of Marketing (*left 16 December 2016*)
Jillian Barker, Director of Learning and Participation
Heather Baxter, Administrative Director, The Royal Ballet
Alex Beard, Chief Executive
Melanie Crompton, Orchestra Administrative Director (*started 4 December 2017*)
Jane Crowther, Director of Human Resources
Mark Dakin, Technical Director
John Fulljames, Associate Director of Opera (*left 1 September 2017*)
Lindsey Glen, Head of Policy and Strategy
Kasper Holten, Director of Opera (*left 11 March 2017*)
Peter Katona, Director of Casting
Mindy Kilby, Director of Finance
Joe McFadden, Chief Technology Officer
Oliver Mears, Director of Opera (*started 30 January 2017*)
Christopher Millard, Director of Press and Communications (*left 16 December 2016*)
Sally Mitchell, Orchestra Administrative Director (*left 31 January 2018*)
Kevin O'Hare, Director, The Royal Ballet
Sally O'Neill, Chief Operating Officer (*left 12 December 2017*)
Antonio Pappano, Music Director
Hazel Province, Director of Planning
Amanda Saunders, Director of Development and Enterprises
Cormac Simms, Administrative Director, The Royal Opera
Lucy Sinclair, Director of Audiences and Media
Heather Walker, Project Director – Visitor Experience
Sarah Younger, Open Up Project Director

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

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

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

Ambassadors

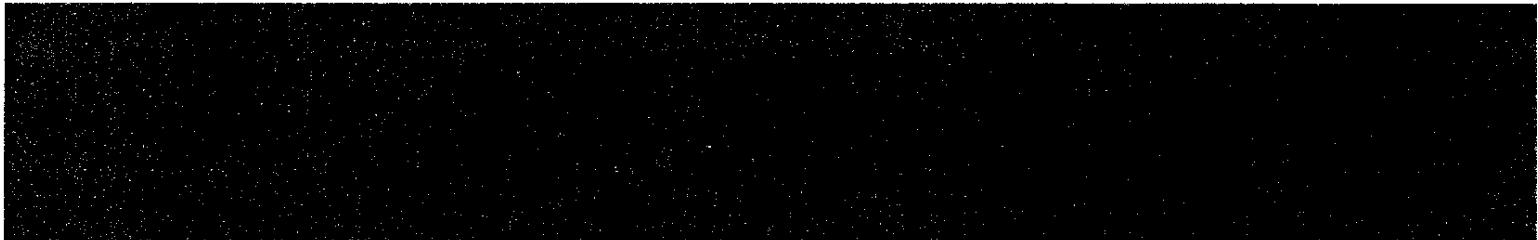
The Countess of Chichester
Dame Gail Ronson *dbc*

The Board of the Royal Opera House Endowment Fund

Dame Vivien Duffield Chair, Sir David Lees, Sir Stuart Lipton, Julian Metherell, Sir Simon Robertson, Sir Simon Robey (from 20 October 2016), Baroness Shackleton of Belgravia, Peter Troughton *CBE*

Board of Honorary Directors

Ian Taylor Chair	Anna and Moshe Kantor
The Countess of Chichester Honorary Vice Chair	Alfiya and Timur Kuanyshev
Dame Gail Ronson Honorary Vice Chair	Lord and Lady Laidlaw
Gregory and Regina Annenberg Weingarten	Bertrand and Elisabeth Meunier
Lady Ashcroft	Marit Mohn
Mr and Mrs Baha Bassatne	Mrs Susan A Olde <i>OBE</i>
Celia Blakey	Stefan Sten Olsson
BP International – Peter Mather	Jette and Alan Parker
Tim and Sarah Bunting	Natalie Parker
Coutts & Co. – Michael Morley	Mrs Clarissa Pierburg
Dr Peter and Fiona Cruddas	Hans and Julia Rausing
Dr Genevieve Davies	Yvonne and Bjarne Rieber
Deloitte – David Sproul	Sir Simon and Lady Robertson
Lloyd Dorfman <i>CBE</i>	Sir Simon and Lady Robey
Dame Vivien Duffield	Rolex – Arnaud Boetsch
Aline Foriel-Destezet	Dame Theresa Sackler
Hamish and Sophie Forsyth	Mrs Lily Safra
Kenneth and Susan Green	Lord and Lady Sainsbury of Preston
Jane Hamlyn	Candover
David Hancock	Ian and Tina Taylor
Linda and Philip Harley	Lindsay and Sarah Tomlinson
Dr Catherine Høgel	Tsukanov Family
Aud Jebsen	Van Cleef & Arpels – Geoffroy Medinger
	Dr and Mrs Michael West



Charity number
211775

Company number
480523

PRINCIPAL OFFICE
Royal Opera House
Covent Garden
London WC2E 9DD

AUDITORS
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30 Finsbury Square
London EC2P 2YU

BANKERS
Coutts & Co.
440 Strand
London WC2R 0QS

**INVESTMENT
ADVISORS**
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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

ACTUARIES
*(to the Royal Opera House
Pension Scheme)*
Lane Clark & Peacock LLP
95 Wigmore Street
London W1U 1DQ

INTERNAL AUDITORS
RSM UK Group LLP
6th floor
25 Farringdon Street
London EC4A 4AB



Supported using public funding by
**ARTS COUNCIL
ENGLAND**

Group entities

On 27 August 2017 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 19 days supply at the period end (*52 week period ended 28 August 2016: 24 days*).

Auditors

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

Trustees' responsibilities statement

The trustees (who are also directors of Royal Opera House Covent Garden Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (incorporating the Strategic 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*.

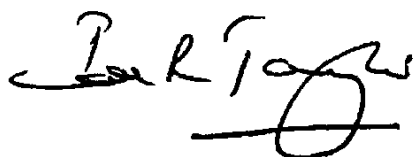
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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, including the Strategic Report, was approved by the Board of Trustees and signed on 20 February 2018.

A handwritten signature in black ink, appearing to read 'Ian Taylor', with a large, stylized flourish at the end.

Ian Taylor, Chairman

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 period ended 27 August 2017 which comprise the consolidated statement of financial activities, the consolidated income and expenditure account, the consolidated and parent charitable company balance sheets, the consolidated cash flow statement 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 27 August 2017 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.

Who we are reporting to

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.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and Acknowledgements, set out on pages 2 to 34 and 90 to 93, 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 Trustees' Annual Report (including the Strategic Report) for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Annual Report (including the Strategic Report) has 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 Trustees' Annual Report (including the Strategic 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

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 34, 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.

Grant Thornton UK LLP

Pp Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UKLLP
Statutory Auditor, Chartered Accountants
London
Date:



ROYAL OPERA HOUSE COVENT GARDEN FOUNDATION (LIMITED BY GUARANTEE)

Consolidated financial statements
52 week period ended 27 August 2017

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

Consolidated statement of financial activities
for the 52 week period ended 27 August 2017

	Note				52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
		Total Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000	Total Funds £'000
Income and endowments from:						
Charitable activities						
Operation of the Royal Opera House (including box office)	3	57,560	-	-	57,560	59,749
Donations and legacies						
Donations, legacies and similar incoming resources	5	10,558	28,047	332	38,937	32,386
Grants from Arts Council England	4	24,772	1,784	-	26,556	27,835
Other trading activities						
Commercial trading income	6	16,138	-	-	16,138	17,494
Investments	7	1,025	810	-	1,835	1,813
Total income and endowments		110,053	30,641	332	141,026	139,277
Expenditure on:						
Charitable activities						
Productions, sales and operations	8	(100,265)	(13,787)	-	(114,052)	(116,657)
Raising Funds						
Generating voluntary income	10	(4,686)	(137)	-	(4,823)	(4,625)
Commercial activities	11	(11,345)	-	-	(11,345)	(12,212)
Interest payable	14,24	(71)	-	-	(71)	(64)
Total expenditure	14	(116,367)	(13,924)	-	(130,291)	(133,558)
Net income/(expenditure)		(6,314)	16,717	332	10,735	5,719
Net gains on investments	17	-	-	580	580	4,158
Net income/(expenditure) before taxation		(6,314)	16,717	912	11,315	9,877
Taxation	34	-	-	-	-	(826)
Net income/(expenditure) after taxation		(6,314)	16,717	912	11,315	9,051
Transfers between funds	15	18,892	(18,892)	-	-	-
Net income/(expenditure) after transfers and before other recognised gains and (losses)		12,578	(2,175)	912	11,315	9,051
Other recognised gains and (losses)						
Gains on revaluation of heritage assets	17,21	-	-	-	-	10
Actuarial gain (loss) on the defined benefit pension scheme	29	12,598	-	-	12,598	(17,297)
Taxation relief on donations under the gift aid scheme	34	826	-	-	826	870
Net movement in funds		26,002	(2,175)	912	24,739	(7,366)
Fund balances brought forward at 29 August 2016	25	157,293	22,765	38,156	218,214	225,580
Fund balances carried forward at 27 August 2017	25	183,295	20,590	39,068	242,953	218,214

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

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

Notes from pages 43-89 form part of the financial statements.

