

ROYAL OPERA HOUSE ENTERPRISES LIMITED

Annual report and Financial Statements

Registered number 04112266

**For the 52 week period ended
29 August 2021**

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Royal Opera House Enterprises Limited
Annual Report and Financial Statements
For the 52 week period ended 29 August 2021

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Directors' report for the 52 week period ended 29 August 2021

The directors present their report together with the audited financial statements for the 52 week period ended 29 August 2021. The comparative period is the 53 week period ended 30 August 2020.

Principal activity

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

Registered company address

Royal Opera House
Covent Garden
London WC2E 9DD

Incorporated in England.

Dividends

No dividends were paid in the period (*53 week period ended 30 August 2020: nil*). The directors do not recommend the payment of a dividend in respect of the period ended 29 August 2021 (*53 week period ended 30 August 2020: nil*).

Donations

The company made donations of £1.193m in the period (*53 week period ended 30 August 2020: £1.934m*), under Gift Aid, to Royal Opera House Covent Garden Foundation, all of which was donated in respect of profits for the 52 week period ending 29 August 2021.

Directors

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

Lady Heywood (Chairman)
Julian Metherell

Alex Beard CBE
Mindy Kilby

Company Secretary

Leah Hurst

Auditors

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

Disclosure of information to auditors

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

On behalf of the board

Lady Heywood
Director
29 March 2022



Covent Garden
London
WC2E 9DD

Strategic Report for the 52 week period ended 29 August 2021

Business review

The results for the period and financial position of the company are as shown in the audited financial statements. These record an operating profit of £1.2m for the 52 week period ended 29 August 2021 (*53 week period ended 30 August 2020: £1.9m*).

Compared to 2020 turnover, gross profit and operating profit all decreased as a result of the impact of Covid-19 (£8.1, £1.1m and £0.7m, respectively), however, due to the mix of activity, both the gross profit and operating profit percentages improved in 2021.

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

Going Concern

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

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

Our forward model which covers the period to August 2023 assumes that catering, cinema and retail activities have returned to normal operations, but revenues continue to be marginally suppressed due to the longer-term impact from Covid-19. Although the full impact of the pandemic is difficult to assess with certainty, the current information available leads management to believe that this scenario is reasonable.

From September 2021 we have assumed a more regular schedule of performances and levels of income for certain product lines will be less than pre-pandemic levels for the 21/22 financial year and into the 22/23 financial year. For cinema activity, from December 2021 we have forecast that we will deliver a reduced number of live cinema programmes in 21/22 financial year and build back up to pre-Covid levels in 22/23 financial year. Overall, the forward model is prudent in terms of the net income generated from the business activities and has the potential to outperform.

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

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

Future plans

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

Risks and uncertainties

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

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

In response to the unprecedented challenge that the pandemic caused, the parent company responded quickly to ensure the continued operation of the business. By implementing a Recovery Plan, focussing on ensuring long-term viability of the organisation, including a significant fundraising campaign, making use of government support through the Coronavirus Job Retention Scheme, securing a loan through the Culture Recovery Fund, a major restructure of the organisation and the sale of a Hockney painting from the parent's heritage assets. Notwithstanding support from the parent company, Royal Opera House Enterprises Limited is a profitable business and therefore can continue independently.

The ability of Royal Opera House Enterprises Limited to grow its operations again will be dependent on the UK having relatively few restrictions in place, and the speed at which not only the country, but also the rest of the world, recovers will prove an important factor in Royal Opera House Enterprises Limited's ability to return to normal operations.

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

Key performance indicators

During non-Covid times, in monitoring the performance of the company the Board of Directors chose a number of key performance indicators to monitor the progress and ensured the business is on track to deliver its strategy. These include: turnover; operating profit; and overall results against budget. Since March 2020 until the operation fully resumed in September 2021, this monitoring was suspended due to lockdown and limited openings during the 20/21 financial year.

