

**CHARITY NUMBER 243877  
COMPANY NUMBER 00358266**

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)  
AND SUBSIDIARY**

**TRUSTEES' ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**CONTENTS OF THE FINANCIAL STATEMENTS**

---

Page No.	
1 - 2	Legal and Administrative Information
3 - 16	Report of the Trustees
17 - 19	Report of the Independent Auditors
20	Consolidated Statement of Financial Activities
21	Balance Sheets
22	Consolidated Statement of Cash Flows
23 - 44	Notes to the Financial Statements

---

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**LEGAL AND ADMINISTRATIVE INFORMATION**

---

**Trustees**

The Trustees of the Charitable Company are also its Directors for the purpose of Company law. Throughout this report they are collectively referred to as Trustees.

John Botts CBE (Chair)  
Jolyon Barker  
Lord Davies of Abersoch CBE  
Louise Flind  
Hamish Forsyth  
André Hoffmann (resigned 16 March 2017)  
Franck Petitgas  
Alina Kessel (appointed 5 July 2017)

In accordance with the Articles of Association, Louise Flind and Lord Davies of Abersoch CBE will retire by rotation and, being eligible, will offer themselves for re-election. Gus Christie, Executive Chairman, attends Board meetings in the capacity of a non-voting advisory trustee.

**Audit and Finance Committee**

Hamish Forsyth (Chair)  
John Botts CBE  
Paul Collins\*  
Michael Lynch \*

**Nominations and Remuneration Committee**

All members of the Board other than Louise Flind, sister of Gus Christie, are members of this Committee, chaired by John Botts.

**New Generation Programme Committee**

Sir Martin Smith (Chair)\*  
John Botts CBE

\* Former Trustees of Glyndebourne Arts Trust, the connected Charity which was merged with Glyndebourne Productions Limited in December 2014.

**Executive Management Team**

Gus Christie – Executive Chairman  
Sebastian F Schwarz – General Director (resigned 31 March 2018)  
Sarah Hopwood – Managing Director  
Steven Naylor – Director of Artistic Administration  
Eric Gautron – Technical Director  
George Bruell – Director of Communications  
Andrew Higgins – Director of Development

**Registered Office and Principal Office**

Glyndebourne  
Lewes  
East Sussex BN8 5UU

**Company Secretary**

Sarah Hopwood

GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

---

**Professional Advisers**

Statutory Auditors	Crowe U.K. LLP Chartered Accountants St Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers	Lloyds TSB plc 25 Gresham Street London EC2V 7HN
Investment Managers	Rothschild Wealth Management UK Ltd New Court St Swithin's Lane London EC4N 8AL  Capital Group 40 Grosvenor Place London SW1X 7GG
Solicitors	Adams & Remers Trinity House School Hill Lewes, East Sussex BN7 2NN

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

The Trustees have pleasure in presenting their Annual Report, including the Report of the Trustees together with the Strategic Report under the Companies Act 2006. The accompanying accounts include the consolidated results and balance sheet of Glyndebourne Productions Limited ("GPL") and its trading subsidiary, Glyndebourne Enterprises Limited ("GEL") for the year ended 31 December 2017.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

Glyndebourne Productions Limited is a company limited by guarantee (company registration no: 00358266) and is registered as a charity (charity registration no: 243877). It is governed by a Memorandum and Articles of Association, which were last amended on 2 February 2001.

Legal and administrative information set out on pages 1 and 2 form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, the Companies Act 2006 and the Charities SORP (FRS 102). During 2017 the Board engaged with the public consultation on changes to the Charity Governance Code and reviewed its own governance practice against the proposals. In line with good governance best practice, the Board will adopt the principles of the Code. This will be undertaken proportionately to the Charity's circumstances. In the case of any divergence from the Code's recommendations, an explanation will be provided in future annual reports.

The Board of Trustees is responsible for the overall governance of the Charity. Trustees are elected by the Board, based on a fair recruitment process representative of GPL as an equal opportunities employer, including meetings between prospective candidates and all existing members of the Board. In accordance with the Articles of Association, the total number may not be less than four nor more than ten. The induction process for new Board members includes the provision of background information, details of the constitution of the Charity and its connected parties, budgets, recent financial statements, minutes of recent Board meetings and papers dealing with key current issues, plus the opportunity for meetings with key executives. Effective partnership between the Trustees and the executive management continues to contribute significantly to the success of the business. Board meetings are held at least three times a year, in addition to an Annual General Meeting, where Trustees review strategy, operational performance and authorise operating plans and budgets. Further strategic reviews are undertaken as and when required for any other purpose.

The Board delegates the exercise of certain powers in connection with the management and administration of the Charity as set out below. This is controlled by regular reporting to the Board, with the delegated authorities being approved by the Board annually.

**Audit and Finance Committee**

This Committee meets formally twice a year, or more often if necessary, and minutes of these meetings are presented to the Board of GPL for formal ratification. The Committee is charged with reviewing the process and effectiveness of financial reporting, internal control and risk management, external and internal audits, and management of the Charity's investment portfolios. The Committee meets with the external auditors at least annually without any members of the Glyndebourne management in attendance. Furthermore, the Committee ensures that proper procedures are in place to manage cash resources prudently whilst maintaining sufficient funds to meet daily cash requirements. The Committee advises the Board of Trustees on the appropriate level of free reserves and any significant change in investment strategy.

**Nominations and Remuneration Committee**

The Nominations and Remuneration Committee comprises all non-connected Trustees of the Company. The Committee meets formally at least twice a year and is charged with the review of performance of

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

the executive management team, remuneration and compensation policy, succession planning and Board appointments.

**New Generation Programme Committee**

The Committee is charged with responsibility for the governance of the New Generation Programme (“NGP”). This fund was established in 2009 to provide support for audience and artist development initiatives over and above the core charitable activities. The committee meets twice a year with GPL's executive management team with the focus being on use of resources, portfolio investment performance and fundraising strategy.

**Executive Management Team**

Gus Christie, Executive Chairman, leads the executive team responsible for the day-to-day management of the Charity. During the year the team comprised Sebastian F Schwarz, General Director, Sarah Hopwood, Chief Operating Officer and Company Secretary, Steven Naylor, Director of Artistic Administration, Eric Gautron, Technical Director, George Bruell, Director of Communications and Andrew Higgins, Director of Development. Sebastian F Schwarz stepped down from his position as General Director at the end of 2017 with Gus Christie assuming the role of Acting General Director on an interim basis. Post year end a restructure of the Executive team has been announced, with Sarah Hopwood being appointed to the position of Managing Director with effect from 1 March 2018 and a search has commenced to recruit for the new position of Artistic Director. The Executive Management Team continues to report collectively and formally to the Board of Trustees at least three times a year.

The pay of the executive management team is reviewed annually by the Remuneration Committee of the Board, with occasional formal benchmarking against other Arts organisations. Annual pay awards are normally based on cpi and average earnings data, but the Remuneration Committee has the authority to award higher pay reviews should market forces dictate or responsibilities change.

**Group Structure**

GPL has a wholly owned trading subsidiary, Glyndebourne Enterprises Limited (“GEL”). The business of the subsidiary continues to comprise merchandising, production sale and hire, the operation of GPL's wind turbine, as well as being contracted by GPL to produce all of the Festival, Tour and Education productions each year. The objective of the trading subsidiary is to raise funds to support the charitable activities of its holding company.

**Connected Charity**

GAA was established in 1976 for the purpose of attracting support from people and organisations in America who are sympathetically disposed to the promotion of opera. Michael Lynch, Chairman of the Association, and John Botts both remained as Trustees of GAA throughout the year. Total cash and investments held by GAA at the year-end amounted to \$132k (2016: \$617k), grants having been made to GPL during the year amounting to £442k (2016: £597k).

**Connected Persons**

The relationship between GPL and the Christie family is critical to the long term financial and operational strategy of the Charity. GPL was founded by John Christie, grandfather of Gus Christie, Executive Chairman, in 1934. Since that date the Christie family, John, followed by his son, Sir George Christie and currently Gus Christie, have lived on site in the Mansion House (the “House”), which is not an asset of GPL, and have taken an active role in the management and supervision of the Charity. This relationship with the family is important to members, donors, staff and artists - the Christie's home, the Mansion House, is used by GPL to accommodate company members for 7 months of the year from the start of Festival rehearsals to the point at which the Tour leaves Glyndebourne which therefore means the family have little privacy. Gus entertains the Company and donors on a regular basis in the

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

House and the Organ Room is open to audiences on every performance day. The gardens, likewise, are open to opera audiences on performance days and to Company members every day of the year. There is a formal agreement in place between GPL and Gus for the sharing of running costs of the House, but no rent is charged to GPL, thus providing significant benefit to GPL in saving the costs of essential accommodation for artists and entertaining space. Furthermore, the Opera House, owned by a Trust of which the family and GPL are beneficiaries, is let to GPL at a peppercorn rent to 2075.

Gus Christie continued to be engaged by the Charity during the year, and attends Board meetings in the capacity of a non-voting advisory trustee. His sister, Louise Flind, has been a Trustee of the Charity since February 2005. Details of transactions with the Christie family are set out in Note 18 to the financial statements.

**Health and Safety**

The Glyndebourne management and Trustees take the issue of Health and Safety very seriously. The Charity has a comprehensive health and safety policy which is regularly reviewed, and employs a suitably qualified full-time health and safety officer. Procedures are managed and monitored by a committee of safety representatives from all key departments, which reports to the health and safety management committee, chaired by the Managing Director and of which several key senior executives are members. Both of these committees meet at least six times a year and management report formally to the Board on health and safety issues at least once a year.

**Employee Involvement**

The Charity aims to be an organisation that employees enjoy working for, where they feel supported and developed. It operates an open communications policy, informing and seeking the views of its employees through an integrated internal communications plan comprising a range of meeting forums available to all staff. Regular meetings are held with the key recognised unions, BECTU and Equity.

**Equality and Diversity**

In accordance with its Equality and Diversity policy, the Charity aims to be an inclusive organisation offering equality of opportunity to all. We recognise that certain groups of people can experience barriers to access and inclusion. We have a commitment to identify and remove these barriers and fairly and appropriately treat all with due regard to, for example, their age, ethnicity and race, gender, disability, gender identity, sexual orientation, religion, marital status and trade union membership.

This policy applies to our relationships with our existing, future and potential employees, artists and audiences, suppliers, supporters and partners. Our commitment to the implementation of this policy is enforced by the Equality and Diversity Committee, which meets at least three times a year and has an informing and supportive, as well as an advocacy role. The committee reports formally to Trustees once a year. All Trustees are required to comply with and encourage this policy and act at all times to remove witting and unwitting barriers to equality of opportunity.

**Training and Development**

The Charity is committed to the training, career development and promotion of all employees. Training programmes are provided to meet any ongoing needs, with the aim of developing employees for both their current and future roles.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**Statement of Trustees' Responsibilities**

The Trustees (who are also Directors of Glyndebourne Productions Limited for the purposes of Company Law) are responsible for preparing the Report of the Trustees 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 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 company and the Group for that period.

In preparing these financial statements, the Trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 charity and the Group and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

On 25 June 2018 Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditors and a resolution to re-appoint them will be proposed at the annual general meeting.



GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017

---

**OBJECTIVES AND ACTIVITIES**

The Company was incorporated in 1939 with the objective under the Memorandum & Articles of Association of “the promotion of aesthetic education and the cultivation and improvement of public taste in music opera or the other arts and the doing of all such other things as are incidental to the attainment of the above objects”.

Our mission to realise this objective is:

- to create world-class transformative operatic experiences;
- to remain financially independent;
- to engage broad audiences; and
- to create a stimulating and inspirational environment for all.