Consolidated income and expenditure account
for the 52 week period ended 27 August 2017

	Note	52 week period ended 27-Aug-17 Total Income Funds	52 week period ended 28-Aug-16 Total Income Funds
		£'000	£'000
Income and endowments from			
Charitable activities			
Operation of the Royal Opera House (including box office)	3	57,560	59,749
Donations and legacies			
Donations, legacies and similar incoming resources	5	38,605	32,491
Grants from Arts Council England	4	26,556	27,835
Other trading activities			
Commercial trading income	6	16,138	17,494
Investments	7	1,835	1,813
Total income and endowments		140,694	139,382
Expenditure on:			
Charitable activities			
Productions, sales and operations	8	(114,052)	(116,657)
Raising Funds			
Generating voluntary income	10	(4,823)	(4,625)
Commercial activities	11	(11,345)	(12,212)
Interest payable	14,24	(71)	(64)
Total expenditure	14	(130,291)	(133,558)
Net income before taxation		10,403	5,824
Taxation	34	-	(826)
Net income after taxation		10,403	4,998

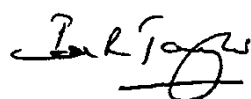
The consolidated income and expenditure account is prepared for Companies Act purposes and presents the group's gross income and expenditure. The consolidated statement of financial activities includes the consolidated income and expenditure account along with movements in endowment funds and unrealised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

Notes from pages 43-89 form part of the financial statements.

Consolidated balance sheet
as at 27 August 2017

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	27 August 2017 Total Funds £'000	28 August 2016 Total Funds £'000
Fixed assets						
Intangible fixed assets	18	1,191	-	-	1,191	1,289
Tangible fixed assets	19	170,347	11,472	-	181,819	169,955
Heritage assets	21	10,600	-	-	10,600	10,600
Investments	20(a)	-	-	33,854	33,854	33,120
Total fixed assets		182,138	11,472	33,854	227,464	214,964
Current assets						
Productions in preparation		2,511	-	-	2,511	2,881
Stocks	22	568	-	-	568	465
Debtors: amounts falling due after more than one year	23	1,114	3,300	5,430	9,844	9,060
Debtors: amounts falling due within one year	23	21,024	3,224	-	24,248	16,200
Cash at bank and in hand		19,191	4,644	-	23,835	20,321
Short term Investments: Deposits	32	14,000	-	-	14,000	25,500
		58,408	11,168	5,430	75,006	74,427
Creditors: amounts falling due within one year	24	(34,125)	(568)	(216)	(34,909)	(34,207)
Net current assets		24,283	10,600	5,214	40,097	40,220
Total assets less current liabilities		206,421	22,072	39,068	267,561	255,184
Creditors: amounts falling due after one year	24	-	(1,482)	-	(1,482)	(1,317)
Net assets excluding pension liability		206,421	20,590	39,068	266,079	253,867
Defined benefit pension scheme liability	29	(23,126)	-	-	(23,126)	(35,653)
Net assets including pension liability		183,295	20,590	39,068	242,953	218,214
Funds						
Unrestricted General funds	25	4,278	-	-	4,278	783
Unrestricted funds retained within a non-charitable subsidiary	25	-	-	-	-	3,318
Unrestricted Revaluation funds	25	1,496	-	-	1,496	1,496
Unrestricted Designated funds	25	200,647	-	-	200,647	187,349
Unrestricted Funds before pension reserve		206,421	-	-	206,421	192,946
Unrestricted pension reserve	29	(23,126)	-	-	(23,126)	(35,653)
Restricted funds	25	-	20,590	-	20,590	22,765
Endowment funds	25	-	-	39,068	39,068	38,156
Total funds		183,295	20,590	39,068	242,953	218,214

These financial statements were approved by the board of Trustees on 20 February 2018 and were signed on its behalf by:



IAN TAYLOR
Trustee



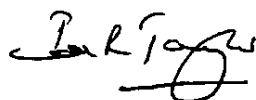
JULIAN METHERELL
Trustee

Notes from pages 43-89 form part of these financial statements.

Parent charitable company balance sheet
as at 27 August 2017

	Note	27 August 2017		28 August 2016
		Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fixed assets				
Intangible fixed assets	18	995	-	995
Tangible fixed assets	19	170,347	11,472	181,819
Heritage assets	21	10,600	-	10,600
Investment in subsidiaries	20(b)	6,676	-	6,676
Total fixed assets		188,618	11,472	200,090
Current assets				
Productions in preparation		2,511	-	2,511
Debtors: amounts falling due after more than one year	23	1,200	3,300	4,500
Debtors: amounts falling due within one year	23	21,821	3,016	24,837
Cash at bank and in hand		17,905	3,989	21,894
Short term Investments: Deposits	32	14,000	-	14,000
		57,437	10,305	67,742
Creditors: amounts falling due within one year	24	(33,793)	-	(33,793)
Net current assets		23,644	10,305	33,949
Total assets less current liabilities		212,262	21,777	234,039
Creditors: amounts falling due after one year	24	-	(1,482)	(1,482)
Net assets excluding pension liability		212,262	20,295	232,557
Defined benefit pension scheme liability	29	(23,126)	-	(23,126)
Net assets including pension liability		189,136	20,295	209,431
Funds				
Unrestricted General funds	25	4,347	-	4,347
Unrestricted Revaluation funds	25	1,496	-	1,496
Unrestricted Designated funds	25	206,419	-	206,419
Unrestricted Funds before pension		212,262	-	212,262
Unrestricted pension reserve	29	(23,126)	-	(23,126)
Restricted funds	25	-	20,295	20,295
Total Charity funds		189,136	20,295	209,431

These financial statements were approved by the board of Trustees on 20 February 2018 and were signed on its behalf by:



IAN TAYLOR
Trustee



JULIAN METHERELL
Trustee

Consolidated statement of cash flows
for the 52 week period ended 27 August 2017

	Note	52 Week Period Ended 27 August 2017	52 Week Period Ended 28 August 2016
		£'000	£'000
Cash inflow from operating activities	30(a)	12,196	12,453
Cash outflow from investing activities	30(b)	(8,682)	(24,225)
Cash (outflow) / inflow from financing activities	30(c)	-	(102)
 Change in cash and cash equivalents in the reporting period		 3,514	 (11,874)
Cash and cash equivalents at the beginning of the reporting period		20,321	32,194
 Cash and cash equivalents at the end of the reporting period		 23,835	 20,321

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 2015) and Companies Act 2006. There are no material departures from FRS102.

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

Arts Council England has confirmed funding for the charity to March 2022. The Trustees believe that despite the drop in funding the group will continue in operational existence for the foreseeable future and be in a position to continue to meet its liabilities as they fall due for at least 12 months from signing these financial statements.

Comparative figures are shown for the 52 week period ended 28 August 2016.

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 20(b). All subsidiary results are presented for their statutory financial period, which falls within three months of the year end of the charity. The results of the ROH Holdings Limited Group and Royal Opera House Enterprises Limited (Company Number 4112266) have been included in the consolidated statement of financial activities throughout the period. ROH Holdings Limited (Company Number 2580395) is the holding company of ROH Developments Limited (Company Number 2580400). 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 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 25. 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 and estimation 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 23 for carrying values for the current and prior periods.

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 19 for carrying values for the current and prior periods.

The valuation method of heritage assets. See **Heritage assets** below and Note 21 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.

That the rate payable on the intragroup loan payable from Royal Opera House Enterprises Limited to Royal Opera House Covent Garden Foundation Limited approximates 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 23).

In addition, the pension actuarial assumptions (see **Pension Costs** below and Note 29) are areas of significant judgement.

Functional Currency

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

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, donations and legacies 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.

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

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

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.