On behalf of the board

Lady Heywood
Director
29 March 2022



Covent Garden
London
WC2E 9DD

Statement of directors' responsibilities

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

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

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

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

The directors confirm that:

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

On behalf of the board

Lady Heywood
Director
29 March 2022



Covent Garden
London
WC2E 9DD

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

Opinion

We have audited the financial statements of Royal Opera House Enterprises Limited (the 'company') for the 52 week period ended 29 August 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 August 2021 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

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

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

Conclusions relating to going concern

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

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. We determined the following laws and regulations were most significant: The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), the Companies Act 2006 and the Data Protection Act 2018.
- We understood how the company is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of income.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
 - The company's control environment, including:
 - Management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations
 - The adequacy of procedures for authorisation of transactions and review of management accounts, and
 - Procedures to ensure that possible breaches of laws and regulations are appropriately resolved

Use of our report

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

Grant Thornton

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

29 March 2022

Statement of Comprehensive Income

for the 52 week period ended 29 August 2021

	Note	29-Aug 2021 £'000	30-Aug 2020 £'000
Turnover		4,324	12,503
Cost of sales		(2,077)	(9,113)
Gross profit		2,247	3,390
Administration expenses		(1,046)	(1,434)
Operating profit before interest		1,201	1,956
Interest payable and similar charges	5	(8)	(22)
Profit before taxation	2	1,193	1,934
Taxation	6		
Taxation charge for current year's profits		(227)	(367)
Taxation relief for current year's profits		227	367
Profit for the financial period		1,193	1,934

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

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

The notes on pages 14-19 form part of these financial statements.

Balance sheet

As at 29 August 2021

	Note	29-Aug 2021 £'000	30-Aug 2020 £'000
Fixed assets			
Tangible fixed assets	7	-	-
Total fixed assets		-	-
Current assets			
Stocks	8	439	422
Debtors: amounts falling due after more than one year	9	1,230	1,330
Debtors: amounts falling due within one year	9	580	1,011
Cash at bank and in hand		277	192
		2,526	2,955
Creditors: amounts falling due within one year	10	(1,950)	(2,179)
Net current assets		576	776
Total assets less current liabilities		576	776
Creditors: amounts falling due after more than one year	11	(400)	(600)
Net assets		176	176
Shareholder's funds			
Share capital	12	126	126
Retained earnings		50	50
Total shareholder's funds		176	176

The notes on pages 14-19 form part of these financial statements.

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



Lady Heywood
 Director
 29 March 2022

Statement of Changes in Equity

for the 52 week period ended 29 August 2021

	Share capital £'000s	Retained earnings £'000s	Total £'000s
Closing balance at 25 August 2019	126	50	176
Net profit after taxation	-	1,934	1,934
Donations under the gift aid scheme	-	(1,934)	(1,934)
Closing balance at 30 August 2020	126	50	176
Net profit after taxation	-	1,193	1,193
Donations under the gift aid scheme	-	(1,193)	(1,193)
Closing balance at 29 August 2021	126	50	176

The notes on pages 14-19 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard (FRS102) (effective 1 January 2019) and Companies Act 2006. There are no material departures from that standard in these financial statements.

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

As the company is a wholly owned subsidiary of Royal Opera House Covent Garden Foundation, the company has taken advantage of the exemption contained in FRS 102 S33.1A and has therefore not disclosed transactions or balances with entities that form part of the group. The consolidated financial statements of Royal Opera House Covent Garden Foundation, within which this company is included, can be obtained from the address given in note 13.

Going concern

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

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

Our forward model which covers the period to August 2023 assumes that catering, cinema and retail activities for the Royal Opera House have returned to normal operations, but revenues continue to be marginally suppressed due to the longer-term impact from Covid-19. Although the full impact of the pandemic is difficult to assess with certainty, the current information available leads management to believe that this scenario is reasonable.

From September 2021 we have assumed a more regular schedule of performances and levels of income for certain product lines will be less than pre-pandemic levels for the 21/22 financial year and into the 22/23 financial year. For cinema activity, from December 2021 we have forecast that we will deliver a reduced number of live cinema programmes in 21/22 financial year and build back up to pre-Covid levels in 22/23 financial year. Overall, the forward model is prudent in terms of the net income generated from the business activities and has the potential to outperform.

