



Annual Report and Financial Statements

Year ended 31 August 2020

Welsh National Opera Limited

(Company limited by guarantee without share capital)

Company Number: 00454297 (England and Wales)

Charity Number: 221538

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The trustees are pleased to present their annual directors' report which incorporates the strategic report, together with the financial statements of the activity for the year ending 31 August 2020, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019".

Charitable Objectives

WNO's charitable objects are "... to promote and assist in the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, so far as of a charitable nature, to procure and increase the appreciation and understanding of the dramatic art in all its forms in Wales and elsewhere." These words are taken from WNO's Memorandum of Association.

Vision, Mission and Values

WNO's Vision

A world enriched and made inclusive through the power of opera.

WNO's Mission

WNO is a company for everyone and our work will reflect the society in which we live.

We entertain, challenge and inspire.

We are integral to the cultural lives of our communities.

We nurture creative talent so that opera can develop and grow.

As a national Company with international status, we sit at the heart of music-making in Wales and play a valuable role in the communities we serve in England. We work with our partners to discover and nurture young operatic talent, and provide the springboard for international careers. Touring is our lifeblood and we strive to present the highest quality work across our artistic programme, entertaining and inspiring audiences at our operas and concerts and providing transformative experiences through our youth, community and digital work. Building on our 70-year history and our roots in the communities of South Wales, we aim to demonstrate to future generations that opera is a rewarding, relevant and universal art form.

WNO's Values

We are:

Inclusive – We have a workplace culture where all people are respected and valued.

Collaborative – We work as a team to achieve common goals.

Dynamic - We challenge ourselves creatively and encourage new ideas.

Generous - Our people use their talent, knowledge and skills with a generosity of spirit.

Responsible - We act with integrity and accountability.

Chair's Statement

Writing the Chair's statement for the 2018-19 Trustees Report at what we now know to be the start of the global Covid-19 pandemic, little did any of us imagine that twelve months on we would still be in the grip of a pandemic that has shattered the lives of so many people and forever changed the way we interact with each other.

It is not possible to look back at 2019-20 without a sense of disbelief that in the Autumn of 2019 audiences were enjoying our new production of Bizet's *Carmen*, and revivals of Verdi's *Rigoletto* and Janacek's *The Cunning Little Vixen*, and leaving the theatre with plans what to return in the Spring, totally unaware that by March 2020 theatres across the UK would be closed overnight.

The Spring 2020 programme featured the final part of our 'Verdi Trilogy', *Les Vêpres Siciliennes*, alongside Mozart's *The Marriage of Figaro* and further performances of Bizet's *Carmen*, and performances were very well attended before the tour was so suddenly curtailed. Closure of theatres meant that the final six weeks of the tour were cancelled, and our normal working life came to an abrupt halt. Thanks to the support of the Arts Council of Wales and of Arts Council England, however, we were able to ensure that all our people, be they employed or freelance, were paid in full for those cancelled performances.

The ongoing support of the Arts Councils and the Coronavirus Job Retention Scheme (CJRS) allowed us to also support our people through the subsequent cancellation of the planned Summer 2020 tour.

The majority of our performing forces were furloughed at some point during the period between April and August 2020, when it became clear that social distancing restrictions would render rehearsals for a planned Autumn tour 2020 impossible. At the same time, the rest of our people had to get used to the new world of working from home and embracing technology to ensure that the organisation continued to function.

I am immensely grateful to all our people for how they have responded to these unprecedented challenges and for their commitment to ensuring that WNO was able to adapt to the crisis.

As the summer wore on, plans for a return to performing in the Autumn were made and then abandoned as the crisis deepened.

Being unable to perform to a live audience, WNO demonstrated again the versatility that has allowed it to thrive through 75 years and turned to providing digital content to reach audiences old and new. Play Opera opened up a new world to a younger generation, whilst our at-home performances showcased the talents of our performers whilst allowing them to work in safety from their own homes. The result was some amazing work, such as our Welsh language performance of 'Gwahoddiad' and our collaboration with Luke Evans, resulting in a stunning performance of Queen's *Who Wants to Live Forever?* for *Pride Cymru*. One of the most moving moments, was WNO Youth Opera's performance of *I shall not live in vain*, which – as well as being a logistical feat – brought young people from a diverse range of backgrounds and experiences together, showing us how the future can be collaborative, creative and fresh. On a broader canvas, our ongoing work with the Oasis Centre became an online collaboration, resulting in the deeply moving film *A Song for the Future*, and the writers of the postponed production of the new opera *Migrations*, planned as the centrepiece of the Autumn tour, were invited to create new pieces reflecting on art and society in a time of crisis, *Creating Change*.

Chair's Statement (continued)

Being a Wales-based organisation that also tours in England, our planning activities had to contend with the challenges of having differing sets of laws and guidelines being issued from Westminster and Cardiff. Throughout the Autumn of 2020 we worked with St David's Hall in Cardiff to rehearse in a socially distanced and Covid-secure way and to record work for future release, in the hope that we would be able to tour in front of live audiences in Spring 2021. Sadly, with further lockdowns and restrictions being implemented in November and December 2020, those hopes were dashed, and the planned Spring 2021 tour had to also be cancelled.