The principal activities undertaken to achieve this comprise:

- an annual **Festival** of live opera at Glyndebourne;
- a national **Tour** providing live opera of the highest possible standard to a broad-ranging audience at more accessible prices;
- a year-round **education** programme comprising youth and community programmes (including regular youth opera groups for local children, performances for schools and colleges, and work with people with Dementia and their carers), funded in such a way as to ensure that participants, regardless of wealth, are able to participate, talks and events for audiences and the development of new work; and
- **media development** - investment in the filming and audio recording of live opera to maximise opportunities for wider audience engagement at more affordable prices or for free through a variety of sources including radio, television, the internet, DVD and cinema.

The commercial activities of merchandising, production sale and hire and the sale of surplus electricity generated by GPL’s wind turbine are undertaken through GPL’s trading subsidiary, GEL, incorporated in 2000, to generate an alternative income stream to support the Charity’s core objectives.

**Public Benefit**

The Trustees have given due consideration to the Charity Commission’s general guidance on public benefit and are satisfied that our objectives, strategy, future plans and activities, as noted above and further referenced under the four core objectives in the Strategic Report, fall within the charitable purpose of “the advancement of the arts, culture, heritage of science” as required by the Charities Act 2011.

GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017

---

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

The four key strands to our business model, the Festival, Tour, Education and Media Development all contribute to our four core objectives. None of these objectives can be achieved in isolation - we will only be able to continue to deliver the highest quality operatic experience to as many people as possible, whether live or digitally, if we have the appropriate financial resources in place to do so.

**1) Create world-class transformative operatic experiences**

GPL's global reputation stems from a passion for artistic excellence. Founder John Christie insisted on "doing not the best that we can do but the best that can be done anywhere". For over eighty years that has remained GPL's touchstone as recognised by some of the awards and nominations - shortlisted in three categories at the 2018 International Opera Awards following the success of the 2017 Festival - World premiere of the Year – *Hamlet*, Festival of the Year, and New Production – *La Clemenza di Tito*.

GPL prides itself on developing new talent. We strive to provide the best possible environment for artists with a long rehearsal period, world-class coaching and a strong culture of nurture. Young artists are offered development opportunities through both the Tour and our extensive understudy programme. Our Chorus is world-renowned, with all members having to re-audition annually in order to maintain artistic standards, and a well-established Chorus development scheme, offering up to 4 choristers a year the opportunity for additional coaching and solo concert performances. GPL (and its audiences) are noted for their sense of adventure with programmes balancing well-known repertoire with less familiar works, both old and new, including British premieres and new commissions.

This was particularly marked in 2017 with the Festival comprising a new production of Cavalli's rarely performed work, *Hipermestra*; a new work commissioned by GPL and premiered in the Festival, Brett Dean's *Hamlet*, which was also performed in the Autumn Tour, both at Glyndebourne and in our regular touring venues, Canterbury, Norwich, Milton Keynes and Plymouth; and a new production of Mozart's *La Clemenza di Tito*, with revivals of *La Traviata*, *Ariadne auf Naxos* and *Don Pasquale*. The Tour further comprised revivals of *Il barbiere di Siviglia* and *Così fan Tutte*.

During 2017 there were 3 choristers selected to receive a full programme of training and performance opportunities through the Jerwood Chorus development scheme. Two of these singers were funded to join the National Opera Studio for additional training, subsidised through the NGP.

In 2017 GPL was proud to present a 4th new main-stage production with the youth opera, *Belongings* composed by Glyndebourne's Young Composer-in-Residence, Lewis Murphy. This was performed by 65 members of Glyndebourne Youth Opera (GYO), which celebrated its 20<sup>th</sup> anniversary in 2017, alongside 3 professional singers and 6 musicians from the LPO's Foyle Future Firsts Development Programme. *Belongings* demonstrated our continued commitment to commissioning challenging new work with significant contemporary relevance.

**2) Remain financially independent**

Glyndebourne's commitment to doing "the best that can be done anywhere" has earned it a loyal following, enabling it to preserve its financial independence. However, we are not complacent about the challenges ahead with increased audience choice, an uncertain economic climate, and the need to invest to maintain our competitive edge from an artistic, audience and staff perspective. With costs increasing

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

at a faster rate than income, and with the Festival receiving no public subsidy, this puts increasing pressure on box office income and fundraising, which together fund over 90% of annual operating costs.

The 2017 Festival was highly successful from an artistic perspective and whilst we fell short of our box office target by nearly 3%, representing nearly £500k, in light of the more challenging repertoire we were delighted with the final result with 92.3% of potential gross box office income being realised. We are mindful of the impact even a small reduction in the box office result can have on reserves and therefore the vulnerability to price sensitivity. Festival ticket prices are set at a level to fund annual operating costs, with the Festival bearing all fixed costs associated with operating the Charity. This is essential in ensuring the financial viability of the Tour and education activity, key contributors to GPL's strategy to make our work available to broader audiences.

### **Fundraising**

Fundraising income includes membership subscriptions, sponsorship income and other donations, including legacies, and associated gift aid. We are increasingly mindful of our potential over-reliance on both our loyal members and generous supporters, predominantly individuals, who enabled us to meet our sponsorship targets for the 2017 Festival, in addition to supporting the Annual Fund, and the New Generation Programme, supporting a wide range of additional activity including filming, our new Education commission, *Belongings*, and other audience and artist development activity.

Targeted fundraising for the production hub resulted in the receipt of £2.2m against a projected total cost of £6.5m with the Annual Fund campaign in 2018 focussing on raising further funds to support investment in equipment and technology within the new facility. We chose not to run a public fundraising campaign in support of the cost of the production hub, being mindful of the risk of diverting fundraising away from the core operation.

Legacy income amounted to just under £1m in 2017, providing an additional valuable source of income. We continue to recognise and thank generous and forward-thinking individuals who have decided to leave a gift to GPL in their will through the living legacy programme, the John Christie Society, which provides the opportunity for individuals to become more involved with the Charity.

Whilst the Festival receives no public subsidy, both the Tour and Education activity rely heavily on Arts Council England support. We are delighted that our application for continued funding from the Arts Council for the 2018-22 period was granted in June 2017 with an annual grant of £1,629,055 committed for the next 4 years. This grant covers around 30% of the projected annual costs of GPL's Tour and its education programme, with the balance being raised through ticket sales, the support of members, donors and sponsors, and continued subsidy from the Festival.

We certainly do not take this valued support for granted and are constantly working to expand our pool of donors and to ensure that the Charity's resources are used responsibly to best effect.

### **Governance**

We aim to be transparent in everything we do, including about how we raise and spend donors' money. In order to achieve the objective of remaining financially independent, GPL solicits funding support from individuals, trusts and corporate contacts. The majority of these supporters are already GPL members and have an established relationship with the Charity. Policies and procedures for the solicitation of funds are appropriate, well-understood, and monitored and reviewed on a regular basis. Each solicitation is based on a planned and authorised cultivation strategy. This strategy includes the method of approach, the sequencing of funding requests and the plan for thanking, following up and cultivating for further gifts. In developing the strategy data protection policies, and other relevant

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

legislation and best practice, are followed and the solicitation process is fully tracked on our CRM system.

GPL did not engage any third parties during the year to undertake fundraising activities on its behalf. GPL management and Trustees treat the relationship with donors and approach to fundraising very seriously and are pleased to note that there were no related complaints received in the year. In the past 12 months we have reviewed all of our fundraising practice and policies to ensure that all relevant legislation and best-practice guidelines are complied with. Specifically, we comply with the Fundraising Code of Practice, the Information Commissioner's Office Direct Marketing guidelines and are registered with the Fundraising Regulator. Furthermore, we have reviewed data protection statements across all of our communication channels. We want our donors to be proud to support Glyndebourne, not to feel pressured into donating, and we endeavour not to contact anyone that doesn't want us to. We take our supporters' requests and the protection of their personal data very seriously. We never swap or sell their data nor do we use 3rd party fundraisers or profiling companies. Our supporters can choose what communications they receive from us and how we contact them; they can amend their choices or opt out of our communications at any time. All of our fundraising and customer service staff follow best-practice guidelines for dealing with vulnerable people. During the year we undertook a full review of our data collection, handling and storage and commenced activities to ensure that we were compliant with General Data Protection Regulations by 25 May 2018.

**Other income**

Theatre Tax Relief (TTR), introduced by the Government in 2014 with the objective of boosting employment in the Arts, continues to generate a welcome additional source of income which the Trustees have designated for NGP activity.

Finally, commercial activity undertaken by the wholly-owned subsidiary, Glyndebourne Enterprises Ltd ("GEL"), merchandising, production hire and the generation and sale of electricity produced by the GPL turbine, provides a valuable source of income to the Charity in meeting its objective to remain financially independent. For the year ended 31 December 2017, GEL generated a profit of £2.1m (2016: £1.7m), including TTR, with £207k gifted to the Charity during the year and the balance to be gifted to the Charity during 2018.

Whilst we continue to make every effort to achieve box office and fundraising targets each year, and bring in additional income through other revenue generating activities, we equally recognise the importance of cost control in remaining financially independent. As part of our budgeting and reforecasting process we routinely scrutinise our cost base and challenge ourselves to find more efficient ways of working to ensure that our core financial objectives continue to be met.

**3) Engage broad audiences**

Glyndebourne engages with audiences in a variety of ways, be it live at Glyndebourne or one of our touring venues, participation through one of our Education programmes or digital engagement through media development. The Charity aims to maximise the reach, engagement and diversity of people who experience Glyndebourne.

During the Festival nearly 90,000 tickets were sold for 79 performances, achieving just over 92% of gross potential sales income. This included nearly 2,200 top price seats sold to those aged 30 and under for £30 each as part of the Under 30s audience development programme, the ticket subsidy primarily being funded by the NGP. The development of new audiences is critical both to sales generation and the development of potential future members. In 2017 there were 3,124 new to database ticket bookers for

GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017

---

the Festival representing 25% growth year on year and 368 new Associate Members were recruited for Festival 2018 versus 220 for Festival 2017.

The Tour had a record box office with 86% of seats sold (98% at Glyndebourne), reaching an audience of more than 40,000 people over 41 performances across six venues during 2017. Of those who booked tickets, 34% were new to the Tour and 20% were new to Glyndebourne.

Over 12,000 people engaged with Glyndebourne's year round Education programme. A wide range of opportunities again being provided to a broad cross section of the public, often free to the participant, funds having been raised through Arts Council England, the NGP and a range of Trusts, Foundations and individuals to support the programme. The work comprises youth and community work, including subsidised performances and workshops for children and young people at Glyndebourne and the touring venues, projects based on the art form for people with dementia and their carers, in community centres, and in local schools with specific focus on schools with less access to arts and music provision. During 2017, as part of the Tour Performances for Schools programme which is subsidised by the NGP, over 3,000 tickets were sold to more than 90 schools enabling children to experience live opera across our touring venues. In addition 85 family tickets were sold to children during Tour 2017, again subsidised by the NGP.

Media development facilitates the distribution of Glyndebourne's work through television, DVD/Bluray, cinema broadcasts and online streams, enabling the Charity to reach and engage with as broad an audience as possible. Audio-visual recordings were made of two of the Festival productions during 2017, *Hamlet* and *La Clemenza di Tito*. Along with a pre-recorded broadcast of *La Traviata*, these were screened live at 150 cinemas around the UK, reaching an audience of approximately 15,000. The recordings were also streamed online for free on our website reaching approximately 10,000 viewers and continuing the high levels of engagement we've seen previously with average viewing times 30-40 minutes.