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 28(b) and 28(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%
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.

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. 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.

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 24. 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 23. 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 13.

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 12.

Interest payable is shown separately in the Statement of Financial Activities and in note 24.

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

Leases

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

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

Pension costs

The charity operates a pension scheme providing benefits based on final pensionable pay, 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 29.

The group also contributes to five defined contribution schemes for dancers, singers, musicians, and administration staff. The amounts charged to the Statement of Financial Activities represent the contributions payable to the schemes during the period. 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 13).

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:

- (i) 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
- (ii) amortised cost using the effective interest rate method for debt instruments due or receivable for more than one year; or
- (iii) 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 31. 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.

2. Subsidiary undertakings

Charitable subsidiaries

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

Royal Opera House Endowment Fund 2000 (the "Endowment Fund") supports the work of the Royal Opera House and other organisations by raising funds to support projects which increase the appreciation and understanding of the musical arts in all forms. It is a separately registered charity, and its board has a majority of Trustees who are independent of the Royal Opera House.

The summary results for the Endowment fund are shown below:

	Endowment Fund	
	Year Ended 31 August 2017	Year Ended 31 August 2016
	£'000	£'000
Income		
Donations, legacies and similar income	639	215
Investment income	1,675	1,581
Expenditure		
Cost of sales and administrative expenses	(25)	(21)
Donations and grants to other group undertakings	(1,641)	(1,640)
Investment managers' fees	(232)	(211)
Gains on revaluation and disposal of investments	580	4,158
Net movement in funds	996	4,081

The assets and liabilities of the Endowment fund were:

	Endowment Fund	
	31 August 2017	31 August 2016
	£'000	£'000
Fixed asset investments	33,854	33,120
Current assets	6,856	6,678
Current liabilities	(794)	(879)
Total net assets	39,916	38,920
Total funds	39,916	38,920

Except for fixed asset investments (which at 27 August 2017 had an historical cost of £25.8m (28 August 2016: £25.6m) 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 27 August 2017	52 Week Period Ended 28 August 2016	52 Week Period Ended 31 August 2017	52 Week Period Ended 31 August 2016
	£'000	£'000	£'000	£'000
Turnover	17,744	18,849	5	5
Cost of sales	(11,930)	(12,386)	(5)	(5)
Gross profit	5,814	6,463	-	-
Administration and financial expenses	(1,349)	(1,604)	-	-
Taxation	826	(826)	-	-
Net profit for the period	5,291	4,033	-	-
Donations under the gift aid scheme	(5,241)	(4,396)	-	-
Taxation relief on donations under the gift aid scheme	-	870	-	-
Retained result in subsidiary for the period	50	507	-	-

The assets and liabilities of each trading subsidiary were:

	ROHEL		ROHHL	
	27 August 2017	28 August 2016	31 August 2017	31 August 2016
	£'000	£'000	£'000	£'000
Intangible fixed assets	196	268	320	320
Current assets	4,361	7,911	10	5
Current liabilities	(3,181)	(2,557)	(10)	(5)
Non-current liabilities	(1,200)	(1,400)	-	-
Total net assets	176	4,222	320	320
Aggregate share capital and reserves	176	4,222	320	320

3. Income from operation of Royal Opera House

	52 week period ended 27-Aug-17 £'000	52 week period ended 27-Aug-17 £'000	52 week period ended 28-Aug-16 £'000	52 week period ended 28-Aug-16 £'000
Unrestricted funds:				
Box office receipts:				
The Royal Opera	28,454		27,929	
The Royal Ballet	14,555		14,609	
		43,009		42,538
Other income:				
Publications	829		834	
Other	6,536		6,154	
Theatre Tax Credit	6,363		6,981	
		13,728		13,968
UK total		56,737		56,506
Overseas touring receipts		823		3,243
		57,560		59,749

Other income includes £6.536m (52 week period ended 28 August 2016: £6.154m). 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. Theatre tax credit of £6.363m (52 week period ending 28 August 2016: £6.981m) included £0.289m related to the prior year.

4. Grants from Arts Council England

	52 week period ended 27-Aug-17 £'000	52 week period ended 28-Aug-16 £'000
Unrestricted funds:		
Arts Council England - grant-in-aid	24,772	24,772
Restricted funds:		
Arts Council England - Bridge funding	727	727
Arts Council England - China skills exchange	180	300
Arts Council England - Large capital grant	877	2,036
	1,784	3,063

5. Donations, legacies and similar incoming resources

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 27-Aug-17
	£'000	£'000	£'000	£'000
Membership	7,301	-	-	7,301
Events	1,238	-	-	1,238
Donations, gifts and legacies	2,019	27,982	332	30,333
Grants	-	65	-	65
	10,558	28,047	332	38,937

	Unrestricted Funds Restated	Restricted Funds Restated	Endowment Funds Restated	52 week period ended 28-Aug-16
	£'000	£'000	£'000	£'000
Membership	7,201	-	-	7,201
Events	1,141	-	-	1,141
Donations, gifts and legacies	2,345	21,795	(105)	24,035
Grants	-	9	-	9
	10,687	21,804	(105)	32,386

Other forms of government assistance, apart from Arts Council England, included grants from the European Regional Development Fund for the construction of the Bob and Tamar Manoukian Costume Centre of nil (52 week period ended 28 August 2016: £9k), grants from the Thurrock Borough Council and other government agencies for learning and participation projects of £0.4m (52 week period ended 28 August 2016: £0.4m) and an Education, Audiovisual and Culture Executive Agency grant of £65k (52 week period ended 28 August 2016: nil) for the European Opera Digital Project, administered by Opera Europa, for live-streaming opera performances.

6. Commercial Trading Income

	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
	£'000	£'000
Unrestricted funds		
Catering	7,681	8,443
Sponsorship	2,532	2,719
Sales and broadcast of audio-visual materials	3,830	3,358
Retail	472	559
Promotions and summer season	702	1,072
Venue hire	-	339
Advertising	471	496
Property recharges	390	346
Licensing	60	160
	16,138	17,494

The Open Up project adversely impacted trading in catering, retail and venue hires, as turnover reduced compared to the prior year which had been anticipated. Improvements to our cinema distribution model delivered increased income as compared to the prior year.

7. Investment income

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 27-Aug-17
	£'000	£'000	£'000	£'000
Dividend and interest income	718	810	-	1,528
Finance lease interest income	270	-	-	270
Contingent rents	37	-	-	37
	<u>1,025</u>	<u>810</u>	<u>-</u>	<u>1,835</u>
	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 28-Aug-16
	£'000	£'000	£'000	£'000
Dividend and interest income	728	756	-	1,484
Finance lease interest income	270	-	-	270
Contingent rents	59	-	-	59
	<u>1,057</u>	<u>756</u>	<u>-</u>	<u>1,813</u>

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.

8. Expenditure on productions, sales and operations

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 27-Aug-17
	£'000	£'000	£'000	£'000
The Royal Opera	20,232	-	-	20,232
The Royal Ballet	11,754	-	-	11,754
Orchestra of the Royal Opera House	10,404	-	-	10,404
Royalties and hire fees	1,450	-	-	1,450
Production	1,595	12,932	-	14,527
Stage and transport	12,528	-	-	12,528
Touring expenses	783	-	-	783
Other production and sales costs	5,626	65	-	5,691
Front of House	1,491	-	-	1,491
Marketing and publicity	6,585	-	-	6,585
Education, archives and live relays	3,371	730	-	4,101
Support costs (note 13)	24,365	60	-	24,425
Grants (note 9)	10	-	-	10
Expense on pension scheme	71	-	-	71
	<u>100,265</u>	<u>13,787</u>	<u>-</u>	<u>114,052</u>

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

	Unrestricted Funds Restated £'000	Restricted Funds Restated £'000	Endowment Funds Restated £'000	52 week period ended 28-Aug-16 £'000
The Royal Opera	20,133	-	-	20,133
The Royal Ballet	11,284	-	-	11,284
Orchestra of the Royal Opera House	10,419	-	-	10,419
Royalties and hire fees	1,548	-	-	1,548
Production	1,135	13,595	-	14,730
Stage and transport	11,949	-	-	11,949
Touring expenses	2,754	-	-	2,754
Other production and sales costs	5,963	-	-	5,963
Front of House	1,386	-	-	1,386
Marketing and publicity	6,131	-	-	6,131
Education, archives and live relays	3,671	760	-	4,431
Support costs (note 13)	24,428	71	-	24,499
Grants (note 9)	10	-	-	10
Expense on pension scheme	1,425	-	-	1,425
	102,231	14,426	-	116,657

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 expense on the pension scheme above, which is recognised in the Unrestricted pension reserve in note 25, 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 29).