As I write this, WNO is hoping that outdoor performances will be allowed in the summer of 2021 and we are planning for the return of indoor performances from the Autumn of 2021. Again, the differences between England and Wales are adding to the logistical problems, and venues in the two countries are taking differing views on the return of audiences and the social distancing arrangements required to keep people safe.

There is no doubt that the last 18 months have been amongst some of the most difficult WNO has faced in its 75 year history. Its people have showed remarkable resilience and devotion to the company and what it wants to achieve. Despite the numerous setbacks and enforced changes of plan, our people have retained their desire to perform and to show the world that our vision of a world enriched and made inclusive through the power of opera is something worth striving for.

Thank you to everyone who has worked for and with WNO through these challenging times and those who have supported us in so many ways. My fellow Board members, many of whom joined the Board in October 2019 and have in some cases yet to meet face-to-face with each other or members of the company, have spent hours working with the management team and others to ensure that not only is the company able to survive the current challenges, but to ensure that the new ways of working that we have been forced to adopt can be integrated into our future. Reaching more people and being more accessible through the use of technology will be an integral part of the evolution of the company as we come out of the pandemic.

WNO was formed in 1946 as Britain and the world emerged from dark days, and 75 years later the company is once more looking forward to lifting people's spirits with the power of opera, and helping to brighten their lives.

Yvette Vaughan Jones Chair

Strategic Report

1) Strategic Management

WNO is working to a rolling five-year business plan (for the period in this report, the 2017 – 2022 version) which details four broad goals for the whole period which will allow the company to fulfil its purpose and deliver its mission. They are:

Goal 1: Artistic - Open up opera through presentation, content, innovation and accessibility

Goal 2: Income - Unlock our creative and artistic capital to grow our income streams

Goal 3: Audience - Grow and diversify our audiences by creating a buzz, increasing engagement and becoming unmissable

Goal 4: Relevance - Increase our relevance and inspire ownership throughout Wales, England and internationally

Nine strands of business activity were planned to deliver these goals and activities for 2019/20 under each strand are described in the Business Performance/Significant Activities section. The six “external-facing” strands were Artistic Content and Presentation, Geographical Reach, Developing Talent, Audiences and Engagement, Changing Public Perceptions, and Commercial Optimisation (now renamed “Income Generation”).

Three further strands of work focused on the effectiveness of the organisation to deliver the activities - Organisational Capacity and Culture, Finance, and Board.

WNO’s business model is predicated on the delivery of a broad range of operatic and musical experiences across Wales, England and internationally. These activities range from full main-scale opera presented in large lyric theatres (between 1,100 and 2,500 seats), mid and small-scale opera, concerts and digital activity to a large variety of community and outreach work made up of smaller-scale events for participants. As the majority of our income (70% in 2019/20 due to the impact of Covid-19, 57% in 2018/19) comes from public funding, through Arts Council Wales and Arts Council England, our business planning is aligned to those bodies’ goals and corporate plans, as they need their portfolio organisations to help them achieve the remit given to them by the Welsh and UK governments respectively. One of our challenges is to ensure appropriate balance between Welsh and English activity.

Our core funding helps us to preserve a full-time orchestra and full-time chorus, which, together with the technical functions, allow our main-scale operas to be mounted to the highest quality. This public income is supplemented by income from ticket sales (box office), fundraising, and some commercial activity, including international touring.

Main-scale opera is expensive to mount – ticket income does not begin to cover the expense of production – and has historically accounted for the majority of WNO’s expenditure. The active decision as part of our current business plan to grow the outreach and community engagement activities of our organisation has led to the direction of more funding towards this area. This is an important area of our work that allows us to make a tangible difference to people’s lives - increasing self-confidence, overcoming isolation and engendering wellbeing as just three examples. Over the long-term, it not only also allows us to build the more diverse audiences of the future, but also supports us in our ambitions to use the real power of opera to enrich the world, to be more inclusive, to nurture more creative talent, to inspire and challenge people about the world around them and to be a vital part of the cultural lives of our communities.

The overall financial aim of our five-year business plan is to increase the sustainability of the organisation by becoming more efficient and effective, and growing our own streams of income so as to make WNO less reliant on public funding into the future. We had aimed to reduce our reliance on public funding by 5% over the five years of our business plan but the Covid-19 pandemic has prevented us from achieving that objective,

Strategic Report (continued)

2) Business Environment

External Factors

During the 2019/20 financial year, the World Health Organisation declared on 11 March 2020 that the outbreak of the coronavirus (Covid-19) was a global pandemic and this announcement was followed shortly after on 16 March 2020 by the immediate closure of all venues across the UK. This led to the cancellation of the final six weeks of the Spring 2020 tour and following the imposition of social distancing measures the curtailment of any rehearsals for the Summer tour and its subsequent cancellation. The continuation of the pandemic throughout the summer months and into the latter part of the calendar year led to cancellation of the 2020/21 Autumn tour and the need to reconfigure activity planned for Spring and Summer 2020/21. In January 2021 with the pandemic still proving problematic and the UK in lockdown the planned activity for Spring 2021 was also cancelled.