Furthermore, the audio-visual recording of the *Le nozze di Figaro* from 2012 was screened during the Tour this year in 12 cinemas (2016: 29) across the UK, providing broader audience access at very reasonable prices.

Two of the 2017 Festival productions were broadcast on the BBC during the Autumn: *Hipermestra* was aired on Radio 3 in September and *Hamlet* was broadcast on BBC4 television during November as part of the BBC's opera season. *Hamlet* was also broadcast on NHK in Japan during the Autumn.

GPL further participated in a day of live streaming in October 2017, in a collaboration between the leading UK opera houses under the title #OperaPassion shown on BBC Arts Digital via Facebook Live in which our Touring production of *Hamlet* was featured.

Additional content in the form of short films, facebook live streams, podcasts and interactive digital guides was produced over the Festival and made available for free both on the GPL website and with partners throughout the year.

#### 4) Create a stimulating and inspirational environment for all

The Charity strives to make Glyndebourne a stimulating and inspirational environment for staff, artists, audience and everyone else we engage with. Its continued employment of inspirational directors, world-class orchestras and performers, and the ongoing drive to commission new work, now go hand in hand with digital innovations such as online streaming to reach new audiences.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

From a staff perspective, the Charity aims to inspire and enable all company members to fulfil their potential in line with GPL's four strategic objectives. During the year there has been renewed focus on leadership development and the broadening of engagement with managers across the organisation.

From an audience and artist perspective, the charity aims to provide a positive experience over and above the opera itself, mindful of the need to maintain our competitive edge and maintain the quality experience for all who engage with GPL. Post show questionnaires are sent to all ticket bookers with a very high response rate, helping to inform future investment. During 2017 a number of new initiatives were implemented to improve the customer experience including more front of house staff to help welcome guests and carry picnics onto the lawns, an extension to the existing marquee to provide increased undercover picnic space, relocation of the cloakroom next to the Long Bar, additional shop space within the Tipi, and refurbished washrooms both in the chorus dressing rooms and stalls cloakrooms.

### **FINANCIAL REVIEW**

The UK economic environment remains challenging, as does the charitable fundraising environment. With a record number of Country House venues performing opera in 2017 and increasing competing demands on audience's time and disposable income it is critical that we continue to invest to maintain our competitive edge.

Despite these challenges, total incoming resources for the year, before Theatre Tax Relief ("TTR"), amounted to £30.7m (2016: £28.3m), the majority of the year on year increase being donations towards the construction costs of the new production hub, work on which commenced in November 2017. As in previous years, box office income and fundraising continue to account for over 90% of GPL's incoming resources before TTR. Box office income amounted to £16.7m (2016: £17.4m), the reduction reflecting the fall in sales for Festival 2017 and lower average Festival ticket prices. Income from membership subscriptions and other fund-raising increased to £11m (2016: £8.4m), due to exceptional legacy donations as well as donations for the production hub. Other sources of income contributed a further £2.7m (2016: £2.3m), the key components being shop and gallery sales, programme sales, catering royalties, sale and hire of productions, electricity generation from the Glyndebourne wind turbine and media sales, with investment income contributing a further £365k (2016: £326k).

Total operating costs remained relatively consistent at £27.8m (2016: £28m) with the effect of inflationary increases offset by the repertoire requiring fewer principal, chorus and orchestra numbers and a reduction in staff headcount to reflect the scale of productions.

TTR provided for the year amounted to £1.5m (2016: £1.3m) with a further £0.3m received in respect of 2015 and 2016 following the submission of revised claims. With net gains on investments amounting to £2m (2016: £2.6m), this has resulted in net income for the year of £6.7m (2016: £4.3m).

Asset returns within the pension scheme have been better than expected in 2017, which combined with a reduction in the present value of the liabilities, has resulted in an actuarial gain on the defined benefit pension scheme of £1.6m (2016: actuarial loss of £2.8m). The defined benefit pension scheme liability has fallen to £299k (2016: £2.2m) with £2.6m of unrestricted reserves designated to meet the liability. The amount currently designated will be reviewed in light of the results of the triennial actuarial valuation as at 5 December 2017 which is currently being undertaken.

The combination of funds received for the construction of the production hub of £2.2m, which remained largely unspent by the year end, investment gains of £2m, the actuarial gain of £1.6m and

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

TTR of £1.8m, in addition to the income from commercial trading operations has resulted in a strengthening of our balance sheet over the past year with total consolidated reserves increasing by £8.3m, from £53.3m to £61.6m. The reserves policy on page 14 provides more detail on this. Net cash and investments at the year-end amounted to £41.7m (2016: £35.7m), the increase reflecting the net income for the year. Cash reserves have been deliberately built up over recent years in preparation for entering a period of capital investment necessary to maintain the theatre, now 24 years old, upgrade technology and facilities, and to improve the customer experience.

**Plans for future periods**

The Charity is entering a period of investment, considered imperative to maintain a competitive edge from an audience, artistic and staff perspective.

Artistic commitments are made up to 4 years in advance, taking into account artistic ambition and meeting a number of practical and financial constraints including availability of artists, scale of touring venues, availability of existing repertoire, and audience taste. We are currently in the process of finalising repertoire for 2021.

Construction work commenced in November 2017 on the production hub, the largest capital investment since the rebuilding of the main opera house in 1993, which will comprise state-of-the-art workshops for props, carpentry, wigs and make up, a dance and rehearsal studio and 3 additional music practice rooms, in addition to significantly improved facilities for staff. It is anticipated that the new facility will be operational ahead of Festival 2019 offering our staff and visiting creative teams a purpose built space with world-class facilities enabling them to continue to strive for the highest possible artistic standards. In addition, the hub will enhance the visitor experience through the addition of an attractive new building that offers great potential for running tours of backstage departments, which were not previously practical.

Furthermore, on the basis of audience feedback in recent years and recognising the need not just to remain competitive, but to do the best that can be done, there is a focus on capital investment required to improve the customer experience, to include at a minimum additional undercover picnic facilities and enhanced cloakroom and changing facilities upon arrival. A feasibility study has been commissioned as a 1st step.

A conscious decision has been made to build reserves in recent years, enabling us to move forward with capital plans from a position of strength, existing reserves being used to underwrite initial investment as we endeavour to raise third party funds to support specific projects where considered appropriate.

We are delighted that as at the end of 2017, the initial investment in the Wind Turbine, which was commissioned in December 2011, has been recovered and continues to contribute more than 100% of our annual electricity requirements. GPL prides itself on its environmental credentials, with the production hub being designed to meet the BREEAM excellent standard for sustainable development and more recently the decision to appoint Paper Round to manage the onsite waste management of not just GPL but also Leiths' our catering agent, following which we have consolidated the management of onsite waste and using new technologies are proud to say that we now send zero waste to landfill.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**Investment Policy**

In accordance with the Articles of Association, the Trustees have delegated authority to Rothschild to manage investments for the Charity in accordance with the investment mandate laid down by the Trustees. Rothschild report on a regular basis to the Trustees and meet at least twice a year with the Audit and Finance Committee. Total funds under management with Rothschild at the year-end amounted to £31.4m (2016: £27.4m) with a further £3k (2016: £16k) held with Morgan Stanley as part of a legacy portfolio. The funds managed by Rothschild are divided into a discretionary portfolio, valued at £25.9m, and two restricted portfolios, the Wood Peters portfolio valued at £1.1m, and the New Generation Programme valued at £4.4m. All three funds are managed to a medium risk profile, having been invested during the year in a globally diversified portfolio of equities and fixed income securities, including hedge funds and other commodities. Whilst the overall objective is long term capital appreciation, the funds have been benchmarked against inflation +3% during the year. During the year, the portfolios outperformed the benchmark, benefitting from growth of 7.15%, 7.07% and 7.31% respectively.

During the Autumn GPL undertook a competitive tender process for the investment management services, with a decision made in November to appoint Capital Group Limited as the new investment managers. The transfer of assets from Rothschild to Capital Group commenced post year end. The Charity's aims in investing its funds continues to be to produce the best financial return within an acceptable level of risk as cost effectively as possible.

**Reserves Policy**

The financial objective remains to raise sufficient income annually to cover expenditure for the year, whilst generating surplus cash sufficient to build up free reserves to:

- ensure that we have the funds available to invest in maintaining our competitive edge from an audience, artistic and staff perspective including covering capital requirements over the life of the lease of the Opera House;
- ensure that the Charity continues to be able to meet its liabilities as they fall due, including those in respect of the Charity pension scheme; and
- ensure that the charitable objectives can be met on a long-term basis regardless of short-term disruptions due to economic or other unforeseen circumstances beyond the control of the management.

Free reserves are deemed to be those that are readily realisable, excluding funds whose uses are restricted or designated for particular purposes. The calculation thus excludes property and other fixed assets that will continue to be used in the day-to-day running of the Charity. Reserves preservation remains crucial to ensure the ability to continue to invest in the Charity, its physical assets and to protect against the unpredictable financial impact of circumstances beyond management control such as changing legislation and external economic factors.

As a matter of policy, each year the Trustees review the value of reserves required to be held in investments and cash not restricted to any particular purpose. The Board consider the Charity's exposure to the risk of any significant loss of income, and to the risk of unforeseen expenditure, which cannot be mitigated by executive action, and the degree of risk ascribed to each such event is assessed.

The Charity sets a target level of free reserves each year, which is calculated on the basis of having to fulfil financial commitments and continue in business in a worst case scenario uninsurable event. This takes account of the fact that the Festival receives no public subsidy and is wholly reliant on fundraising and box office - a 5% reduction in Festival box office result would reduce reserves by approximately £800,000, and the fact that there is a significant lead-time in maintaining artistic standards – financial



**GLYNDEBOURNE PRODUCTIONS LIMITED**  
**(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

commitments are incurred up to 4 years in advance with the contracting of artists whilst the related income is rarely committed more than a year ahead. The target for 2017 was £10.7m with actual free reserves as at the year-end amounting to £14.2m. As noted above, within the plans for future periods, there has been a focus on building the Charity's free reserves over recent years in readiness for a period of significant capital spend with the forecast spend for 2018 exceeding £6m alone.

Statement of Funds as at 31 December

	<b>2017</b>	<b>2016</b>
	<b>£m</b>	<b>£m</b>
<b>Endowment Funds</b>	1.2	1.1
<b>Restricted Funds</b>	7.1	5.1
Tangible Fixed Assets	27.7	27.8
Designated funds	11.4	5.3
Free reserves	<u>14.2</u>	<u>14.0</u>
<b>Unrestricted Funds</b>	<u>53.3</u>	<u>47.1</u>
<b>Total Group Reserves</b>	<u><b>61.6</b></u>	<u><b>53.3</b></u>

The Trustees have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### **Principal risks and uncertainties**

The Board of Trustees recognises its responsibility for an overall strategy of risk management. This strategy comprises:

- a formal annual review by management of the risks facing the Charity;
- the establishment of systems and procedures to mitigate risks identified;
- the implementation of procedures to minimise the potential impact on the Charity should those risks occur;
- a programme of review and testing of such procedures; and
- formal reporting to the Board on an annual basis of all new risks identified, systems and key staff changes and the controls implemented.

Such procedures are designed to provide reasonable, but not absolute, assurance against material mismanagement or loss. During the year, suitably qualified consultants were employed to undertake a review of membership and development and health and safety management arrangements. Furthermore, a 5 year internal audit plan has been agreed with the Audit & Finance Committee. The Trustees believe that there is a satisfactory system of well-managed internal controls.