9. Grants

	52 week period ended 27-Aug-17 £'000	52 week period ended 28-Aug-16 £'000
Unrestricted funds		
Grant to Royal Ballet School	10	10
	10	10

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

10. Expenditure on generating voluntary income

	Unrestricted Funds	Restricted Funds	Endowment Funds	52 week period ended 27-Aug-17
	£'000	£'000	£'000	£'000
Fundraising staff costs	1,593	-	-	1,593
Fundraising overheads	2,059	137	-	2,196
Support costs	1,034	-	-	1,034
	<u>4,686</u>	<u>137</u>	<u>-</u>	<u>4,823</u>

	Unrestricted Funds Restated	Restricted Funds Restated	Endowment Funds Restated	52 week period ended 28-Aug-16
	£'000	£'000	£'000	£'000
Fundraising staff costs	1,524	-	-	1,524
Fundraising overheads	1,991	128	-	2,119
Support costs	982	-	-	982
	<u>4,497</u>	<u>128</u>	<u>-</u>	<u>4,625</u>

11. Expenditure on commercial activities

	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
	£'000	£'000
Unrestricted funds		
Retail costs	288	343
Sponsorship costs	1,066	677
Audio visual recording, production and distribution costs	2,439	2,583
Property recharges	390	346
Catering costs	6,574	7,114
Other commercial costs	588	1,149
	<u>11,345</u>	<u>12,212</u>

12. Governance costs

	52 week period ended 27-Aug-17 £'000	52 week period ended 28-Aug-16 £'000
Unrestricted funds		
External audit (see note 14)	93	111
Legal and professional costs	273	272
	366	383

13. Allocation of support costs

	Expenditure on production, sales and operations (note 8) 27-Aug-17 £'000	Expenditure on generating voluntary income (note 10) 27-Aug-17 £'000	Total 52 week period ended 27-Aug-17 £'000
Management and administration	5,574	236	5,810
Premises	10,269	435	10,704
Depreciation, amortisation and impairment	8,231	348	8,579
External audit	89	4	93
Legal and professional costs	262	11	273
	24,425	1,034	25,459

	Expenditure on production, sales and operations (note 8) 28-Aug-16 £'000	Expenditure on generating voluntary income (note 10) 28-Aug-16 £'000	Total 52 week period ended 28-Aug-16 £'000
Management and administration	5,255	296	5,551
Premises	9,888	397	10,285
Depreciation and amortisation	8,988	276	9,264
External audit	106	4	111
Legal and professional costs	262	10	272
	24,499	982	25,481

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.

14. Total expenditure

Net income/(expenditure) is stated after charging the following:

	52 week period ended 27-Aug-17 £'000	52 week period ended 28-Aug-16 £'000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	68	86
Fees payable to the charitable company's auditor for other services:		
Audit of the charitable company's subsidiaries, pursuant to legislation	25	25
Depreciation and other amounts written off:		
Tangible fixed assets - owned (note 19)	7,089	7,075
Amortisation of intangible fixed assets (note 18)	1,877	2,172
Impairment of tangible fixed assets - owned (note 19)	1,131	2,197
Operating leases - land and buildings	259	213
Interest payable	71	64

15. Gross transfers between funds

	Notes	Unrestricted General Fund £'000	Unrestricted Designated Fund £'000	Restricted Funds £'000	Endowment Funds £'000	52 week period ended 27-Aug-17 £'000
Gross transfers between funds		£'000	£'000	£'000	£'000	£'000
Depreciation and Amortisation	15(a)	388	-	(388)	-	-
Fixed Asset Fund	15(b)	4,357	12,387	(16,744)	-	-
Other Designated Funds	15(c)	(900)	900	-	-	-
Other Restricted Funds	15(d)	1,127	-	(1,127)	-	-
Endowment	15(e)	633	-	(633)	-	-
		<u>5,605</u>	<u>13,287</u>	<u>(18,892)</u>	<u>-</u>	<u>-</u>

15. Gross transfers between funds (continued)

	Notes	Unrestricted General Fund	Unrestricted Designated Fund	Restricted Funds	Endowment Funds	52 week period ended 28-Aug-16 £'000
Gross transfers between funds		£'000	£'000	£'000	£'000	£'000
Depreciation and Amortisation	15(a)	458	-	(458)	-	-
Fixed Asset Fund	15(b)	4,988	3,297	(8,285)	-	-
Other Designated Funds	15(c)	(3,618)	3,618	-	-	-
Other Restricted Funds	15(d)	2,036	-	(2,036)	-	-
Endowment	15(e)	620	-	(620)	-	-
		<u>4,484</u>	<u>6,915</u>	<u>(11,399)</u>	<u>-</u>	<u>-</u>

(a) Depreciation of £0.4m (52 week period ended 28 August 2016: £0.5m) was charged against unrestricted income then matched by a transfer from restricted funds. Restricted funds include those funds that have been granted specifically to finance the capital expenditure on the Bob and Tamar Manoukian Production Workshop and the Bob and Tamar Manoukian Costume Centre.

(b) A net transfer of £4.4m (52 week period ended 28 August 2016: £5m) was made to the Unrestricted General Fund. There was a transfer from the Restricted Funds of £16.7m, representing amounts expended on the Open Up project during the period of £16.7m (52 week period ended 28 August 2016: £8.3m). This was reduced by a transfer to the Unrestricted Fixed Asset Fund of £12.3m from the Unrestricted General Fund, representing a transfer for the net decrease in the charity's tangible fixed assets, excluding the Open Up project (52 week period ended 28 August 2016: £3.3m).

(c) A net transfer of £0.9m (52 week period ended 28 August 2016: £3.6m) was made to other designated funds. A transfer was made to the Designated Future Project Fund (£0.8m) from Unrestricted General Funds. The transfer from the Designated Future Project Fund of £0.8m earmarks funds for specific future projects. A transfer was made to other designated funds from Unrestricted General Funds of £0.1m. This represents funds earmarked for expenditure on our studio programme which was budgeted for during the 2016/17 season but which will be incurred during the 2017/18 season.

(d) A transfer of £1.1m (52 week period ended 28 August 2016: £2m) was made to Unrestricted Funds from Restricted Funds from the Arts Council England Capital Fund representing the Large Capital Grant received and expended on capital additions during the period (£0.9m) and the Conservatory Fund donation received and expended on capital additions during the period (£0.2m).

(e) Transfers of £0.6m (52 week period ended 28 August 2017: £0.6m) were made to Unrestricted General Funds (£0.6m) from Restricted Funds.

16. Staff numbers and costs

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

	Number of staff	
	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
Production	444	443
Orchestra	127	127
Royal Ballet	141	133
Royal Opera	91	89
Sales and marketing	85	83
Management and administration	99	104
Fundraising	35	35
Education and collections	37	38
Premises	5	4
Opus Arte	6	6
Shop	7	8
	1,077	1,070

The aggregate payroll costs of these persons were as follows:

	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
	£'000	£'000
Payroll Costs		
Wages and salaries	47,474	46,067
Social security costs	5,567	5,108
Other pension costs, of which:	4,047	4,145
-contributions to defined contribution pension schemes	2,982	2,609
-operating costs of defined benefit pension scheme	1,065	1,536
	57,088	55,320

The average salary cost per employee (£44,080) is a small increase compared to prior period (£43,053) and includes our pay award for the year (on average, 2%) and increase for the London Living Wage. Included in the wages and salaries are termination and redundancy payments of £748,979 (for 52 week period ended 28 August 2016: £666,304).