In parallel with the global pandemic Brexit continues to cast doubt on the future relationship with the EU and especially travel arrangements post 31st December 2020, which will no doubt have an impact on the movement of guests artists to and from the UK as well as future plans for overseas touring

Risk Management

The organisations strategic risk register is reviewed twice a year by the Senior Management Team. The Audit & Risk Committee also reviews it twice a year and the Board of Trustees on an annual basis. Details of all the strategic risks and mitigations can be found within the Strategic Report section on page 15.

The Audit & Risk Committee review has resulted in some additional strategic risks being added to the list, which relate to the people risks that the organisation faces, such as the availability of sufficiently skilled and committed staff and artists. Linked to the people risks are the challenges posed by having three separate collective agreements in place, which primarily affect members of the orchestra, chorus and technical teams.

In the light of the global pandemic a subset of risks covering the impact of the Covid-19 virus has been developed and is under regular review.

Brexit: This continues to be of concern to the organisation as we are likely to feel the effects of leaving the European Union in three areas: firstly the ease with which we can deliver and collect productions (e.g. sets/costumes) from European opera houses; secondly the engagement – sometimes at very short notice – of EU principal singers/conductors; thirdly the effect it might have on our non-UK EU members of staff.

The trustees can confirm there have been no reportable Serious Incidents during this period and are aware of the renewed guidance given by the Charity Commission on safeguarding, governance, complaints handling, staff engagement and public trust in charities.

Strategic Report (continued)

Risk Management

Strategic risks

In addition to the people related risks, the strategic risks that impact on the organisation can be grouped into those relating to financial stability and sustainability, such as pressure on box office income, fundraised income, commercial income and pension scheme assets/(liabilities) and those that relate to the artistic quality of the output and matters that may cause reputational damage to the organisation

1) Business Performance

As with the previous financial year WNO's business performance was based on the nine strands of activity described below, which together will deliver on the four Goals cited in the Strategic Management section (page 5). With a 31st August year end the Covid-19 pandemic struck midway through the organisations financial year, thus comparisons with 2018/19 should be treated with caution as they are not a like for like comparison. As mentioned earlier, the closure of all UK theatres on 16 March 2020 curtailed prematurely the Spring 2020 tour and resulted in the cancellation of the planned Summer 2020 season. The cancellation of the Spring tour meant that 6 venues, Southampton, Liverpool, Milton Keynes, Plymouth, Norwich and Birmingham were not visited as planned.

Strand 1: Artistic Content and Presentation

Mainscale

Autumn 2019 saw the staging of three operas – a new production of *Carmen*, Verdi's *Rigoletto* and Janacek's *The Cunning Little Vixen*. The new production of *Carmen*, directed by Jo Davies, was seen by an audience of 15,631 which was 98% of the target of 15,954. The total audience for the Autumn season was 33,498 which was 92% of the target, Cardiff audience numbers were ahead of projections at 104% of target whilst audience numbers across the other venues were generally slightly below expectations.

The Spring 2020 programme featured the final part of our "Verdi Trilogy" *Vepres Siciliennes* alongside Mozart's *The Marriage of Figaro* and further performances of Bizet's *Carmen*. Due to the cancellation of the final 6 weeks of the Spring season it is difficult to compare the season with the Autumn and impossible to compare with overall expectations. Following on from its success in the Autumn the 5 performances of *Carmen* that were able to go ahead before lockdown exceeded audience expectations at 117% of target. Similarly the 5 performances of *Vepres Siciliennes* exceeded audience expectations at 108% of target. With the 7 performances of *The Marriage of Figaro* also ahead of expectations at 103% of target. Thus the indications are that the Spring season was being well attended and but for Covid-19 may well have exceeded expectations and recovered the majority of the income shortfall from the Autumn.

Summer 2020 was to have featured Mozart's *The Barber of Seville* and a double bill of Stravinsky's *Nightingale* alongside Bartok's *Bluebeard's castle*, sadly none of these productions reached the stage. The intention had been that there would have been further performances of *The Barber of Seville* in Autumn 2020, but the ongoing Covid-19 crisis also meant that the planned Autumn 2020 season was also cancelled, as has the Spring 2021 season.

The WNO Orchestra continues to perform a significant number of concerts; performing on stage rather than in the pit provides the valuable opportunity for our orchestral musicians to develop by tackling more difficult repertoire with our Music Director, Tomáš Hanus, and other major conductors. In the Autumn of 2019 WNO Orchestra returned to the St Davids Hall International Concert Series under the baton of Music Director Tomáš Hanus with a thrilling evening of music by Smetana, Debussy and Dvorak.

Strategic Report (continued)

To celebrate 250 years of Beethoven, WNO Orchestra – conducted by Carlo Rizzi, BBC National Orchestra of Wales and BBC National Chorus of Wales joined forces to reconstruct the historic Beethoven Benefit Concert of 1808. This wonderful retrospective brought together a wealth of international talent to present some of Beethoven's most iconic work, including the fifth and sixth symphonies and the fourth piano concerto.