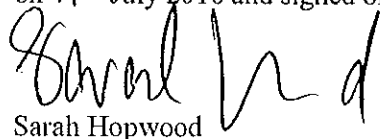
**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

The key specific risks for the foreseeable future, identified through this process, together with mitigation plans comprise:

Risk	Management
<p><b>Financial sustainability</b> – inability to sustain the programme due to operating costs growing at a faster rate than income or as a result of a significant fall in any income stream (Box Office, fundraising, Arts Council, commercial) caused by reputational issues, competition, drop in public appetite, economic downturn or other political/social factors, or through poor planning and/or cost control.</p>	<ul style="list-style-type: none"> <li>• Robust budget process looking ahead 4 years and constant monitoring of repertoire to meet financial objectives.</li> <li>• Renewed focus on the Glyndebourne Brand and in ensuring that each element of the unique ‘Glyndebourne experience’ exceeds visitors’ expectations.</li> <li>• Deliberate investment over the next few years in order to improve the infrastructure and technology to enable Glyndebourne to maintain its competitive edge and improve the audience experience.</li> <li>• Regular benchmarking against peers and consideration of ‘total cost’ to the audience.</li> <li>• Alternative fundraising strategies under review to widen the donor pool.</li> <li>• Strategy to engage with broader audiences through advertising and social media, and to deepen the relationship with existing audiences.</li> </ul>
<p><b>Reputation of Glyndebourne</b> – perceived drop in the quality and relevance of artistic output, health and safety/security failure, abuse of power or harassment claim, or unsuitable partnership alignment, impacting all income streams and our ability to attract talent.</p>	<ul style="list-style-type: none"> <li>• High artistic standards with long term artistic plans and constant monitoring of audience feedback.</li> <li>• Artistic Director being recruited.</li> <li>• Robust management and governance structure for safety issues, staff training and awareness raising, with thorough investigation of any near misses and incidents, risk assessment in place for all events, and use of specialist external support as required.</li> <li>• Dignity at work training to be provided in 2018 supported by a culture in which we foster zero tolerance of inappropriate behaviour.</li> <li>• Due diligence and clear policies and processes in place surrounding fundraising activity.</li> </ul>
<p><b>Compliance with legislation</b> – risk of non-compliance with legislation or regulatory guidelines, including the revised Data Protection Regulations and Fundraising guidelines ahead of May 2018.</p>	<ul style="list-style-type: none"> <li>• Experienced Board members and executive team, supported by Head of Governance &amp; Compliance and network of external advisors.</li> <li>• Plans are in place to ensure compliance with the new GDPR requirements well within the regulatory timelines with clear project plan and steering committee in place.</li> </ul>

The Report of the Trustees, which includes the Strategic Report, was approved by the Board on 4 July 2018 and signed on their behalf by:

  
Sarah Hopwood

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

### GLYNDEBOURNE PRODUCTIONS LIMITED (LIMITED BY GUARANTEE)

---

#### **Opinion**

We have audited the financial statements of Glyndebourne Productions Limited for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Group and 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2017 and of the group's incoming resources and application of resources for the year 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 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.

#### **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 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.

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

### GLYNDEBOURNE PRODUCTIONS LIMITED (LIMITED BY GUARANTEE)

---

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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
- the 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**

As explained more fully in the trustees' responsibilities statement set out on page 6, 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.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)

---

In preparing the financial statements, the trustees are responsible for assessing the group's or the 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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

N. Hashemi

Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London 9/7/18

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE STATEMENT)  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	2016 £
<b>Income from:</b>						
Donations, legacies and grants		4,017,096	6,968,127	50,000	11,035,223	8,351,596
Charitable Activities:-						
- Operation of Festival, Tour, Education and Media Development		18,029,839	-	-	18,029,839	18,453,564
Other trading activities						
- Commercial trading operations		1,307,327	-	-	1,307,327	1,190,000
Investment income		312,896	51,898	-	364,794	325,519
<b>Total income before Theatre Tax Relief</b>	4	<b>23,667,158</b>	<b>7,020,025</b>	<b>50,000</b>	<b>30,737,183</b>	<b>28,320,679</b>
Theatre Tax Relief	7	1,799,440	-	-	1,799,440	1,412,718
<b>Total income</b>		<b>25,466,598</b>	<b>7,020,025</b>	<b>50,000</b>	<b>32,536,623</b>	<b>29,733,397</b>
<b>Expenditure on:</b>						
Costs of raising funds:-						
- Fundraising costs		1,060,253	-	-	1,060,253	1,009,280
- Investment management fees		208,262	35,396	9,855	253,513	206,185
- Commercial trading operations		796,787	-	-	796,787	619,930
Charitable activities:-						
- Operation of Festival, Tour, Education and Media Development		21,052,066	4,659,648	-	25,711,714	26,145,927
<b>Total expenditure</b>	5	<b>23,117,368</b>	<b>4,695,044</b>	<b>9,855</b>	<b>27,822,267</b>	<b>27,981,322</b>
		2,349,230	2,324,981	40,145	4,714,356	1,752,075
Net gains on investments	10	1,658,594	292,460	80,431	2,031,485	2,576,517
Net income		4,007,824	2,617,441	120,576	6,745,841	4,328,592
Transfers between funds	16	645,324	(605,563)	(39,761)	-	-
Net income after transfers		4,653,148	2,011,878	80,815	6,745,841	4,328,592
<b>Other recognised gains and losses</b>						
Actuarial gain/(loss) on the defined benefit pension scheme	17	1,597,000	-	-	1,597,000	(2,761,000)
Net movement in funds		6,250,148	2,011,878	80,815	8,342,841	1,567,592
<b>Reconciliation of funds</b>						
Fund balances at 1st January		47,072,897	5,102,516	1,132,539	53,307,952	51,740,360
<b>Fund Balances at 31st December 2017</b>		<b>53,323,045</b>	<b>7,114,394</b>	<b>1,213,354</b>	<b>61,650,793</b>	<b>53,307,952</b>

The detailed 2016 comparative statement of financial activities is reported in note 3.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**BALANCE SHEETS  
AS AT 31ST DECEMBER 2017**

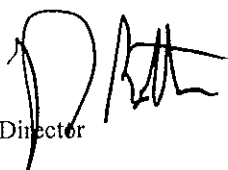
COMPANY NUMBER 00358266

Note	2017 Group £	2016 Group £	2017 Charity £	2016 Charity £
<b>Fixed Assets:</b>				
Tangible assets	9	27,689,181	27,803,350	27,686,943
Investments	10	<u>31,445,703</u>	<u>27,370,296</u>	<u>31,445,803</u>
Total Fixed Assets		59,134,884	55,173,646	59,132,746
<b>Current Assets:</b>				
Stocks	11	163,610	160,935	-
Debtors	12	4,232,095	2,839,947	4,425,397
Cash at bank and in hand		<u>10,207,224</u>	<u>8,361,859</u>	<u>9,986,199</u>
Total current assets		14,602,929	11,362,741	12,666,376
<b>Liabilities:</b>				
Creditors: Amounts falling due within one year	13	<u>(11,354,475)</u>	<u>(10,542,501)</u>	<u>(11,278,077)</u>
Net current assets		<u>3,248,454</u>	<u>820,240</u>	<u>1,388,299</u>
Total assets less current liabilities		62,383,338	55,993,886	60,521,045
Creditors: Amounts falling due after more than one year	14	<u>(433,545)</u>	<u>(483,934)</u>	<u>(433,545)</u>
Net assets excluding pension scheme liability		61,949,793	55,509,952	60,087,500
Defined benefit pension scheme liability	17	<u>(299,000)</u>	<u>(2,202,000)</u>	<u>(299,000)</u>
Total net assets		<u><u>61,650,793</u></u>	<u><u>53,307,952</u></u>	<u><u>59,788,500</u></u>
<b>Funds:</b>				
Endowment funds	16	1,213,354	1,132,539	1,213,354
Restricted funds	16	7,114,394	5,102,516	7,114,394
Unrestricted funds	16	<u>53,323,045</u>	<u>47,072,897</u>	<u>51,460,752</u>
Total funds		<u><u>61,650,793</u></u>	<u><u>53,307,952</u></u>	<u><u>59,788,500</u></u>

The net income for the financial year for the parent charity was £4,883,624 (2016: £4,328,592)

The financial statements were approved on behalf of the Board of Directors on 4 July 2017

John Botts – Director



The notes form part of these financial statements

**GLYNDEBOURNE PRODUCTIONS LIMITED**  
**(LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

	2017	2016
	£	£
Net cash provided by operating activities	3,202,853	1,076,014
Taxation received	<u>1,589,150</u>	<u>1,160,160</u>
	4,792,003	2,236,174
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,267,510)	(533,977)
Proceeds from disposal of tangible assets	-	19,993
Purchase of fixed asset investments	(6,019,518)	(10,833,850)
Proceeds from disposal of fixed asset investments	6,088,755	8,777,140
Interest received	89,649	102,511
Dividends	<u>275,145</u>	<u>223,008</u>
Net cash used in investing activities	<u>(833,479)</u>	<u>(2,245,175)</u>
Net (decrease) in cash and cash equivalents	3,958,524	(9,001)
Cash and cash equivalents at the beginning of the year	<u>8,690,221</u>	<u>8,699,222</u>
Cash and cash equivalents at the end of the year	<u><u>12,648,745</u></u>	<u><u>8,690,221</u></u>
<b>Reconciliation of net movement in funds to net cash flow from operation activities</b>		
	2017	2016
	£	£
Net movement in funds for the reporting period (as per the Statement of Financial Activities)	6,745,841	4,328,592
Adjusted for:		
Theatre Tax Credits	(1,799,440)	(1,412,718)
Gains on investments	(2,031,485)	(2,576,517)
Interest received	(89,649)	(102,511)
Dividends received	(275,145)	(223,008)
Depreciation and amortisation charges	1,265,250	1,235,604
Loss on disposal of fixed assets	116,429	-
Pension adjustment	(306,000)	(730,000)
(Increase)/decrease in stocks	(2,675)	(42,539)
Decrease/(Increase) in debtors	(1,181,858)	442,059
Increase in creditors	<u>761,585</u>	<u>157,052</u>
Net cash provided by operating activities	<u><u>3,202,853</u></u>	<u><u>1,076,014</u></u>
Cash and cash equivalents consists of:		
Cash at bank and in hand	10,207,224	8,361,859
Cash held by stockbrokers	<u>2,441,521</u>	<u>328,362</u>
	<u><u>12,648,745</u></u>	<u><u>8,690,221</u></u>

The notes form part of these financial statements



**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**1 CHARITY INFORMATION**

Glyndebourne Productions Limited is a company limited by Guarantee (registered number 00358266), which is a public benefit entity and registered as a Charity in England and Wales (charity number 243877) and domiciled in the UK. The address of the registered office is Glyndebourne, Lewes, East Sussex, BN8 5UU.

**2 ACCOUNTING POLICIES**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are summarised below.

**a. Basis of accounting**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Glyndebourne Productions Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The principal accounting policies, as set out below, have all been applied consistently throughout the year and the preceding year.

**b. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees the most significant accounting judgements and key sources of estimation uncertainty that affect items in the financial statements are those pertaining to the defined benefit pension scheme. The Trustees seek the input and advice of qualified professionals as to the appropriate actuarial assumptions to be used in calculating the pension cost and review these on an ongoing basis. The only other significant estimations are those linked to the allocation of support costs. Allocations of this nature inherently require estimation. Note 5 provides more information on the allocation methodology.