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

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

Judgements and Estimates

Management have used estimations in the following areas:

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

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

Management have exercised their judgement in the following area:

Functional Currency

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

Revenue Recognition

Turnover

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

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

Foreign currencies

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

Payment to parent charity under Gift Aid

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

Taxation

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

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

1 Accounting policies (continued)

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

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

Assets

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

Debtors

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

Liabilities

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

Creditors

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

Tangible fixed assets

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

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

Stocks

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

Pension

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

2 Profit before taxation

None of the directors received any remuneration for their services as directors during the period (2020: nil). The auditors' remuneration for the 52 week period ended 29 August 2021 was £12,000 in respect of audit services provided to the company and has been borne by the parent company (for the 53 week period ended 30 August 2020: £12,000 borne by the parent company).

3 Gift Aid

The gift aid payment is made to the Royal Opera House Covent Garden Foundation. The gross amount payable for the period ended 29 August 2021 is £1.193m, (2019: £1.934m), all of which was donated in respect of profits for the 52 week period ending 29 August 2021.

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

4 Staff Costs

Staff are employed by Royal Opera House Covent Garden Foundation undertaking activities on behalf of Royal Opera House Enterprises Limited and are re-charged at full cost which forms part of administration expenses. For the period ended 29 August 2021, there were no contributions to a defined contribution plan is recognised in the Statement of Comprehensive Income (2020: nil).

5 Interest payable and similar charges

	52 week period ended 29-Aug	53 week period ended 30-Aug
	2021 £'000	2020 £'000
Interest payable to Royal Opera House Covent Garden Foundation	8	22
	<u>8</u>	<u>22</u>

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

6 Taxation

UK corporation tax of £227k arose in the period (53 week period ended 30 August 2020: £367k), all of which was relieved under the expectation that the taxable profits will be distributed to the Royal Opera House Covent Garden Foundation within nine months of the period end date. No deferred tax has arisen in the period (53 week period ended 30 August 2020: nil).

There is no unrecognised deferred tax asset (30 August 2020: nil).

7 Tangible fixed assets

	Fixtures & Fittings	Computer Equipment	Total
	£'000	£'000	£'000
Cost at beginning and end of the period	32	128	160
Accumulated depreciation at beginning and end of the period	32	128	160
Net book value at 29 August 2021 and 30 August 2020	-	-	-

8 Stocks

	29-Aug 2020 £'000	30-Aug 2020 £'000
Stocks - finished goods for resale	439	422

During the 52 week period ended 29 August 2021 £258,301 (53 week period ended 30 August 2020: £492,082) of stock was expensed through the income statement.

9 Debtors: amounts falling due after more than one year

	29-Aug 2021 £'000	30-Aug 2020 £'000
Prepayments	1,124	1,224
Other debtors	106	106
	1,230	1,330

Debtors: amounts falling due within one year

	29-Aug 2021 £'000	30-Aug 2020 £'000
Trade debtors	456	728
Prepayments and accrued income	124	283
	580	1,011

10 Creditors: amounts falling due within one year

	29-Aug 2021 £'000	30-Aug 2020 £'000
Trade creditors	55	27
Accruals and deferred income	586	147
Amount due to Royal Opera House Covent Garden Foundation	1,309	2,005
	<u>1,950</u>	<u>2,179</u>

11 Creditors: amounts falling due after more than one year

	29-Aug 2021 £'000	30-Aug 2020 £'000
Amount due to Royal Opera House Covent Garden Foundation	400	600
	<u>400</u>	<u>600</u>

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

12 Called up share capital

	29-Aug 2021 £'000	30-Aug 2020 £'000
<i>Allotted, issued and fully paid:</i>		
125,987 Ordinary shares of £1 each – fully paid up	126	126
	<u>126</u>	<u>126</u>

13 Ultimate parent undertaking

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

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