In December 2019, WNO Orchestra was invited by Her Majesty's Ambassador to the Kingdom of Morocco to give two concerts in the capital, Rabat. The first concert, an abbreviated version of our Journey to Vienna concert series, was performed at the Royal Academy, and the second – An Evening of Italian Opera – at the National Theatre led by Carlo Rizzi and featuring Mary Elizabeth Williams and Gwyn Hughes Jones.

In January 2020, WNO Orchestra – joined by soprano Mary Elizabeth Williams – reprised their successful concert tour featuring music by the likes of Offenbach and Strauss, curated to transport audiences to the ballrooms of eighteenth-century Vienna.

Although the turnover in our full-time orchestra and chorus is not very high, we are also aware that we need to do our utmost to ensure we recruit talented players and singers from diverse backgrounds.

Our new Conductor in Residence scheme was created to provide better development and performance opportunities to female conductors at the start of their career. This year's recipient, Tianyi Lu, worked alongside WNO's creative teams during the rehearsals for our Autumn productions of Carmen, Rigoletto and The Cunning Little Vixen. Tianyi was also due to conduct two performances of Carmen during our Spring 2020 tour that were unfortunately cancelled due to Covid-19.

WNO's Programmes and Engagement department, (formerly know as the Youth & Community Department) delivered regular music making workshops to 70 schools across our four hub regions in South Wales, North Wales, West Midlands and South Coast England.

We run five Youth Opera groups in three of our touring regions in South Wales, North Wales and the West Midlands. Each group provides weekly sessions for young people ranging from ages 8-18, which help to develop their singing and performance skills, working towards putting on concerts, showcases and opera productions each year.

We provided early years music sessions for refugee families at St Chad's Sanctuary in Birmingham. We worked with pupils with profound and multiple learning difficulties to prepare for a special sharing concert with their parents, teachers and support workers.

In Milford Haven we brought together people from the local community who are living with dementia to take part in weekly choir rehearsals.

Whilst WNO's orchestra performed in concert in Morocco the Programmes and Engagement Department along with a small ensemble of the Orchestra, delivered two music workshops to the children of Abdelmoumen Elementary School. The team also travelled to Dubai to deliver school workshops exploring opera, story-telling, composition and classical music.

Strand 2: Geographical Reach

Touring is in our DNA and we are experts in the field and in 2019/2020 we visited 36 touring venues. For our main-scale opera, for our Autumn and Spring tours, we rehearse our productions over five or six weeks at our home the Wales Millennium Centre - also our flagship venue - and then give a fortnight of performances

Strategic Report (continued)

there, before packing the sets into our fleet of trailers and taking them around the country. This year – as in previous years – the main-scale tour went to our regular touring venue partners: Birmingham Hippodrome, Southampton Mayflower, Venue Cymru Llandudno, Bristol Hippodrome, Plymouth Theatre Royal, Liverpool Empire, Oxford New Theatre and Milton Keynes Theatre.

We endeavoured to reach more Welsh and English venues with our orchestral touring, and achieved this. Additional towns and cities visited through this work included Bangor, Bristol, Cardiff, Newport, Newtown, St David's, Swansea,.

Work outside the UK is becoming a more significant part of WNO's strategy. We are finding that we can earn commercial fees for our work and at the same time, as one of Wales' flagship brands, represent Wales in the wider world, which is an increasingly important priority for Welsh Government.

Strand 3: Developing Talent

As WNO approaches its 75th year, the Company plans to bring together and expand the existing talent development programme, cementing the commitment to finding, nurturing, and developing talent across the whole Company, and encouraging participation and engagement with the Company to those from diverse backgrounds.

A commitment to equality of opportunity is central to each initiative and will be at the heart of the overall programme.

Each year the WNO Associate Artists programme offers a special opportunity to young singers of outstanding quality to hone their skills through expert tuition and opportunities to cover roles and perform with the Company throughout the year. After a stellar run of performances across the UK as Norina in WNO's Don Pasquale in Summer 2019, the 2019/2020 season saw soprano Harriet Eyley continue to dazzle audiences through her opera and concert appearances with the Company

This year's position of Associate Conductor was awarded to Harry Ogg after his performances as a finalist in the Donatella Flick LSO Conducting Competition. The Associate Conductor residency provides early career professionals with rehearsal and performance opportunities across the year, as well as regular mentorship with WNO's Music Director Tomáš Hanus.

Strand 4: Audiences and Engagement

Our mainscale Autumn and the curtailed Spring tours played to a total audience of 55,011 from 49 performances. This was for obvious reasons considerably lower than the total of 69,934 from 65 performances in 2018/19 but represented an increase in average attendance from 1,076 to 1,112 per performance.

Strategic Report (continued)

Strand 5: Changing Public Perception

This strand of our business plan acknowledges that opera has a perception problem which we are tackling in a number of ways. In 2018/2019, WNO embarked upon a five-year partnership with the Welsh Refugee Council. Our aim is to develop collaborative projects with local refugee and asylum seeker partner organisations; create new opportunities for musicians and artists within this community to develop and showcase their work; and to create work that is fully representative of the diverse communities we serve.