**c. Group financial statements**

The financial statements consolidate the results of the Charity and its wholly owned subsidiary, Glyndebourne Enterprises Limited, on a line by line basis. A separate Statement of Financial Activities for the Charity itself is not presented as permitted by the exemption under section 408 of the Companies Act 2006. The Charity has also taken advantage of the exemptions under FRS 102 from the requirements to present a Charity only cash flow statement and certain disclosures about the Charity's financial instruments.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**d. Preparation of the accounts on a going concern basis**

The Board of Trustees has reviewed the financial position of the Group and the Charitable Company and believes there are sufficient resources to manage any operational or financial risks. It is considered that there is a reasonable expectation that the Group and the Charitable Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

**e. Incoming resources**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income is deferred to future accounting periods where the conditions for recognising the income have not been met. Deferred income includes box office receipts and membership subscriptions in respect of the following year's Festival.

Box office income consists of ticket sales and is recognised on the night of the performance.

Income from fundraising, donations and grants, including capital grants, is included in incoming resources when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. Where the donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met. Similarly, where donors specify that the funds must be used in future accounting periods, the income is deferred until those periods.

For legacies, entitlement is the earlier of the estate accounts being approved or cash received.

Media development income is recognised when receivable and co-production income is recognised in the year the production is staged.

**f. Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**g. Fund accounting**

The charity maintains various funds in accordance with the Charities SORP (FRS 102). These funds, which require separate disclosure, are as follows:-

**Unrestricted Funds** - These are the general funds of the charity and are expendable at the discretion of the Trustees in the furtherance of the charitable objectives. The main sources of general funds are from ticket sales, unrestricted fundraising, sundry sales and income from the investment of general funds. The main applications of general funds are the production of opera for the Festival and Tour and the overhead costs associated with these.

**Designated Funds** - These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

**Restricted Funds** - These are funds which are subject to specific objects declared by the donor or which are raised by appeal for a specific purpose. These funds are expendable by the Trustees in furtherance of the specific object for which they were given unless the donor later agrees that they can be applied for a general purpose. Due to the nature of these funds they are accounted for separately from the general funds of the charity.

**Endowment Funds** – These are funds to be held permanently, or for a pre-agreed period of time, although their constituent assets may change from time to time, and they are also subject to specific restrictions imposed by the donor on their use.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**h. Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. The main categories of expenditure comprise:

- Charitable activities – direct costs of the Festival, Tour, Education and Media Development.
- Costs of raising funds – salaries and other direct costs relating to the fundraising and membership department, investment management fees and the costs of the trading subsidiary, Glyndebourne Enterprises Limited.

Support costs are allocated to the above categories based on the proportion of staff involved in each activity and the space used and irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Production costs are written off in the year in which they are incurred except where they relate to productions to be performed in future years. These are deferred to the extent that the Trustees consider they are recoverable in subsequent accounting years.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**i. Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. The resulting exchange gains and losses are taken to the Statement of Financial Activities.

**j. Theatre Tax Relief**

Glyndebourne Productions Limited and Glyndebourne Enterprises Limited have entered legal agreements in respect of each production to be performed from 2015 whereby Glyndebourne Productions Limited commissions Glyndebourne Enterprises Limited to produce the operas and Glyndebourne Enterprises Limited in turn has contracted Glyndebourne Productions Limited to provide appropriate resources and skills to enter into the relevant third party contracts.

The income and expenditure resulting from these contracts will be recognised on the first night of each production. All costs relating to operas to be performed in future accounting periods have been included within prepayments.

Theatre Tax Relief is recognised at the amount expected to be recovered based on qualifying expenditure incurred and the rates of relief that have been enacted at the balance sheet date.

**k. Tangible Fixed Assets**

Individual fixed assets costing £1,000 or more are capitalised. Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than paintings, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful economic life, as follows:

Freehold property	2% per annum
Opera House complex, comprising:	
- Leasehold buildings	over the period of the original lease to 2050
- Wind Turbine	10% per annum
- Plant, machinery, fixtures and fittings	between 5% and 20% per annum
Plant and Equipment	20% per annum

Paintings are not depreciated but held at historic cost and assessed for impairment annually.

Assets under the course of construction are not depreciated until they become available for productive use.

**l. Stock**

Stock is included at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**m. Financial Instruments**

Glyndebourne Productions Limited has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash and bank in hand, trade debtors and other debtors. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiaries are held at cost less impairment.

**n. Contribution to pension fund**

The charitable company and its subsidiary participate in the Christie Pension & Life Assurance Scheme. This scheme provides pensions on a defined benefit basis to members who joined the scheme prior to 1st January 2001 and on a defined contribution basis to members joining from that date to 31st January 2014, from when a defined contribution stakeholder scheme was introduced, open to all employees. Since 1st February 2014 the Company has participated in a Mastertrust scheme with the People's Pension in accordance with meeting auto enrolment responsibilities.

Contributions to the defined benefit section are charged to the Statement of Financial Activities so as to spread the cost of pensions over the employees working lives within the company based on actuarial valuations and assumptions in compliance with section 28 of FRS 102. Contributions to the defined contribution section of the Christie Pension & Life Assurance Scheme, the stakeholder scheme and the People's Pension are charged to the Statement of Financial Activities as they become payable. The assets of the Christie Pension & Life Assurance Scheme are held separately from those of the charitable company and its subsidiary.

The actuarial gain on the defined benefit section for the year to 31st December 2017 is disclosed under other recognised gains and losses in the Statement of Financial Activities. The current service costs and financial charge are included within the costs of operation of Festival, Tour and Education. These movements are analysed in detail in note 19.

The pension liability forms part of the unrestricted funds.

**o. Operating leases**

Rentals under operating leases are charged on a straight-line basis over the term of the lease.

**GLYNDEBOURNE PRODUCTIONS LIMITED**  
(LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

**3 DETAILED COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £
<b>Income from:</b>				
Donations, legacies and grants	3,213,337	5,138,259	-	8,351,596
Charitable activities:				
- Operation of Festival, Tour, Education and Media Development	18,453,564	-	-	18,453,564
Other trading activities:				
- Commercial trading operations	1,190,000	-	-	1,190,000
Investment income	271,472	54,047	-	325,519
<b>Total income before theatre tax relief</b>	<u>23,128,373</u>	<u>5,192,306</u>	<u>-</u>	<u>28,320,679</u>
Theatre Tax Relief	1,412,718	-	-	1,412,718
<b>Total income</b>	<u>24,541,091</u>	<u>5,192,306</u>	<u>-</u>	<u>29,733,397</u>
<b>Expenditure on:</b>				
Costs of raising funds:				
- Fundraising costs	1,009,280	-	-	1,009,280
- Investment management fees	165,022	31,594	9,569	206,185
- Commercial trading operations	619,930	-	-	619,930
Charitable activities:				
- Operation of Festival, Tour, Education and Media Development	21,251,617	4,894,310	-	26,145,927
<b>Total expenditure</b>	<u>23,045,849</u>	<u>4,925,904</u>	<u>9,569</u>	<u>27,981,322</u>
	1,495,242	266,402	(9,569)	1,752,075
Net gains on investments	2,082,723	378,606	115,188	2,576,517
<b>Net income</b>	3,577,965	645,008	105,619	4,328,592
Transfers between funds	-	41,349	(41,349)	-
<b>Net income/(expenditure) after transfers</b>	3,577,965	686,357	64,270	4,328,592
<b>Other recognised gains and losses</b>				
Actuarial loss on the defined benefit pension scheme	(2,761,000)	-	-	(2,761,000)
<b>Net movement in funds</b>	816,965	686,357	64,270	1,567,592
<b>Reconciliation of funds</b>				
Fund balances at 1st January	46,255,932	4,416,159	1,068,269	51,740,360
<b>FUND BALANCES AT 31ST DECEMBER 2016</b>	<u>47,072,897</u>	<u>5,102,516</u>	<u>1,132,539</u>	<u>53,307,952</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**4 INCOME**

	Unrestricted	Restricted	Endowment	2017	2016
	Funds	Funds	Funds	Total	Total
	£	£	£	£	£
<b>Income from donations, legacies and grants</b>					
Legacies	959,384	-	-	959,384	431,947
Donations and Membership	3,057,712	5,339,127	50,000	8,446,839	6,291,643
Arts Council England contribution	-	1,629,000	-	1,629,000	1,628,006
	<u>4,017,096</u>	<u>6,968,127</u>	<u>50,000</u>	<u>11,035,223</u>	<u>8,351,596</u>
<b>Income from charitable activities</b>					
Box Office income	16,671,096	-	-	16,671,096	17,371,686
Programme book	363,827	-	-	363,827	429,326
Catering concession	797,336	-	-	797,336	432,947
Media Development	164,558	-	-	164,558	194,938
Other Sundry Income	33,022	-	-	33,022	24,667
	<u>18,029,839</u>	<u>-</u>	<u>-</u>	<u>18,029,839</u>	<u>18,453,564</u>
<b>Income from trading activities</b>					
Glyndebourne Enterprises Limited	1,307,327	-	-	1,307,327	1,190,000
<b>Income from investments</b>					
Interest income	87,068	2,581	-	89,649	102,511
Dividend income	225,828	49,317	-	275,145	223,008
	<u>312,896</u>	<u>51,898</u>	<u>-</u>	<u>364,794</u>	<u>325,519</u>
<b>Total income</b>	<u><u>23,667,158</u></u>	<u><u>7,020,025</u></u>	<u><u>50,000</u></u>	<u><u>30,737,183</u></u>	<u><u>28,320,679</u></u>

**GLYNDEBOURNE PRODUCTIONS LIMITED**  
(LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31ST DECEMBER 2017

5 EXPENDITURE	2017	2016
Charitable activities	Total	Total
Operation of Festival, Tour,	£	£
Education and Media Development:-		
Artistic costs	9,281,304	9,473,172
Technical and production costs	6,853,145	6,403,371
Touring expenses	169,735	139,753
Programme books	76,010	92,895
Education costs	353,596	535,661
Depreciation and amortisation	1,381,120	1,233,958
VAT cultural exemption and annual adjustment	(369,004)	(426,640)
Marketing costs	548,440	565,213
Front of House	410,232	303,191
Transport and car park	205,744	271,305
Box office	470,611	327,154
Media Development	384,704	448,437
Catering	344,393	-
Archive acquisition	-	381,509
Support costs	<u>5,601,684</u>	<u>6,396,948</u>
	<u>25,711,714</u>	<u>26,145,927</u>
<b>Cost of raising funds</b>		
Fundraising costs:-		
Glyndebourne Festival	926,274	849,175
Glyndebourne on Tour	9,141	29,556
Support costs	<u>124,838</u>	<u>130,549</u>
	<u>1,060,253</u>	<u>1,009,280</u>
Investment management fees	<u>253,513</u>	<u>206,185</u>
Commercial trading operations:-		
Glyndebourne Enterprises Limited	<u>796,787</u>	<u>619,930</u>
<b>Total expenditure</b>	<u>27,822,267</u>	<u>27,981,322</u>



**GLYNDEBOURNE PRODUCTIONS LIMITED**  
**(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

**5 EXPENDITURE (Continued)**

**Allocation of Support Costs**

	Charitable activities £	Cost of raising funds £	2017 Total £	2016 Total £
Administration salaries and related costs	3,047,666	67,920	3,115,586	4,286,469
Glyndebourne House and Gardens	429,507	9,572	439,079	422,669
Insurance	235,776	5,254	241,030	246,408
Building and services	1,178,404	26,262	1,204,666	977,627
Professional fees	76,406	1,703	78,109	53,101
Governance costs	30,311	675	30,986	39,615
Information technology	473,703	10,557	484,260	355,748
Other overheads	129,911	2,895	132,806	145,860
	<u>5,601,684</u>	<u>124,838</u>	<u>5,726,522</u>	<u>6,527,497</u>

The support costs are apportioned according to the proportion of staff generating funds and the percentage of square footage used for fundraising.