16. 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 27-Aug-17			Number of staff 52 week period ended 28-Aug-16		
			Performers	Artistic and General Management	Total	Performers	Artistic and General Management	Total
up to	£59,999		202	734	936	197	746	943
£60,000	- £69,999		45	20	65	45	18	63
£70,000	- £79,999		25	11	36	17	8	25
£80,000	- £89,999		5	5	10	4	7	11
£90,000	- £99,999		3	1	4	2	5	7
£100,000	- £109,999		4	5	9	4	1	5
£110,000	- £119,999		1	-	1	-	1	1
£120,000	- £129,999		3	1	4	4	-	4
£130,000	- £139,999		2	-	2	3	-	3
£140,000	- £149,999		2	1	3	1	1	2
£150,000	- £159,999		-	3	3	-	1	1
£180,000	- £189,999		-	1	1	-	2	2
£190,000	- £199,999		-	1	1	-	-	-
£250,000	- £259,999		-	-	-	-	1	1
£260,000	- £269,999		-	-	-	-	1	1
£280,000	- £289,999		-	1	1	-	-	-
£680,000	- £689,999		-	-	-	-	1	1
£790,000	- £799,999		-	1	1	-	-	-
			292	785	1,077	277	793	1,070

Emoluments comprise wages and salaries together with benefits in kind.

For employees in bandings from £60,000 and above, contributions of £794,276 (for 52 week period ended 28 August 2016: £539,633) were made during the period to defined contribution pension schemes. Retirement benefits were accruing to 141 (28 August 2016: 96) of the above employees under defined contribution pension schemes, and to nil (28 August 2016: 20) under a defined benefit pension scheme.

Emoluments for the key management personnel are as follows:

						52 week period ended 27-Aug-17
	Salary (£)	Fees (£)	Total Emoluments (£)	Pension (£)	National Insurance (£)	Total (£)
Sir Antonio Pappano, Music Director	115,000	679,591	794,591	11,500	108,531	914,622
Alexander Beard, CBE, Chief Executive	286,095	-	286,095	-	38,359	324,454
Kevin O'Hare, Director, The Royal Ballet	192,563	-	192,563	19,116	25,452	237,131
Sally O'Neill, Chief Operating Officer	189,603	-	189,603	18,960	25,043	233,606
Kasper Holten, Director of Opera*	120,602	22,500	143,102	12,060	19,095	174,257
Oliver Mears, Director of Opera**	88,654	-	88,654	1,875	11,578	102,107
	992,517	702,091	1,694,608	63,512	228,058	1,986,178

* - until 11 March 2017

** - from 30 January 2017

						52 week period ended 28-Aug-16
	Salary (£)	Fees (£)	Total Emoluments (£)	Pension (£)	National Insurance (£)	Total (£)
Sir Antonio Pappano, Music Director	115,301	569,099	684,400	11,500	98,890	794,790
Alexander Beard, CBE, Chief Executive	260,139	-	260,139	13,004	37,640	310,784
Kevin O'Hare, Director, The Royal Ballet	183,423	-	183,423	18,206	26,167	227,796
Sally O'Neill, Chief Operating Officer	187,262	-	187,262	18,726	26,756	232,745
Kasper Holten, Director of Opera	238,205	15,000	253,205	23,812	36,434	313,451
	984,330	584,099	1,568,429	85,249	225,888	1,879,566

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

Key management personnel are reflected in the table above. Their compensation for the 52 week period ended 27 August 2017 included emoluments of £1.69m (52 week period ended 28 August 2016: £1.57m) which together with pension costs of £63,512 (52 week period ended 28 August 2016: £ 85,249) and employer contributions to national insurance of £228,058 (52 week period ended 28 August 2016: £225,888) came to £1.99m (52 week period ended 28 August 2016: £1.88m). Key management personnel also include Trustees who receive no compensation as detailed in Note 27. Key management personnel do not include all of the Executive Team as listed in the Trustees' report.

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

	52 week period ended 27-Aug-17 £'000	52 week period ended 28-Aug-16 £'000
Endowment Funds		
Realised gains on disposal of investments	136	92
Unrealised gains on revaluation of investments	444	4,067
Gains on investment assets	580	4,158
	52 week period ended 27-Aug-17 £'000	52 week period ended 28-Aug-16 £'000
Unrestricted Funds		
Unrealised gains on revaluation of heritage assets	-	10
Gains on heritage assets	-	10

18. Intangible fixed assets

Group	Investment in Programming 27 August 2017 £'000	Computer Software 27 August 2017 £'000	Total 27 August 2017 £'000
Cost			
At beginning of period	19,981	4,007	23,988
Additions	1,563	217	1,780
At end of period	21,544	4,224	25,767
Amortisation			
At beginning of period	19,128	3,571	22,699
Amortisation for period	1,518	359	1,877
At end of period	20,646	3,930	24,576
Net book value			
At 27 August 2017	898	294	1,191
At 28 August 2016	854	435	1,289

Royal Opera House Covent Garden Foundation (limited by guarantee) Company Number 480523.
Trustees' report and consolidated financial statements, 52 week period ended 27 August 2017.

Charity	Investment in Programming 27 August 2017 £'000	Computer Software 27 August 2017 £'000	Total 27 August 2017 £'000
Cost			
At beginning of period	10,372	4,007	14,379
Additions	1,294	217	1,511
At end of period	11,666	4,224	15,890
Amortisation			
At beginning of period	9,787	3,571	13,358
Amortisation for period	1,177	359	1,536
At end of period	10,964	3,930	14,895
Net book value			
At 27 August 2017	702	294	995
At 28 August 2016	586	435	1,021

19. Tangible fixed assets

	Freehold premises	Assets in the course of construction	Equipment & vehicles	Total 27 August 2017
Group	£'000	£'000	£'000	£'000
Cost				
At beginning of period	162,093	13,791	80,926	256,810
Additions	1,480	17,171	1,433	20,084
Transfers	1,570	(1,570)	-	-
Disposals	(177)	-	(725)	(902)
Impairment	(1,723)	-	(260)	(1,983)
At end of period	163,243	29,392	81,374	274,009
Depreciation and diminution in value				
At beginning of period	40,655	-	46,200	86,855
Charge for period	3,794	-	3,295	7,089
Disposals	(177)	-	(725)	(902)
Impairment	(697)	-	(155)	(852)
At end of period	43,575	-	48,615	92,190
Net book value				
At 27 August 2017	119,668	29,392	32,759	181,819
At 28 August 2016	121,438	13,791	34,726	169,955

	Freehold premises	Assets in the course of construction	Equipment & vehicles	Total 27 August 2017
Charity	£'000	£'000	£'000	£'000
Cost				
At beginning of period	162,093	13,791	80,904	256,788
Additions	1,480	17,171	1,433	20,084
Transfers	1,570	(1,570)	-	-
Disposals	(177)	-	(725)	(902)
Impairment	(1,723)	-	(260)	(1,983)
At end of period	163,243	29,392	81,352	273,987
Depreciation and diminution in value				
At beginning of period	40,655	-	46,178	86,833
Charge for period	3,794	-	3,295	7,089
Disposals	(177)	-	(725)	(902)
Impairment	(697)	-	(155)	(852)
At end of period	43,575	-	48,593	92,168
Net book value				
At 27 August 2017	119,668	29,392	32,759	181,819
At 28 August 2016	121,438	13,791	34,726	169,955

Assets in the course of construction represents building projects in progress and equipment received but not placed in service before the period end (£29.4m). Certain parts of the the Royal Opera House building are under construction as part of the Open Up project and therefore currently not in use. This is represented by the impairment charge above.

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 & 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 £1.48m. The net book value of the Bob & Tamar Manoukian Costume Centre at 27 August 2017 was £4.7m (28 August 2016: £4.8m).

As part of the actuarial valuation of the pension scheme (see Note 29), 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 £63.1m) if the Royal Opera House became insolvent.

20. Investments

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

	Group 27 August 2017 £'000	Group 28 August 2016 £'000
Endowment Funds		
Held with investment managers:		
- Venture funds	493	827
- Quoted equities	29,188	28,214
- Hedge funds	532	855
- Bonds	1,099	1,510
- Cash funds	2,542	1,714
Total investment with Investment Managers	33,854	33,120
	33,854	33,120

Movements in investments held with investment managers:

	Listed investments £'000	Other investments £'000	Total 27 August 2017 £'000
Endowment Funds			
Fair value at beginning of period	31,421	1,700	33,120
Additions (at cost)	1,151	-	1,151
Disposals	(304)	(693)	(997)
Net realised and unrealised gains	545	35	580
Fair value at end of the period	32,813	1,042	33,854
Historical cost at end of the period	25,104	662	25,766

	Listed investments £'000	Other investments £'000	Total 28 August 2016 £'000
Endowment Funds			
Fair value at beginning of period	26,671	2,264	28,935
Additions (at cost)	1,035	-	1,035
Disposals	(288)	(720)	(1,008)
Net realised and unrealised gains	4,002	156	4,158
Fair value at end of the period	31,421	1,700	33,120
Historical cost at end of the period	24,243	1,368	25,612

(b) Charity: The following were the subsidiary undertakings of Royal Opera House Covent Garden Foundation as at 27 August 2017:

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 28 August 2016). The remaining balance is related to the original acquisition of Royal Opera House Enterprises Limited.