As a national arts organisation rising to the challenge of the new normal yet still unable to perform live work in theatres, Welsh National Opera is feeling more keenly than ever that bringing artists and ideas together through freedom of expression, helps us make sense of an unstable world. 'Creating Change' is an artistic conversation of this kind, where writers, composers, singers and musicians, celebrate the role of art to re-imagine a future of lasting social change.

Co-produced remotely during lockdown *A Song for the Future* was Welsh National Opera's second partnership with Oasis Cardiff. This brand new opera is co-created by Composer Boff Whalley, Writer Sarah Woods and six writers and musicians (who also perform) who have sought sanctuary in the UK. It's an opera about inequality, about what it is to feel like to be an outsider. It's a call to action about the necessity of regathering, of remaking the connections between us in order to come together.

In a world suddenly paused, a recently arrived refugee Zana tries to make sense not only of what she's going through, but of the world we have created. Zana's story is told through song, music, and spoken word as we explore the hopes, fears and dreams in the quest for a new future.

We know, through our outreach and engagement work, that people are able to engage wholeheartedly and easily with the art form when they are introduced to it in ways that relate to them. Therefore we have put increasing investment into our programmes and engagement work and have specifically agreed with Arts Council England that we will expand our programme into three key "hub" areas in England, i.e. West Midlands, Plymouth and Southampton.

Opera and Classical Music are some of the best tools to help spark imagination and creativity in young people and are excellent catalysts for engaging classroom learning.

WNO offers a range of resources to support teachers and educators, as well as singing, music and digital workshops (in VR/AR and digital animation) in schools. Workshops are led by our professional opera singers, orchestral players and amateurs and can be tailored for school or SEND needs from Key Stage 1 through to 4.

We continued to develop our work in health and wellbeing, providing weekly Come & Sing sessions at University Hospital Wales and our regular dementia-friendly cinema screenings with Theatr Colwyn and Pontio. In addition, we piloted our new Cradle project in Swansea, an intergenerational creative arts project designed to increase dementia awareness in young people and provide a place for those affected by dementia to spend quality time with friends and family through song.

Strategic Report (continued)

Strand 6: Income Generation

We continue to aim to increase our commercial sources of income as part of our financial strategy to become more sustainable by relying less on public funding, however the pandemic has necessitated a review of the timescale for these plans.

Donations and legacies for the year totalled £1.05 million, as compared to £2.4 million in 2018/19 and we are grateful for the generosity of our major donors and the Trusts and Foundations that support our work.

We continue to raise commercial income through Cardiff Theatrical Services (CTS) although its activities have also been severely reduced due to the closure of theatres and other venues. Set hire also brings some income in although this is a rather unpredictable source.

Strand 7 – Organisational Capacity and Culture

In order to become a more efficient and effective organisation, the Company needs to make significant changes to its operation. There are several ongoing activity streams to effect change:

A new integrated planning system is currently being implemented, with the intention of extending our planning horizon and bringing together in one place all the elements required to plan and deliver all activities. This system and the associated changes in process will form the backbone of the operation into the future.

WNO has been developing more professional HR processes for the past few years and a new integrated HR and payroll system was selected during 2019/20 and will be implemented during 2020/21.

WNO recognises three unions: we need to revise our collective agreements with them as the organisation looks to ways to become more efficient and effective in the use of its biggest asset, its people. Lockdown has the evolution in the way we deliver our work has led to a re-evaluation of how our work could be delivered in the future and how best to align our people with the delivery of the outcomes we wish to achieve.

Increasing the diversity of our workforce is a significant issue which we need to work on, and we established a baseline during 2018/19 with a snapshot diversity survey. This showed we have a workforce which is significantly older than any other Arts Council England National Portfolio Organisation, and which is less diverse than many.

Strategic Report (continued)

Strand 8 – Finance

The ongoing Covid-19 pandemic has had a significant impact on the organisations finances, both in 2019/20 and 2020/21. The closure of all UK theatres and restrictions on outdoor performances has straddled two financial years so comparisons with 2018/19 should be treated with caution as the scale of operations has been severely reduced. The organisation, as a touring opera company and not a venue owner and operator has been shielded from the direct financial impact of venue closures and the level of grant funding received from both the Arts Council of Wales and Arts Council England has allowed us to continue to support our people through this difficult time.

The uncertainty about when venues will be allowed to reopen has necessitated the modelling of multiple scenario's to cover a range of options and that modelling work will continue whilst the uncertainty persists.

Strand 9 – Board

The WNO Board was due to meet six times during 2019/20 but the number of meetings was increased to eight as the Board has met more frequently since the start of the Covid-19 to consider the implications of the evolving situation. In July 2017 the Board commissioned a Skills and Diversity Audit which reported in September 2017 and a Board Effectiveness Review which reported in December 2017. The Skills audit showed that the gaps were opera expertise, audiences/digital and fundraising. The diversity audit showed that the WNO Board was low on women trustees, those from a BAME background and people with a disability.