**6 NET INCOME**

Net income is stated after charging:

	2017 £	2016 £
Administration expenses including:		
Depreciation	1,265,250	1,235,604
Operating leases - land and buildings	12,959	-
Auditors' remuneration		
- audit fees	29,070	28,500
- tax compliance fees	12,675	6,463
- tax advice	8,700	-
	<u>1,328,654</u>	<u>1,370,567</u>

**7 TAXATION**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Theatre Tax credits arising from core expenditure on productions have been accounted for in line with the provisions of the Finance Act 2014. The amounts receivable are set out below.

	2017 £	2016 £
UK corporation tax credits receivable	<u>1,799,440</u>	<u>1,412,718</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**8 STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

	2017	2016
	£	£
Wages and salaries	9,283,311	9,331,680
Social security costs	794,795	771,119
Other pension costs	864,406	605,183
	<u>10,942,512</u>	<u>10,707,982</u>

The average weekly number of persons employed by the group during the year was:

	2017	2016
Education	6	6
Fundraising	10	11
Marketing and Communications	16	14
Artistic Programme	56	67
Technical and Production	113	121
Front of House Services	62	63
Other Support Staff	51	51
Shop	9	7
	<u>323</u>	<u>340</u>

This figure includes part time staff rather than full time equivalent, and chorus and performers who are on the payroll, amounting to 44.27 in 2017 (2016: 55.46).

The number of employees receiving remuneration in excess of £60,000 p.a. was as follows:-

	2017	2016
£60,001 - £70,000	-	1
£80,001 - £90,000	2	-
£90,001 - £100,000	-	3
£100,001 - £110,000	3	2
£140,001 - £150,000	2	1

The pension costs in respect of these employees amounted to £154,697 (2016: £147,852).

The key management personnel of the company comprise the Executive Chairman, the General Director, the Chief Operating Officer, the Director of Artistic Administration, the Technical Director, the Director of Development and the Director of Communications. The total employee benefits of the key management personnel, including pension contributions and employer's National Insurance contributions, for the reporting period were £1,019,763 (2016: £923,485).

Redundancy and termination payments amounted to £34k (2016: £20k) during the year, with £19k outstanding as at the year end.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**9 TANGIBLE FIXED ASSETS – GROUP**

	Freehold Property £	Opera House Complex £	Plant and Equipment £	Assets in the course of construction £	Total £
<b>COST</b>					
At 1st January 2017	2,904,046	46,372,331	2,442,049	-	51,718,426
Additions	-	321,238	300,948	645,324	1,267,510
Disposals	-	(174,637)	(270,398)	-	(445,035)
At 31st December 2017	<u>2,904,046</u>	<u>46,518,932</u>	<u>2,472,599</u>	<u>645,324</u>	<u>52,540,901</u>
<b>DEPRECIATION</b>					
At 1st January 2017	576,815	21,478,876	1,859,385	-	23,915,076
Disposals	-	(83,722)	(244,884)	-	(328,606)
Charge for the year	57,653	940,236	267,361	-	1,265,250
At 31st December 2017	<u>634,468</u>	<u>22,335,390</u>	<u>1,881,862</u>	<u>-</u>	<u>24,851,720</u>
<b>NET BOOK VALUE</b>					
At 31st December 2017	<u>2,269,578</u>	<u>24,183,542</u>	<u>590,737</u>	<u>645,324</u>	<u>27,689,181</u>
At 31st December 2016	<u>2,327,231</u>	<u>24,893,455</u>	<u>582,664</u>	<u>-</u>	<u>27,803,350</u>

**TANGIBLE FIXED ASSETS – CHARITY**

	Freehold Property £	Opera House Complex £	Plant and Equipment £	Assets in the course of construction £	Total £
<b>COST</b>					
At 1st January 2017	2,904,046	46,372,331	2,408,699	-	51,685,076
Additions	-	321,238	300,948	645,324	1,267,510
Disposals	-	(174,637)	(270,398)	-	(445,035)
At 31st December 2017	<u>2,904,046</u>	<u>46,518,932</u>	<u>2,439,249</u>	<u>645,324</u>	<u>52,507,551</u>
<b>DEPRECIATION</b>					
At 1st January 2017	576,815	21,478,876	1,828,832	-	23,884,523
Disposals	-	(83,722)	(244,884)	-	(328,606)
Charge for the year	57,653	940,236	266,802	-	1,264,691
At 31st December 2017	<u>634,468</u>	<u>22,335,390</u>	<u>1,850,750</u>	<u>-</u>	<u>24,820,608</u>
<b>NET BOOK VALUE</b>					
At 31st December 2017	<u>2,269,578</u>	<u>24,183,542</u>	<u>588,499</u>	<u>645,324</u>	<u>27,686,943</u>
At 31st December 2016	<u>2,327,231</u>	<u>24,893,455</u>	<u>579,867</u>	<u>-</u>	<u>27,800,553</u>

The Charity has been granted a lease over the Opera House and surrounding land at a peppercorn rent expiring in 2075.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

10 INVESTMENTS	Group		Charity		
	2017 £	2016 £	2017 £	2016 £	
Market value at start of year	27,041,934	22,408,707	27,042,034	22,408,807	
Additions at cost	6,019,518	10,833,850	6,019,518	10,833,850	
Proceeds from disposal	<u>(6,088,755)</u>	<u>(8,777,140)</u>	<u>(6,088,755)</u>	<u>(8,777,140)</u>	
	26,972,697	24,465,417	26,972,797	24,465,517	
Gains on revaluation of investments	<u>2,031,485</u>	<u>2,576,517</u>	<u>2,031,485</u>	<u>2,576,517</u>	
Market value at end of year	29,004,182	27,041,934	29,004,282	27,042,034	
Cash held by stockbrokers	<u>2,441,521</u>	<u>328,362</u>	<u>2,441,521</u>	<u>328,362</u>	
	<u>31,445,703</u>	<u>27,370,296</u>	<u>31,445,803</u>	<u>27,370,396</u>	
Historical cost of investments	<u>24,126,055</u>	<u>22,222,961</u>	<u>24,126,155</u>	<u>22,222,961</u>	
Investment in subsidiary	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>	
Quoted on recognised Stock Exchanges:					
	2017		2016		
	UK	Overseas	UK	Overseas	Total
	Investments	Investments	Investments	Investments	Investments
	£	£	£	£	£
Debt Instruments	6,155,083	-	5,374,989	-	5,374,989
Equities	3,833,717	15,020,747	3,569,578	14,009,279	17,578,857
Alternative Markets	<u>2,294,543</u>	<u>1,700,092</u>	<u>2,022,157</u>	<u>2,065,931</u>	<u>4,088,088</u>
	<u>12,283,343</u>	<u>16,720,839</u>	<u>10,966,724</u>	<u>16,075,210</u>	<u>27,041,934</u>

The wholly owned trading subsidiary Glyndebourne Enterprises Limited (company reg no: 03937344) is registered within the UK at the same registered address as GPL and donates its profits to the Charity under gift aid. A summary of the trading results is shown below:-

	2017 £	2016 £
Turnover	16,733,358	8,333,184
Cost of sales and administration expenses	<u>(16,479,103)</u>	<u>(8,014,255)</u>
Interest receivable	1,305	1,775
Donation to Glyndebourne Productions Limited	<u>(206,802)</u>	<u>(1,733,422)</u>
Theatre tax relief	<u>1,813,460</u>	<u>1,412,718</u>
Net retained profit	<u>1,862,218</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
Assets	2,178,800	3,052,585
Creditors: amounts falling due within the year	<u>(158,342)</u>	<u>(2,894,345)</u>
	2,020,458	158,240
Creditors: amounts falling due after one year	<u>(158,065)</u>	<u>(158,065)</u>
	<u>1,862,393</u>	<u>175</u>
Aggregate share capital and reserves	<u>1,862,393</u>	<u>175</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

11 STOCKS	GROUP	
	2017	2016
	£	£
Goods for resale	<u>163,610</u>	<u>160,935</u>

12 DEBTORS	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,232,080	934,393	1,949,158	874,280
Allowance for doubtful debts	-	-	-	-
	<u>2,232,080</u>	<u>934,393</u>	<u>1,949,158</u>	<u>874,280</u>
Amounts owed by subsidiary undertaking	-	-	240,009	2,944,729
Theatre Tax Relief	1,509,005	1,298,715	-	-
Other debtors and prepayments	<u>491,010</u>	<u>606,839</u>	<u>491,010</u>	<u>606,388</u>
	<u>4,232,095</u>	<u>2,839,947</u>	<u>2,680,177</u>	<u>4,425,397</u>

Included in the above are the following amounts falling due after more than one year:-

	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Amounts owed by subsidiary undertaking	<u>-</u>	<u>-</u>	<u>158,065</u>	<u>158,065</u>

Interest is charged on the unsecured loan to the trading subsidiary at 1% above bank base rate. There are no fixed terms for repayment of the loan which arose from the initial financing of the subsidiary's stock and fixed assets.

**13 CREDITORS: Amounts falling due within one year**

	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	251,418	135,208	220,239	100,648
Tax and social security costs	284,021	283,072	242,539	217,688
VAT	516,204	608,443	516,204	608,443
Other creditors	192,090	149,577	188,353	145,840
Accruals	290,811	245,968	290,811	241,968
Deferred income	<u>9,819,931</u>	<u>9,120,233</u>	<u>9,819,931</u>	<u>9,120,233</u>
	<u>11,354,475</u>	<u>10,542,501</u>	<u>11,278,077</u>	<u>10,434,820</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**13 CREDITORS: Amounts falling due within one year (continued)**

**Deferred Income**

	At 1st January 2017 £	Released to incoming resources £	Deferred in year £	From creditors due after one year £	At 31st December 2017 £
Glyndebourne Festival Society fees	2,006,655	(2,006,655)	1,812,661		1,812,661
Sponsorship of productions	720,900	(720,900)	811,981	-	811,981
Catering licensing agreement	70,249	(70,249)	-	50,389	50,389
Box office income in advance	5,922,645	(5,922,645)	6,880,695	-	6,880,695
Other donations	395,104	(395,104)	233,367	-	233,367
Advertising and other income	4,680	(4,680)	30,838	-	30,838
	<u>9,120,233</u>	<u>(9,120,233)</u>	<u>9,769,542</u>	<u>50,389</u>	<u>9,819,931</u>

**14 CREDITORS: Amounts falling due after more than one year**

	GROUP		CHARITY	
	2017 £	2016 £	2017 £	2016 £
Deferred income	<u>433,545</u>	<u>483,934</u>	<u>433,545</u>	<u>483,934</u>
	At 1st January 2017 £	Released to creditors due within one year £	Deferred in year £	At 31st December 2017 £
Catering licensing agreement	<u>483,934</u>	<u>(50,389)</u>	-	<u>433,545</u>

**15 SHARE CAPITAL**

The company is limited by guarantee, having no share capital, members having a liability not exceeding £1 each.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**16 STATEMENT OF FUNDS**