Investment in Royal Opera House Enterprises Limited

Unrestricted Funds	Charity 27 August 2017 £'000	Charity 28 August 2016 £'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

21. Heritage assets

(a) Tangible fixed assets – heritage assets

Unrestricted Funds Group and Charity Cost or valuation	Fine art £'000	Costumes & accessories £'000	Other collections £'000	Total 27 August 2017 £'000
At beginning of period	7,956	1,477	1,167	10,600
Additions	-	-	-	-
Revaluation	-	-	-	-
At end of period	7,956	1,477	1,167	10,600
At beginning of period	7,956	1,477	1,167	10,600

The external valuer for the Royal Opera House, Richard Carroll, Senior Researcher and Specialist, Dreweatts & Bloomsbury Auctions, valued the fine art collection in September 2015, on the basis of retail replacement values. Included in the fine art collection is a painting by David Hockney, Portrait of Sir David Webster with Tulips, which is included in the accounts at a valuation of £5m (28 August 2016: £5m), based on the September 2015 valuation.

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

There were no additions in the current year (28 August 2016: nil). There have been no disposals in the periods presented.

Of the heritage assets held at 27 August 2017, £7.956m were subject to external valuation at September 2015 and the remaining £2.644m were subject to internal valuation.

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

	27 August 2017 £'000	28 August 2016 £'000	30 August 2015 £'000	31 August 2014 £'000	25 August 2013 £'000
Purchases/Commissions					
Fine art	-	-	-	-	-
Costumes & accessories	-	-	-	-	-
Other collections	-	-	-	-	-
Donations					
Fine art	-	-	-	-	-
Costumes & accessories	-	-	50	-	-
Other collections	-	-	15	-	-
Total additions	-	-	65	-	-

(c) Further information on Heritage Assets:

The Royal Opera House maintains three collections as follows:

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

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

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

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

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

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

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

22. Stocks

	Group	Group	Charity	Charity
	27 August 2017	28 August 2016	28 August 2016	28 August 2016
	£'000	£'000	£'000	£'000
Goods for resale	568	465	-	-
	568	465	-	-

During the 52 week period ended 27 August 2017, £584,816 (52 week period ended 28 August 2016: £670,316) of stock was expensed through the Statement of Financial Activities.

23. Debtors

	Group	Group	Charity	Charity
	27 August 2017	28 August 2016	27 August 2017	28 August 2016
	£'000	£'000	£'000	£'000
Amounts due after more than one year				
Finance lease debtor	5,430	5,430	-	-
Amounts due from subsidiary and associated undertakings	-	-	1,200	1,400
Accrued Income	3,300	3,200	3,300	3,200
Prepayments	1,114	430	-	-
	9,844	9,060	4,500	4,600

	Group	Group	Charity	Charity
	27 August 2017	28 August 2016	27 August 2017	28 August 2016
	£'000	£'000	£'000	£'000
Amounts due within one year				
Trade debtors	4,307	4,571	2,687	2,761
Amounts due from subsidiary and associated undertakings	-	-	3,122	1,041
Accrued Income	18,387	10,176	17,940	9,515
Prepayments	1,248	1,183	1,088	1,058
Finance lease debtor	306	270	-	-
	24,248	16,200	24,837	14,374

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
	£'000	£'000	52 Week Period Ended 27-Aug-17 £'000
Due within one year	200	32	232
Due between one year and two years	200	27	227
Due between two years and five years	600	54	654
Due after five years	400	14	414
	1,400	127	1,527

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

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

	Group 27 August 2017 £'000	Group 28 August 2016 £'000
Gross investment in a finance lease at the end of the period	60,595	60,864
Unearned finance income for the period	(54,895)	(55,164)
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	59,244	4,520
	60,595	5,700

There are no unguaranteed residual values accruing to the lessor and no accumulated allowance for uncollectible minimum lease payments. Contingent rents were £37k (52 week period ended 28 August 2016: £59k).

24. Creditors

Amounts falling due within one year

	Group 27 August 2017 £'000	Group 28 August 2016 £'000	Charity 27 August 2017 £'000	Charity 28 August 2016 £'000
Trade creditors	1,622	1,317	1,434	1,226
Amounts owed to group undertakings	-	-	-	3,387
Taxation and social security	2,637	3,516	2,637	2,691
Accruals	11,565	10,107	11,079	8,938
Current portion of loan	-	94	-	94
Deferred income	19,085	19,173	18,643	18,331
	34,909	34,207	33,793	34,667
	Group 27 August 2017 £'000	Group 28 August 2016 £'000	Charity 27 August 2017 £'000	Charity 28 August 2016 £'000
Deferred income at start of period	19,173	21,261	18,331	20,534
Box office receipts, subscription and donations received	64,176	64,754	55,692	56,495
Released to statement of financial activities	(64,263)	(66,842)	(55,381)	(58,698)
Deferred income at end of period	19,085	19,173	18,643	18,331
Comprising:				
Advanced bookings	10,172	9,180	10,172	9,180
Subscriptions and donations	7,701	8,470	7,701	8,470
Other deferred income	1,212	1,523	769	681

Amounts falling due after one year

	52 Week Period Ended 27 August 2017 £'000	52 Week Period Ended 28 August 2016 £'000
Balance at the beginning of the year	1,411	1,450
Amounts drawdown	-	-
Amounts repaid	-	(102)
Interest payable	71	64
Balance at the end of the year	1,482	1,411
Less amounts disclosed in creditors: amounts falling due within one year	-	(94)
Balance at the end of the year falling due after one year	1,482	1,317

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 27-Aug 2017			52 Week Period Ended 28-Aug 2016		
	£'000	£'000	£'000	£'000	£'000	£'000
Due within one year	-	102	102	41	62	102
Due between one year and two years	37	65	102	42	60	102
Due between two years and five years	122	185	307	138	168	307
Due after five years	1,126	617	1,743	1,394	451	1,845
	1,285	969	2,254	1,615	741	2,356

In October 2014, a first deed of mortgage over the Bob & 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 £1.48m (see Note 24). The net book value of the Bob & Tamar Manoukian Costume Centre at 27 August 2017 was £4.7m (28 August 2016: £4.8m).

25. Statement of Funds – Group

	At 29 August 2016 £'000	Incoming Resources £'000	Outgoing Resources £'000	Other gains/ (losses) £'000	Transfers £'000	At 27 August 2017 £'000
Unrestricted General fund	783	110,053	(116,296)	-	9,739	4,278
Unrestricted funds retained within a non-charitable subsidiary	3,318	-	-	826	(4,144)	-
Unrestricted Revaluation fund	1,496	-	-	-	-	1,496
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	160,146	-	-	-	12,397	172,543
Unrestricted Heritage Asset Fund	9,104	-	-	-	-	9,104
Unrestricted Future Projects Fund	18,100	-	-	-	900	19,000
Unrestricted Funds before pension reserve	192,947	110,053	(116,296)	826	18,892	206,421
Unrestricted: pension scheme liability	(35,653)	-	(71)	12,598	-	(23,126)
Total unrestricted funds	157,294	110,053	(116,367)	13,424	18,892	183,295
Restricted funds:						
Thurrock Capital Fund	10,379	-	-	-	(388)	9,991
Production Fund	-	12,932	(12,932)	-	-	-
Open Up Project Fund	11,734	14,800	-	-	(16,744)	9,790
Arts Council England Bridge programme fund	169	727	(730)	-	-	166
Arts Council England Capital Fund	-	877	-	-	(877)	-
Arts Council England China skills exchange	229	180	(60)	-	-	349
ROH Holdings Limited	105	-	-	-	-	105
Conservatory Refurbishment Fund	-	250	-	-	(250)	-
Endowment Restricted Income Fund	149	810	(137)	-	(633)	189
European Commission for the European Opera Digital Project for live streaming of opera	-	65	(65)	-	-	-
Total restricted funds	22,765	30,641	(13,924)	-	(18,892)	20,590
Endowment funds	38,156	332	-	580	-	39,068
Total funds	218,214	141,026	(130,291)	14,004	-	242,953

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 16/17 season carried over to the 17/18 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 Arts Council England Capital Fund represents funding received from both Grant in Aid and Capital Investment programme for the purchase of tangible fixed assets. The Endowment Restricted Income Fund represents funds expendable on specific purposes as required by donors.