In February 2019 three new trustees were appointed who fulfilled the opera expertise and audiences/digital roles; there were a further six trustee appointments in October 2019 and one further resignation at the end of a third term, details of which can be found in Directors' and Officers' note on page 51 of this report. All the appointments were made following an open and transparent recruitment and selection process, which included the use of advertising and recruitment and selection specialists.

Key Performance Indicators

Currently the Board reviews our seven over-arching KPIs twice a year but a fuller dashboard of performance indicators needs to be devised for the rest of the period of the business plan.

Collaborations

WNO is at the centre of the arts community across our touring regions. In 2019/20 we worked with a number of arts organisations to reach more people and make the case for the arts. Our relationships with other opera companies internationally help us to stage great opera.

During 2019/20 we collaborated with:

- Scottish Opera – *The Cunning Little Vixen*
- Theatre Bonn - *Veprer Siciliennes*
- Oasis Centre Cardiff – *A song for the future*
- BBC National Orchestra of Wales & National Chorus of Wales – Beethoven 250

We also play a leading role in the collaboration between the Wales National Arts Companies.

Strategic Report (continued)

Subsidiaries

WNO has two wholly-owned subsidiaries. Details of both are included in note 18.

Cardiff Theatrical Services Limited was established in 1984 as the in-house workshop for WNO, and has a reputation for building outstanding quality scenery for some of the World's leading performing arts companies, visitor attractions and exhibitions.

During 2019/20 CTS provided services for many different organisations including:

Almeida Theatre Company, ATG Productions Ltd, Cameron Mackintosh, Chichester Festival Theatre, English National Opera, Houston Grand Opera, Good Chance Theatre, Glyndebourne Festival Opera, Kiln Theatre, Leicester Theatre Trust, Lyric Opera Chicago, Mint Motion, MM! The Party Ltd, Music Theatre Wales, National Dance Company Wales, National Theatre, National Trust, Nick Grace Management Ltd, Northampton Theatre Trust Ltd, Opera North, Oxford Playhouse, Playful UK Ltd, PW Productions, Pyramid Theatre Productions PLC, QDOS Entertainment, Rainbow Valley Productions, Really Useful Group Ltd, Redbridge Drama Centre, Royal Horticultural Society, Royal Opera House, Royal Shakespeare Company, Rydell Productions Ltd, SFP Shows Ltd, Sheffield Theatres, Teen Angel Productions, The Bridge Theatre, Wales Millennium Centre,.

WNO Productions Limited was set up in 2014 to create and prepare theatrical productions for the Welsh National Opera Group of companies.

Public benefit

Welsh National Opera's public benefits are covered by its vision and values as shown on page 2.

The directors have considered the Charity Commission's guidance on public benefit when reviewing the Company's aims and objectives and in planning future activities. In particular, the directors have considered how the planned activities will contribute to the Company's aims and objectives.

Our activities are planned in advance of the year being reported and from the outset of the planning stage consideration is given to the likely public benefits of those activities and how they fulfil the Company's mission. The details of the activities carried out, including activities aimed at encouraging specific audience groups, are shown in the business performance strand 1 review under the Artistic Content and Presentation section.

A member of staff is available at all of our performances and events to respond to participant or audience issues. Feedback and participation from audiences is encouraged in our programmes, through surveys, through our website and through activities outside the main productions.

Children and young people participate in many of our productions and activities; all our projects involving young people are supported by suitably qualified professionals and artists.

We aim to be of benefit to the widest possible public; to encourage audiences and participants we perform in easily accessible theatres in major towns and cities in England and Wales. Our Youth and Community department encourages audiences through activities in communities and schools. Marketing output and our website encourage audiences from all walks of life and our pricing policy is based on a commitment to affordability wherever we perform, both through affordable prices to opera performances and free activities.

Strategic Report (continued)

Environmental sustainability

The Company monitors its energy consumption and environmental impact and recycles its productions and sets extensively. The Company has incentives in place for staff to minimise their environmental impact while travelling and encourages rail use whenever possible.

Welsh language

The Welsh Language Standards (No. 2) Regulations ('the Regulations') specify service delivery standards; policy making standards; operational standards; and record keeping standards.

Welsh National Opera is one of 32 organisations to which the Regulations are specifically applicable and as such the organisation has been fully compliant with the Standards since the end of July 2017.

Financial review

The Consolidated Statement of Financial Activities for the Group and its subsidiaries is shown on page 25.

Overall the Group's activities resulted in net outgoing resources of £1,436,000 (2019 - outgoing resources of £876,000).

Income

Total incoming resources decreased by £2,789,000 (15%) to £15,816,000 (2019 – £18,605,000) as a result of an decrease in box office, legacies, donations and fundraising income in the year.

Expenditure

Overall expenditure this year decreased by £2,766,000 (13%) to £18,147,000 (2019 – £20,913,000). This comprised an decrease in mainscale opera expenditure of £1,008,000, Programmes & Engagement expenditure of £205,000, Trading expenditure of £1,439,000 and Fundraising expenditure of £114,000.

Expenditure on charitable activities fell by £1,213,000 (7%) and now accounts for 93% of all expenditure (2019 – 86%).