	Notes	At 1st January 2017 £	Total incoming resources £	Total resources expended £	Transfers £	Realised and unrealised gains £	At 31st December 2017 £
<b>Endowment Funds</b>							
<b>Permanent Endowment</b>							
- Josephine Barlow Memorial Fund	(a)	50,000	-	-	-	-	50,000
<b>Expendable Endowments</b>							
- Dr G Theano	(b)	-	50,000	-	-	-	50,000
- Woods/Peters Fund	(c)	1,082,539	-	(9,855)	(39,761)	80,431	1,113,354
<b>Total Endowment Funds</b>		<b>1,132,539</b>	<b>50,000</b>	<b>(9,855)</b>	<b>(39,761)</b>	<b>80,431</b>	<b>1,213,354</b>
<b>Restricted Funds</b>							
Glyndebourne Festival Opera		-	1,731,802	(2,075,954)	344,152	-	-
Glyndebourne Tour	(d)	16,235	1,830,198	(2,032,979)	202,781	-	16,235
Glyndebourne Education		-	148,883	(328,549)	179,666	-	-
Media Development		-	-	(136,097)	136,097	-	-
New Generation Programme	(e)	4,237,627	1,019,122	(35,396)	(822,935)	292,460	4,690,878
Isabel Leete Legacy Fund	(f)	492,767	-	-	-	-	492,767
Arthur Wise Legacy Fund	(g)	300,000	-	-	-	-	300,000
Production hub	(h)	-	2,225,000	-	(645,324)	-	1,579,676
Garden Fund	(i)	47,887	60,020	(81,069)	-	-	26,838
Donald Anderson Award	(j)	8,000	5,000	(5,000)	-	-	8,000
<b>Total Restricted Funds</b>		<b>5,102,516</b>	<b>7,020,025</b>	<b>(4,695,044)</b>	<b>(605,563)</b>	<b>292,460</b>	<b>7,114,394</b>
<b>Unrestricted Funds</b>							
<b>Designated funds</b>							
Pension charge		2,600,000	-	-	-	-	2,600,000
NGP designated		2,687,700	-	-	1,799,440	-	4,487,140
Production hub		-	-	-	4,275,000	-	4,275,000
<b>Non Designated funds</b>							
General reserve		41,785,197	25,466,598	(23,117,368)	(5,429,116)	3,255,594	41,960,905
<b>Total Unrestricted Funds</b>		<b>47,072,897</b>	<b>25,466,598</b>	<b>(23,117,368)</b>	<b>645,324</b>	<b>3,255,594</b>	<b>53,323,045</b>
<b>Total Funds</b>		<b>53,307,952</b>	<b>32,536,623</b>	<b>(27,822,267)</b>	<b>-</b>	<b>3,628,485</b>	<b>61,650,793</b>

**Endowment Funds**

(a) Josephine Barlow Memorial Fund

A legacy of £50,000 was received during 2012, the income on which is to be used in support of the Music Preparation Scheme and the Garden Fund. The capital is to be made available for general use after twenty years. The Fund is represented by a separate treasury deposit within the GPL bank account. During the year interest of £625 (2016: £529) was earned on the deposit account which was shared equally between the Music Preparation Scheme and the Garden Fund. A further transfer was made during the prior year to reallocate brought forward interest to the two restricted funds.

(b) Dr G Theano

An expendable endowment was received during 2017 which is to be used in support of the singing competition. Under the drawdown rules of the endowment £5,000 is to be made available to fund the Award for Most Promising Talent. The Fund is represented by a separate treasury deposit within the GPL bank account.

(c) Wood/Peters fund

A legacy was received in 2001 in the sum of £1,000,000 with a further £18,516 received in February 2003. These funds have been separately invested in a portfolio managed by Rothschild in order to maximise income to be used to support Glyndebourne Tour, meeting the costs of understudies on the Tour. During the year £50,000 was drawdown and made available to support Glyndebourne Tour. £10,239 (2016: £10,140) was earned directly from investment income with the remainder via a transfer through reserves. Therefore £39,761 (2016: £39,860) was transferred to restricted reserves.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**16 STATEMENT OF FUNDS (Continued)**

**Restricted Funds**

Incoming resources in respect of the Festival, Tour, Education, Media Development and the New Generation Programme comprise net gains on investments held within restricted portfolios, sponsorship, grants and donations from third parties, given towards specific areas of activity undertaken during the year.

- (d) Incoming resources for Glyndebourne Tour include a grant from the Arts Council England of £1,629,000 (2016: £1,628,006).
- (e) The New Generation Programme is used to support a number of projects within GPL across the following five key strands of work: developing future audiences, securing artistic excellence, education and community outreach, developing our skills and investing in our facilities. A budget is set annually for each of these strands and the programmes within them, which is formally approved by the NGP Committee and forms the fundraising target for that year. At the end of each year the committee meets to review funds raised against actual costs incurred and confirm how much will be transferred to GPL to support each programme.
- (f) Where additional funding is required, the NGP is entitled to draw down on the Isabel Leete Legacy Fund, which is restricted for the support of Glyndebourne Education projects. During the year £nil (2016: £nil) was transferred from the Isabel Leete Legacy Fund to NGP to support the Education and Community Outreach programme.
- (g) The Arthur Wise Legacy Fund was received in 2016 with the request that these funds be used for the encouragement and support of young singers.
- (h) A new restricted fund was established in 2017 for funds donated towards the construction costs of the production hub, work on which commenced in the Autumn with £645k having been spent to 31 December 2017.
- (i) The garden fund is used for donations given specifically for the maintenance and development of the gardens. Money was donated during 2016 and 2017 for, amongst other things, the redesign of the Figaro garden, which was undertaken during the year.
- (j) The Donald Anderson Award, established in 2011, was created to assist a young Glyndebourne Tour singer with his or her studies and to provide performance experience at home or abroad. It is financed by the Donald A Anderson Trust.

**Unrestricted Funds**

Designated funds comprise reserves designated as security for the pension liability; Theatre Tax Relief, which has been designated for investment in NGP projects; and a new fund created in the year to reflect the Charity's underwriting of the construction costs for the production hub in the absence of any further fundraising income.

**Transfers**

Net transfers during the year comprise transfers between NGP and the core strands of GPL amounting to £822,935 (2016: £886,593), reflecting use of the NGP restricted fund to support a number of projects within GPL including ticket subsidies for U30s, Performances for Schools, the Jerwood Chorus Development Scheme, composer-in-residence and the filming of new productions to take to a broader audience; a transfer of £39,761 (2016: £39,860) from the Wood/Peters Endowment Fund, which was transferred to the Glyndebourne Tour towards meeting the costs of understudies; as well as a transfer of £645,324 from Restricted reserves to Unrestricted reserves to reflect the expenditure incurred on construction of the production hub during the year, towards which restricted donations had been received. A further transfer was made from the general reserve within unrestricted funds to designated funds reflecting the transfer of the current year provision for Theatre Tax Relief to the NGP designated fund as well as a transfer to the production hub fund to reflect the current level of cost underwritten by the Charity given funds raised to 31 December 2017.

**Analysis of Group net assets between funds:**

	Unrestricted £	Restricted £	Endowment £	Total £
Tangible fixed assets	27,689,181	-	-	27,689,181
Investments	25,956,557	4,375,792	1,113,354	31,445,703
Cash at bank	7,222,160	2,885,064	100,000	10,207,224
Other net current liabilities	(6,812,308)	(146,462)	-	(6,958,770)
Creditors due after one year	(433,545)	-	-	(433,545)
Pension scheme deficit	(299,000)	-	-	(299,000)
<b>Net assets</b>	<b><u>53,323,045</u></b>	<b><u>7,114,394</u></b>	<b><u>1,213,354</u></b>	<b><u>61,650,793</u></b>



**GLYNDEBOURNE PRODUCTIONS LIMITED**  
(LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2017**

16 STATEMENT OF FUNDS (Continued)

**PRIOR YEAR STATEMENT OF FUNDS**

Notes	At 1st January 2016 £	Total incoming resources £	Total resources expended £	Transfers £	Realised and unrealised gains £	At 31st December 2016 £
<b>Endowment Funds</b>						
Permanent Endowment						
- Josephine Barlow Memorial Fund (a)	51,489	-	-	(1,489)	-	50,000
Expendable Endowments						
- Woods/Peters Fund (c)	1,016,780	-	(9,569)	(39,860)	115,188	1,082,539
<b>Total Endowment Funds</b>	<b>1,068,269</b>	<b>-</b>	<b>(9,569)</b>	<b>(41,349)</b>	<b>115,188</b>	<b>1,132,539</b>
<b>Restricted Funds</b>						
Glyndebourne Festival Opera	-	1,655,005	(2,075,005)	420,000	-	-
Glyndebourne Tour (d)	16,235	2,107,527	(2,194,387)	86,860	-	16,235
Glyndebourne Education	-	137,171	(409,727)	272,556	-	-
Media Development	-	-	(147,037)	147,037	-	-
New Generation Programme (e)	3,845,964	930,500	(31,594)	(885,849)	378,606	4,237,627
Isabel Leete Legacy Fund (f)	492,767	-	-	-	-	492,767
Arthur Wise Legacy Fund (g)	-	300,000	-	-	-	300,000
Garden Fund (i)	53,193	57,103	(63,154)	745	-	47,887
Donald Anderson Award (j)	8,000	5,000	(5,000)	-	-	8,000
<b>Total Restricted Funds</b>	<b>4,416,159</b>	<b>5,192,306</b>	<b>(4,925,904)</b>	<b>41,349</b>	<b>378,606</b>	<b>5,102,516</b>
<b>Unrestricted Funds</b>						
<b>Designated funds</b>						
Pension charge	2,600,000	-	-	-	-	2,600,000
NGP designated	1,274,982	-	-	1,412,718	-	2,687,700
<b>Non Designated funds</b>						
General reserve	42,380,950	24,541,091	(23,045,849)	(1,412,718)	(678,277)	41,785,197
<b>Total Unrestricted Funds</b>	<b>46,255,932</b>	<b>24,541,091</b>	<b>(23,045,849)</b>	<b>-</b>	<b>(678,277)</b>	<b>47,072,897</b>
<b>Total Funds</b>	<b>51,740,360</b>	<b>29,733,397</b>	<b>(27,981,322)</b>	<b>-</b>	<b>(184,483)</b>	<b>53,307,952</b>

Analysis of Group net assets between funds:	Unrestricted £	Restricted £	Endowment £	Total £
Tangible fixed assets	27,803,350	-	-	27,803,350
Investments	22,226,116	4,061,641	1,082,539	27,370,295
Cash at bank	7,055,609	1,256,250	50,000	8,361,859
Other net current liabilities	(7,326,244)	(215,375)	-	(7,541,619)
Creditors due after one year	(483,934)	-	-	(483,934)
Pension scheme deficit	(2,202,000)	-	-	(2,202,000)
<b>Net assets</b>	<b>47,072,897</b>	<b>5,102,516</b>	<b>1,132,539</b>	<b>53,307,952</b>

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**17 PENSION SCHEME**

Glyndebourne Productions Limited is one of several employers participating in the Christie Pension and Life Assurance Scheme which comprises a defined benefit pension scheme closed to new entrants from 1st January 2001 and a defined contribution section for employees commencing employment after 1st January 2001 to 31st January 2014. The assets of this scheme are held in separate trustee-administered funds. On 31st January 2014 a defined contribution stakeholder scheme was introduced, open to all employees. Since 1st February 2014 the Company has participated in a Mastertrust scheme with the People's Pension in accordance with meeting auto enrolment responsibilities.

With effect from 5th December 2008, the Christie Pension and Life Assurance Scheme was sectionalised, thus restricting the Charity's liability to that only in respect of Glyndebourne group employees, past and present, and enabling it to disclose its FRS102 liability on the balance sheet for the first time. Whilst provided for in full, this liability is not expected to crystallise within the foreseeable future.