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

25. Statement of Funds – Charity

	At 29 August 2016 £'000	Incoming Resources £'000	Outgoing Resources £'000	Other gains/ (losses) £'000	Transfers £'000	At 27 August 2017 £'000
Unrestricted General funds	186	103,397	(104,198)	-	4,962	4,347
Unrestricted Revaluation fund	1,496	-	-	-	-	1,496
Unrestricted Designated funds:						
Unrestricted Fixed Asset Fund	165,918	-	-	-	12,397	178,315
Unrestricted Heritage Asset Fund	9,104	-	-	-	-	9,104
Unrestricted Future Projects Fund	18,100	-	-	-	900	19,000
Unrestricted Funds before pension reserve	194,804	103,397	(104,198)	-	18,259	212,262
Unrestricted: pension scheme liability	(35,653)	-	(71)	12,598	-	(23,126)
Total unrestricted funds	159,151	103,397	(104,269)	12,598	18,259	189,136
Restricted funds:						
Thurrock Capital Fund	10,378	-	-	-	(388)	9,990
Production Fund	-	13,565	(13,565)	-	-	-
Open Up Project Fund	11,734	14,800	-	-	(16,744)	9,790
Arts Council England Bridge programme fund	169	727	(730)	-	-	166
Arts Council England Capital Fund	-	877	-	-	(877)	-
Arts Council England China skills exchange	229	180	(60)	-	-	349
Conservatory Refurbishment Fund	-	250	-	-	(250)	-
European Commission for the European Opera Digital Project for live streaming of opera	-	65	(65)	-	-	-
Total restricted funds	22,510	30,464	(14,420)	-	(18,259)	20,295
Total funds	181,661	133,861	(118,689)	12,598	-	209,431

26. Share capital

The charity is limited by guarantee and therefore has no share capital. The liability of the members of the charity is limited to £1 each. At 27 August 2017 there were 15 members (28 August 2016: 14).

27. 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 £1.6m (52 week period ended 28 August 2016: £1.6m) from Royal Opera House Endowment Fund 2000 in furtherance of its charitable objectives. At 27 August 2017, the Royal Opera House Endowment Fund 2000 owed the charity £0.8m (28 August 2016: £0.8m).

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

The charity has taken advantage of the exemption provided under FRS 102 S33.1A and has not disclosed transactions with wholly owned subsidiaries.

Other related party transactions

No other trustee had an interest in any contract or transaction with the charity or its subsidiaries in the period ended 27 August 2017. 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 (2016: nil). The aggregate amount of unrestricted donations received from trustees was £1.081m (52 week period ended 28 August 2016: £1.489m). Of this amount, £0.26m (52 week period ended 28 August 2016: £nil) 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.

28. Commitments

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

	27-Aug-17	28-Aug-16
	Land and Buildings	Land and Buildings
	£'000	£'000
Operating leases payable:		
<i>Not later than one year</i>	120	222
<i>Later than one year and not later than five years</i>	5	68
<i>Later than five years</i>	149	150
	274	440

(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:

	27-Aug-17	28-Aug-16
	£'000	£'000
<i>Less than one year</i>	10,195	8,594
<i>In the second to fifth years inclusive</i>	5,925	6,347
	16,120	14,941

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

	27-Aug-17	28-Aug-16
	£'000	£'000
<i>Less than one year</i>	8,408	17,333
<i>In the second to fifth years inclusive</i>	-	3,338
	8,408	20,671

29. Pension scheme

The Royal Opera House operates a defined benefit pension scheme, The Royal Opera House Pension Scheme, which is now closed to future accrual. The Scheme's funds are administered by the Trustee and are independent of the Royal Opera House's finances. Employer contributions of £1.063m were paid to the Scheme in accordance with the Schedule of Contributions agreed between the Trustee and the Royal Opera House. From 31 March 2016, the Scheme closed to future accrual.

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 £2.982m (52 week period ended 28 August 2016: £2.647m).

Following the actuarial valuation as at 5 April 2012, the Trustee and ROH agreed to reduce the exposure to future pension risk by freezing Pensionable Salary for any pension accrued after 30 April 2013. As part of the actuarial valuation, the Trustee secured a charge on the ROH's main self-occupied property to help cover the cost of transferring the Scheme's liabilities to an insurance company (up to the amount of £63.1m) if the ROH became insolvent.

The funding plan is for the Scheme to hold assets equal to the value of the benefits earned by employees, based on projected inflation and 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 2015 the Trustee and the Royal Opera House have agreed that the Royal Opera House will make contributions to the scheme of £0.72m per annum from 30 April 2015 until 31 January 2037, increasing by 3.5% per annum. The Royal Opera House also makes contributions of £0.3m per annum to cover the expenses of running the Scheme.

The full actuarial valuation as at 5 April 2015 was 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:

	27-Aug-17 £'000	28-Aug-16 £'000
Fair value of plan assets	69,719	68,111
Present value of defined benefit obligation	(92,845)	(103,764)
Net liability recognised in the balance sheet	<u>(23,126)</u>	<u>(35,653)</u>

29. Pension scheme (continued)

The movement in net defined benefit liability is as follows:

	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
	£'000	£'000
Opening net defined benefit liability	35,653	16,931
Cost in income or expenditure	1,136	2,961
Employer contributions	(1,065)	(1,536)
Amount recognised outside profit or loss	(12,598)	17,297
Closing net defined benefit liability	23,126	35,653

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

	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
	£'000	£'000
Employer's part of current service cost	-	852
Administration expenses	430	450
Interest expense/(income)	706	609
Curtailment	-	1,050
Total expense recognised in income or expenditure	1,136	2,961

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

	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
	£'000	£'000
Opening defined benefit obligation	(103,764)	(73,912)
Employer's part of current service cost	-	(852)
Past service costs	-	(1,050)
Interest on obligation	(2,047)	(2,762)
Contributions from plan members	-	(300)
Actuarial gains/(losses)	10,159	(27,353)
Benefits paid	2,807	2,465
Closing defined benefit obligation	(92,845)	(103,764)

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

	52 week period ended 27-Aug-17	52 week period ended 28-Aug-16
	£'000	£'000
Opening fair value of plan assets	68,111	56,981
Interest on plan assets	1,341	2,153
Actual return less interest on plan assets	2,439	10,056
Administration expenses	(430)	(450)
Contributions by the employer	1,065	1,536
Contributions by the plan members	-	300
Benefits paid	(2,807)	(2,465)
Closing fair value of plan assets	69,719	68,111

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

	27-Aug-17 Fair Value	28-Aug-16 Fair Value	30-Aug-15 Fair Value
Asset distribution and expected return	£'000	£'000	£'000
Equities	30,991	27,460	23,734
Bonds	-	1,655	8,594
Property	1,583	1,508	1,462
Diversified Growth Fund	18,819	18,181	17,376
Liability Driven Investment Fund	17,091	13,945	5,007
Cash and net current assets	1,235	5,362	808
Total	69,719	68,111	56,981

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

29. Pension scheme (continued)

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

Assumptions	27-Aug-17	28-Aug-16	30-Aug-15
Retail Prices Index Inflation	3.20%	2.80%	3.1% pa
Consumer Prices Index Inflation	2.20%	1.80%	2.1% pa
Discount rate	2.70%	2.00%	3.8% pa
Pension increases (according to increases under the scheme rules)	2.5/3.5/3.1/2.1% pa	2.5/3.3/2.7/2% pa	2.5/3.4/3.0/2.2% pa
Salary growth	n/a	n/a	2.1% pa
Life expectancy of male aged 65 at the accounting date	22 years	22.3 years	22.2 years
Life expectancy of male aged 65 at 20 years from the accounting date	23.4 years	24 years	23.9 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	815
Due between one year and two years	817
Due between two years and five years	2,621
Due after five years	17,909