Subsidiaries

Cardiff Theatrical Services Limited enables WNO to maintain its own excellent set-making facilities and continues to build sets for many other clients. The subsidiary made a loss after taxation of £21,083 (2019 - profit of £189,171) during the year after contributing an appropriate share of premises and overhead costs to WNO.

WNO Productions Limited was formed in 2014 to create and prepare theatrical productions for the Group.

Details of both subsidiaries are included in note 18.

Fixed assets, investments and cash

Fixed assets purchased during the year amounted to £206,000 (2019- £92,000) including replacement vehicles, computers and lighting equipment.

After investing the funds referred to above, at the year-end the group held cash at bank of £2,908,000 (2019 – £2,217,000) including a production reserve of £1,155,000 (2019 – £1,393,000).

Strategic Report (continued)

The Group holds its cash in major UK clearing banks. The Investment Committee regularly reviews the Group's banking arrangements and investment policy and in May 2014 it invested £2,332,000 of reserves which are held for the long term (over three years) into an investment portfolio. For the year to 31 August 2020 the portfolio returned income of 2.7% which is in line with target income of between 2.8% and 3.5% per annum. These investments, which are openly traded investments and securities are classified as fixed asset investments with a market value of £2,628,000 at year-end (see note 7b)

Pension

Group employees contributed to a defined contribution pension scheme; the Group's defined benefit scheme was closed to new entrants and future accrual on 5 April 2009 but continues to be maintained by the trustees for its pensioners (see note 17). The deficit on the defined benefit scheme amounted to £1,145,000 at 31 August 2020 (2019 – deficit of £1,807,000) with an actuarial gain of £881,000 shown in the year (2019 - loss of £1,712,000). These movements reflect the changes in the valuation of the actual assets and estimated liabilities in the scheme, and do not represent crystallised net liabilities.

Risk management

The Board ensures there are effective arrangements in place for the management of risk and internal controls at the Group. The systems in place are designed to manage risk to an appropriate level, including use of controls appropriate to the scale and output of the charity.

The Audit & Risk Committee formally reviews the adequacy of the charity's internal financial and operational controls and the Group's risk register to assess major strategic, business and operational risks on a continuous basis. A comprehensive business continuity plan is in place and the Audit Committee reviews insurance cover annually to ensure it is adequate. The major risks the Group faces and their potential impact as currently identified are set out below:

<u>Key strategic risk</u>	<u>Action / mitigation</u>
Public funding	The Group relies on funding from both Arts Council England and Wales to operate in its current form. Representatives from both Councils attend Board meetings and the Company submits its plans to the Arts Councils prior to their being implemented.
Financial stability	Due to the reliance on public funding and the long lead time in operatic productions, the Company has designated a production reserve to enable future output to be planned with confidence. A restructuring reserve has also been established to enable investment in change.
Financial risks	Funding, box office, investment markets, pension costs and inflation all have the potential to affect the Company's results. A minimum level of free reserves of £2.5m has been set by the Board to protect the Company from short-term volatility in these areas.

Strategic Report (continued)

<u>Key strategic risk</u>	<u>Action / mitigation</u>
Reputational risks	WNO's reputation for artistic quality is both a strength and a risk to the Company; by its nature not all artistic risks will succeed in the eyes of our audiences, so the professionalism of the Company and the excellence of our venues are important to retaining long-term loyalty to WNO; both are regularly reviewed.
Disaster recovery	The Company maintains a comprehensive disaster recovery plan.
Health and safety	The Company has an established health and safety policy and practices, and health and safety continues to be a standing agenda item at all Board meetings. The Company's executive Health and Safety Committee includes employee representation and meets regularly to review and monitor the implementation of the Company's policies.
Covid-19 specific risks	In light of the evolving Covid-19 pandemic the Audit & Risk Committee and Board considered the Covid specific risks facing the Company and added an addendum to the Strategic Risk Register. The main areas highlighted being the Health & Safety of its employees and audiences. The financial risks associated with the loss of income from the closure of venues and the impact upon cash flow and liquidity.

Strategic Report (continued)

Reserves

As at 31 August 2020 the total funds held by the Group stood at £6,211,000 (2019 - £6,766,000); of this total £1,959,000 was classed as restricted or endowed funds (2019 - £2,361,000) leaving unrestricted funds totalling £4,252,000 (2019 - £4,405,000).

The Group has set a minimum level of free reserves of £2,500,000. This provides the Group with a short-term safety net in the event of unforeseen shortfalls in income and is based on a risk assessment of all the Group's sources of income. This level of reserves is considered by the Board to be the appropriate acceptable level of free reserves to provide for the stability of the Group.

The calculation of free reserves is shown below and shows free reserves of £1,577,000 (2019 - £2,500,000); the remaining unrestricted reserves have been designated to support the planning of our artistic output in future years and to enable strategic change. The payment of cancellation fees for the Summer 2020 productions of Stravinsky's The Nightingale alongside Bartok's Bluebeard's Castle has led to a reduction in the Production Reserve and Free Reserves falling below £2,500,000. The continued closure of venues during 2020/21 will result in a reduction in the costs associated with touring and allow the Free Reserves to start to be rebuilt.