The FRS102 assessment of the scheme as at 31st December 2016 showed the market value of the Charity's share of the scheme's assets at £20,248,000 (2016: £18,910,000), representing 99% (2016: 90%) of its liabilities. However, contributions to the defined benefit scheme have been based on more prudent assumptions, in accordance with funding rates advised by the scheme actuary based on the last scheme funding report as at 5th December 2014. This resulted in an employer contribution rate in respect of future service of 43.8%. The monthly contribution in respect of the past service liability was maintained at a rate of £58,100 until August 2017 at which point contributions ceased in accordance with the Scheme Funding Plan. Total employer contributions to the scheme during the year amounted to £876,000 (2015: £1,049,000). The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

**(a) Defined benefit scheme**

The main assumptions used for the purposes of FRS102 are:

	2017	2016	2015
Discount rate	2.45%	2.70%	3.80%
Inflation assumptions (RPI)	3.20%	3.50%	3.50%
Inflation assumptions (CPI)	2.20%	2.50%	2.50%
Salary – increases	4.20%	4.50%	4.50%
Pension increases in deferment	2.20%	2.50%	2.50%
Increases to pensions in payment (where CPI max 5%)	2.25%	2.50%	2.50%
Increases to pensions in payment (where CPI max 2.5%)	1.80%	1.90%	1.80%
Mortality:			
The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:			
Male	88	89	88
Female	90	91	91
The average life expectancy in years of a pensioner retiring at age 65, twenty years after the balance sheet date is as follows:			
Male	90	91	90
Female	92	93	93

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**17 PENSION SCHEME (Continued)**

The fair value of the plans assets were:

	At 31st December 2017 £	At 31st December 2016 £
Equities	11,920,973	11,932,210
Debt	3,950,320	3,328,160
Alternatives	2,621,105	2,685,220
Cash	<u>1,755,602</u>	<u>964,410</u>
<b>Total Market Value of Assets</b>	<b><u>20,248,000</u></b>	<b><u>18,910,000</u></b>

The pension scheme has not invested in any of Glyndebourne Productions Limited's own financial instruments, nor in properties or other assets owned by Glyndebourne Productions Limited. The assets are all quoted in an active market with the exception of the insured pensions.

**Net defined benefit liability**

	2017 £	2016 £
Fair value of scheme assets	20,248,000	18,910,000
Present value of defined benefit obligation	<u>(20,547,000)</u>	<u>(21,112,000)</u>
<b>Defined benefit liability recognised in balance sheet</b>	<b><u>(299,000)</u></b>	<b><u>(2,202,000)</u></b>

**Total expense recognised in income and expenditure**

	2017 £	2016 £
Current service cost	438,000	334,000
Administration costs	84,000	-
Net interest on the net defined benefit liability	<u>48,000</u>	<u>(14,000)</u>
<b>Total income and expenditure charge</b>	<b><u>570,000</u></b>	<b><u>320,000</u></b>

**Total amount taken to other comprehensive income**

	2017 £	2016 £
Actual return on scheme assets – gains and (losses)	1,329,000	1,588,000
Less: amounts included in net interest on the net defined benefit liability	<u>(511,000)</u>	<u>(644,000)</u>
Remeasurement gains and (losses)		
- Return on scheme assets excluding interest income	818,000	944,000
Remeasurement (losses) and gains		
- Actuarial (losses) and gains	<u>779,000</u>	<u>(3,705,000)</u>
<b>Remeasurement (loss)/gain recognised in other comprehensive income</b>	<b><u>1,597,000</u></b>	<b><u>(2,761,000)</u></b>

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**17 PENSION SCHEME (Continued)**

**Changes in the present value of the defined benefit obligation**

	2017 £	2016 £
Present value of defined benefit obligation at beginning of year	21,112,000	16,714,000
Benefits paid	(920,000)	(323,000)
Current service cost	438,000	334,000
Administration costs	84,000	-
Interest cost	559,000	629,000
Remeasurement (gains) and losses		
- actuarial (gains) and losses	(779,000)	3,705,000
Employee contributions	53,000	53,000
	<u>20,547,000</u>	<u>21,112,000</u>
<b>Present value of defined benefit obligation at end of year</b>	<b><u>20,547,000</u></b>	<b><u>21,112,000</u></b>

**Changes in the fair value of scheme assets**

	2017 £	2016 £
Fair view of Scheme assets at beginning of the year	18,910,000	16,543,000
Interest income	511,000	644,000
Remeasurement gains and (losses)		
- Return on scheme assets excluding interest income	818,000	944,000
Contribution by employer	876,000	1,049,000
Employee contributions	53,000	53,000
Benefits paid including expenses	(920,000)	(323,000)
	<u>20,248,000</u>	<u>18,910,000</u>
<b>Fair value of the Scheme assets at end of the year</b>	<b><u>20,248,000</u></b>	<b><u>18,910,000</u></b>

**(b) Defined contribution scheme**

The amount recognised as an expense for the defined contribution scheme was

	2017 £	2016 £
Current period contributions	<u>294,406</u>	<u>285,183</u>

**18 RELATED PARTY TRANSACTIONS**

The Trustees are satisfied that all of the following related party transactions are allowed under the constitution of the charity.

**(a) Glyndebourne Opera House**

The Charity occupies the Glyndebourne Opera House under a lease signed in 1992 from the Trustees of the Glyndebourne 1990 Temporary Charitable Trust, a private trust whose beneficiaries are the Christie family (excluding Lady Christie) and the Charity. The lease provides for a peppercorn rent and will expire in 2075.

**(b) Glyndebourne Cottages**

Under a lease from the Trustees of the Glyndebourne 1991 AJC Life Interest Trust, a private trust whose life tenant is Gus Christie, the Charity occupies the building formerly known as 1 & 2 New Cottages located on the Glyndebourne site for operational purposes and for which a rent of £14,416 (2016: £14,416) has been paid.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

---

**18 RELATED PARTY TRANSACTIONS (Continued)**

**(c) Glyndebourne Mansion House and Gardens**

The Mansion House at Glyndebourne is the residence of Gus Christie and his family who make certain areas of the house available for use by staff and artists engaged by the Charity and for the entertainment of donors. The Charity meets the costs incurred by the Christie family in making the Mansion House available for these purposes in accordance with an agreement approved by the Charity Commission. Under the terms of the agreement the Charity made contributions of £112,647 (2016: £108,799) during the year.

Furthermore, the Charity is responsible for the maintenance and upkeep of the gardens at Glyndebourne. In addition to the gardeners' employment costs borne by the Charity, cottages are provided on the Estate for which the Charity paid a market rent amounting to £27,000 (2016: £26,550) during the year, all of which was payable to the AJC 1991 Life Interest Trust of which Gus Christie is the life tenant. Gus Christie bore costs amounting to £5,991 (2016: £5,874) in respect of the running of the gardens.

**(d) Payments to/from trustees and connected parties**

None of the trustees received any remuneration, or claimed any expenses, in connection with their role as a trustee of GPL. However a number of payments were made in exchange for professional services to organisations of which certain Trustees are connected as set out below. The Charity have assessed the potential conflicts and taken the appropriate steps to record and manage these.

Trustees of GPL made donations amounting to £90,000 (2016: £390,000) in support of the activities of the charity for which no benefits were received in exchange. The Glyndebourne Box comprising 10 seats with a total value of between £1,400 and £2,200 depending on the price band of performance, was made available to the Trustees for one night each for GPL business entertaining purposes. They were not required to pay for these seats.

Lady Mary Christie incurred expenses amounting to £7,385 (2016: £9,074) in respect of work undertaken on behalf of the Charity for which she was reimbursed in full. These expenses largely related to business entertaining, for which seats were made available at no cost to Lady Christie.

Gus Christie, Executive Chairman and a non-voting advisory trustee, received total remuneration, including pension contributions, of £149,550 (2016: £151,293) during the year under the terms of his contract of employment with Glyndebourne. Gus Christie's wife, Danielle de Niese, received fees and royalties during the year in connection with performances at Glyndebourne amounting to £187 (2016: £51,019).

Over the course of the Festival nearly 8% of total tickets available with a value of over £1,200,000 remained unsold. Seats were made available during the year to Gus Christie and other members of the executive management team, which were predominantly used for GPL business entertaining purposes. The number of seats used across the 79 performances for personal benefit and associated nominal value amounted to 131 and £12,627 respectively. It is not considered that this was to the financial detriment of the Charity.

**(e) Christie Management Limited**

During the year the charity paid management fees of £nil (2016: £360) to Christie Management Limited. Christie Management Limited is controlled by the Christie family.

**(f) Grey Advertising Agency**

In September 2017 the Charity engaged Grey Advertising Ltd, of which Alina Kessel is CEO, to provide consulting advice in support of our external communications. This included a review of the Charity's communications material and a brand workshop, held in November with internal stakeholders to explore opportunities for further brand development. This work was conducted on a pro-bono basis and was valued at £13,000.

**(g) Deloitte LLP**

During the year the charity paid £11,520 to Deloitte, of which Jolyon Barker is a Partner, for facilitation services provided to the senior executive management team.

**GLYNDEBOURNE PRODUCTIONS LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2017**

**18 RELATED PARTY TRANSACTIONS (Continued)**

**(h) Opera Europa**

During the year the charity paid £2,373 to Opera Europa by way of Annual Membership. Sebastian F Schwarz became a Trustee of Opera Europa during 2017.

**(i) National Opera Studio**

During the year the charity paid £31,080 to the National Opera Studio, of which Sebastian F Schwarz is a trustee. £30,000 was paid as a contribution towards young artist support. Glyndebourne sent two members of the Glyndebourne chorus to the National Opera Studio for additional vocal and performance training in 2017 using funding raised through the NGP specifically for this purpose. A further £1,080 was paid in respect of hire fees.

**(j) Capital Group**

During 2017 the Trustees put the investment manager services out to tender, following which the decision was taken to move the investment portfolio from Rothschild to Capital Group, of which Hamish Forsyth is Capital Group's President for Europe. As at the year end all assets remained with Rothschild with the transfer to Capital Group commencing in early 2018. A thorough and due process was undertaken to recognise the potential conflict of interest and to record the steps taken to ensure that all decisions have been, and are, made in the best interest of the charity and that there is no direct benefit to the Trustee.

**(k) Transactions with GEL**

The Charity has one active wholly owned subsidiary, GEL, which is responsible for income generating activities which are incidental to GPL's charitable purposes. These comprise merchandising, the sale and hire of Glyndebourne productions to other international opera houses, the operation of Glyndebourne's wind turbine and producing all of the Festival, Tour and Education productions each year on behalf of GPL. During the year Gus Christie, John Botts CBE, Lord Davies of Abersoch who are key management personnel for the Charity, were directors of the company. GEL gifted £206,802 (2016: £1,733,422) to the Charity during 2017 (see also note 10). At the year end the company owed GPL £240,009 (2016: £2,944,729).

**19 FINANCIAL COMMITMENTS**

Capital commitments are as follows:

	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Expenditure contracted but not provided for in the financial statements	<u>1,396,279</u>	<u>-</u>	<u>1,396,279</u>	<u>-</u>

Total future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Due within one year	<u>26,000</u>	<u>-</u>	<u>26,000</u>	<u>-</u>

**20 FINANCIAL INSTRUMENTS**

At the balance sheet date the consolidated group held financial assets at amortised cost comprising cash and short term deposits, trade debtors, other debtors and accrued income of £12,439,723 (2016: £9,304,848) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £734,319 (2016: £530,753).

Total income received in respect of financial assets held at amortised cost totalled £89,650 (2016: £102,511).

The group held assets at fair value through income and expenditure of £31,445,703 (2016: £27,370,296). Movements in the year through the statement of financial activities comprised gains of £2,031,485 (2016: £2,576,517) and income from investment portfolio of £275,145 (2016: £223,008).