30. Cash flows

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

	52 Week Period Ended 27-Aug-17	52 Week Period Ended 28-Aug-16
	£'000	£'000
Net incoming resources before other recognised gains and losses	11,315	9,051
Defined benefit pension scheme expense	71	1,426
Investment and finance interest income	(1,835)	(1,813)
Interest payable	71	64
(Gains)/losses on investments	(580)	(4,158)
Taxation	-	826
Depreciation charge	7,089	7,075
Amortisation of intangible fixed assets	1,877	2,172
Impairment of fixed assets	1,131	2,197
Decrease/(Increase) in productions in preparation	370	(1,365)
(Increase)/Decrease in stock	(103)	145
(Increase)/Decrease in debtors	(8,832)	(606)
Increase/(Decrease) in creditors	1,622	(2,560)
Net cash provided by (used in) operating activities	12,196	12,453

b) Cash outflow from investing activities

	52 Week Period Ended 28-Aug-17	52 Week Period Ended 28-Aug-16
	£'000	£'000
Capital expenditure on tangible fixed assets	(20,084)	(11,310)
Capital expenditure on intangible fixed assets	(1,780)	(2,191)
Additions of investment (at cost)	(1,151)	(1,035)
Disposals of investments	997	1,008
Finance lease interest and contingent rents received	307	319
Interest income received	1,529	1,484
Redemption/(Investment) of Short term Investments: Deposits	11,500	(12,500)
Net cash provided by (used in) investing activities	(8,682)	(24,225)

c) Cash inflow from financing activities

	52 Week Period Ended 27-Aug-17 £'000	52 Week Period Ended 28-Aug-16 £'000
Cash inflow on receipt of borrowings	-	-
Cash outflow on repayment of borrowings	-	(102)
	-	-
Net cash provided by (used in) financing activities	-	(102)

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 27 August 2017
	£'000	£'000	£'000
Cash at bank and in hand per Charity's balance sheet	17,905	3,989	21,894
Cash at bank and in hand in group undertakings			
ROH Endowment Fund 2000	431	284	715
Royal Opera House Enterprises Limited	855	-	855
Royal Opera House Holdings Limited	-	-	-
Royal Opera House Developments Limited	-	371	371
Cash and cash equivalents per Group's cash flow statement	19,191	4,644	23,835

	Unrestricted	Restricted	Total 28 August 2016
	£'000	£'000	£'000
Cash at bank and in hand per Charity's balance sheet	9,148	8,543	17,691
Cash at bank and in hand in group undertakings			
ROH Endowment Fund 2000	375	250	624
Royal Opera House Enterprises Limited	1,634	-	1,634
Royal Opera House Holdings Limited	-	-	-
Royal Opera House Developments Limited	-	371	371
Cash and cash equivalents per Group's cash flow statement	11,157	9,164	20,321

31. 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 27 August 2017 £'000	Interest income/ (expense) £'000	Dividend income/ (expense) £'000	Net gains/ (losses) changes in fair value £'000	Group 28 August 2016 £'000	Interest income/ (expense) £'000	Dividend income/ (expense) £'000	Net gains/ (losses) changes in fair value £'000
Measured at fair value through Statement of Financial Activities								
Financial Assets	33,854	-	1,368	580	33,120	-	1,252	4,158
Investments	33,854	-	1,368	580	33,120	-	1,252	4,158
Measured at undiscounted cash receivable/(payable)								
Financial Assets	45,405	160	-	-	53,677	232	-	-
Trade debtors	4,307	-	-	-	4,570	-	-	-
Accrued income & Other Debtors	3,263	-	-	-	3,286	-	-	-
Cash and cash equivalents	23,835	-	-	-	20,321	-	-	-
Short term investments: Deposits	14,000	160	-	-	25,500	232	-	-
Financial Liabilities	(13,168)	-	-	-	(11,426)	-	-	-
Trade creditors	(1,622)	-	-	-	(1,318)	-	-	-
Accruals	(11,565)	-	-	-	(10,107)	-	-	-
Measured at amortised cost								
Financial Liabilities	(1,482)	(71)	-	-	(1,411)	(64)	-	-
Mortgage loan	(1,482)	(71)	-	-	(1,411)	(64)	-	-

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 27 August 2017 of £33.9m (28 August 2016: £33.1m), £4.2m (28 August 2016: £4.7m) are 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.

31. Financial Instruments (continued)

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

Charity	Carrying Amount	Income earned			Carrying Amount	Income earned		
	Charity 27 August 2017	Interest income/ (expense)	Dividend income/ (expense)	Net gains/ (losses) changes in fair value	Charity 28 August 2016	Interest income/ (expense)	Dividend income/ (expense)	Net gains/ (losses) changes in fair value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Measured at undiscounted cash receivable/(payable)								
Financial Assets	44,519	200	-	-	49,617	282	-	-
Trade debtors	2,687	-	-	-	2,761	-	-	-
Amounts due from subsidiary and associated undertakings	3,122	5	-	-	1,041	6	-	-
Accrued income & Other Debtors	2,816	-	-	-	2,625	-	-	-
Cash and cash equivalents	21,894	-	-	-	17,691	-	-	-
Short term investments: Deposits	14,000	195	-	-	25,500	276	-	-
Financial Liabilities	(12,513)	-	-	-	(13,552)	-	-	-
Trade creditors	(1,434)	-	-	-	(1,227)	-	-	-
Amounts owed to group undertakings	-	-	-	-	(3,387)	-	-	-
Accruals	(11,079)	-	-	-	(8,938)	-	-	-
Measured at amortised cost								
Financial Assets	1,200	36	-	-	1,400	45	-	-
Amounts due from subsidiary undertaking	1,200	36	-	-	1,400	45	-	-
Financial Liabilities	(1,482)	(71)	-	-	(1,411)	(64)	-	-
Mortgage loan	(1,482)	(71)	-	-	(1,411)	(64)	-	-

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.

32. Short term investments: Deposits

	Group 27 August 2017 £'000	Group 28 August 2016 £'000	Charity 27 August 2017 £'000	Charity 28 August 2016 £'000
Short term investments: Deposits	14,000	25,500	14,000	25,500

33. Consolidated statement of financial activities for the 52 week period ended 28 August 2016

	Note	Total Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	52 week period ended 28-Aug-16 Total Funds £'000
Income and endowments from:					
Charitable activities					
Operation of Royal Opera House (including box office)	3	59,749	-	-	59,749
Donations and legacies					
Donations, legacies and similar incoming resources	5	10,687	21,804	(105)	32,386
Grants from Arts Council England	4	24,772	3,063	-	27,835
Other trading activities					
Commercial trading income	6	17,494	-	-	17,494
Investments	7	1,057	756	-	1,813
Total income and endowments		113,759	25,623	(105)	139,277
Expenditure on:					
Charitable activities					
Productions, sales and operations	8	(102,231)	(14,426)	-	(116,657)
Raising Funds					
Generating voluntary income	10	(4,497)	(128)	-	(4,625)
Commercial activities	11	(12,212)	-	-	(12,212)
Interest payable	14,24	(64)	-	-	(64)
Total expenditure	14	(119,004)	(14,554)	-	(133,558)
Net Income/(expenditure)		(5,245)	11,069	(105)	5,719
Net gains on investments	17	-	-	4,158	4,158
Net Income/(expenditure)		(5,245)	11,069	4,053	9,877
Taxation	34	(826)	-	-	(826)
Transfers between funds	15	11,399	(11,399)	-	-
Net Income/ (expenditure) after transfers and before other recognised gains and (losses)		5,328	(330)	4,053	9,051
Other recognised gains and (losses)					
Gains on revaluation of heritage assets	17,21	10	-	-	10
Actuarial (loss) on the defined benefit pension scheme	29	(17,297)	-	-	(17,297)
Taxation relief on donations under the gift aid scheme	34	870	-	-	870
Net movement in funds		(11,089)	(330)	4,053	(7,366)
Fund balances brought forward at 30 August 2015		168,382	23,095	34,103	225,580
Fund balances carried forward at 28 August 2016	25	157,293	22,765	38,156	218,214

34. Taxation

UK corporation tax charge and relief of £740,528 has arisen in the period in respect of current year profits. UK Corporation tax relief of £825,632 has arisen in the period in respect of prior year profits (*52 week period ended 28 August 2016: tax charge of £825,632 and tax relief of £870,270*). No deferred tax has arisen in the period (*52 week period ended 28 August 2016: nil*).

There is an unrecognised deferred tax asset of £1,148 (*28 August 2016: £146,657*) in Royal Opera House Enterprises Limited which has not been recognised due to uncertainty over the timing of its recoverability.



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