In line with guidance from the Charity Commission, the Board has considered the impact of the pension fund deficit on the reserves of the Group and considers that the Group should be able to make sufficient provision from its future operations to provide for the pension liabilities as they fall due.

Free reserves

This refers to the Group's free reserves which are calculated as directed by SORP as follows:

At 31 August	2020 £'000	2019 £'000
Total unrestricted funds	4,252	4,405
Exclude designated funds - restructuring reserve (Note 13)	(437)	(672)
Exclude designated funds – production reserve (Note 13)	(1,155)	(1,393)
Exclude designated funds – CJRS income (Note 13)	(504)	-
Less fixed assets	(1,724)	(1,647)
Exclude pension reserve	1,145	1,807
Free reserves	1,577	2,500

Directors' Report

Governance and Management

The Company is a registered charity constituted as Company Limited by Guarantee and does not have share capital (See note 12).

The reference and administrative details of the Company are shown on page 57, and the details of the Directors of the Company, who are also its members and charitable trustees, are shown on page 58.

Governance

As required by the Company's Articles of Association, directors are appointed by the members of the Company at the annual general meeting of the Company, after nomination by a member. The Board's membership is drawn from Wales, London and the English regions. Between them directors possess the range of expertise, skills and experience necessary to carry out the full remit of the Board's responsibilities.

New directors are provided with an induction to the Group and given guidance as to the role and responsibilities of being both a charity trustee and a company director. A copy of the Governance Code is provided for each director as part of the induction process.

The Board is responsible for approving overall policies, plans and organisation.

Directors may expect to serve two consecutive terms of three years in office and are eligible to serve a third term if approved by the Board, following a review by the Nominations Committee. An extension of office beyond three terms is only considered in exceptional circumstances. The Chair of the Group is expected to serve for two terms of office irrespective of how long they have served as a director prior to appointment, if relevant.

The directors who held office during the year and up to the date of signing of the Financial Statements are listed in the Group Details section beginning on page 58.

Directors' interests

Directors have no interests in the Group or the related bodies shown in note 19 to the Financial Statements. Directors received no remuneration as directors in the year (2019 - £nil).

Senior Management

The Executive Team is made up of the General Director, plus the Music Director both of whom report directly to the Board.

The Senior Management Team comprises departmental directors with responsibility for artistic administration, chorus and orchestra, engagement and partnerships, development, communications and strategy, technical operations, marketing and sales, and finance. This team reports to the General Director.

Note 4 contains details of the arrangements in relation to Senior Management remuneration.

Employee involvement

During the year meetings took place with employees and their representatives to share an understanding of the Group's performance and the financial and economic factors that affect it. These meetings enable the Group to take into account the views of employees when making decisions likely to affect their interests. The Group also continues to invest in staff training and development, and operates a staff appraisal system.

Directors' Report (continued)

Equal opportunities and diversity

The Group is committed to a policy of equal opportunities in its employment practices. The Group does not own or manage any of its performing venues, but monitors facilities for disabled patrons and encourages the theatre owners to improve facilities where necessary. Full consideration is given to the employment and training of disabled persons as permitted by the conditions of employment. It is Company policy to ensure that continued employment is offered, wherever possible, to employees who become disabled during the course of their employment.

The Group is currently reviewing its Equality Policy and creating a new, robust Diversity Action Plan which will move the Group forward in the areas of artistic, workforce and audience diversity.

Post balance sheet events

The outbreak of the novel coronavirus (Covid-19) was confirmed to be a global pandemic by the World Health Organisation on 11 March 2020. This resulted in several measures being taken globally by governments to protect the wellbeing of the population. The most significant from a WNO perspective was the closure of all theatres from 16 March 2020 which led to the cancellation of the Spring tour with six weeks of the tour remaining and the subsequent cancellation of the Summer tour. As the impact of the pandemic continued to increase the planned Autumn 2020 season was also cancelled and as the whole of the UK went into lockdown once more in December 2020 the Spring 2021 season was also removed from the schedule.

Despite the cancellation of performances in front of a live audience and the challenges of musicians and singers rehearsing in a socially distanced way the organisation has produced a significant number of pieces of digital content. These included a film of Poulenc's - *La Voix Humaine*, a new work *A song for the future*, a co-producing with the Oasis Centre in Cardiff, a whole series of short programmes aimed at a younger audience – Play Opera, together with a series of podcasts and one of recordings of music, songs and interviews.

The Company continues to follow government guidance to safeguard our people and everyone who comes into contact with it. Our continued focus is to: (i) Deliver our charitable objectives, and (ii) Ensure the wellbeing and safety of staff. With no clear indication as to when live performances nor even group rehearsals might be able to resume the Company is focusing on its digital output and continuing as much work as possible through that medium.

Given the timing of the financial year-end these events are considered to be non-adjusting post balance sheet events, whose financial impact on these statements cannot be estimated

Directors' Report (continued)

The post balance sheet non-adjusting events arising from the financial consequences of the Covid-19 pandemic have been considered. Future cash flow forecasts and a number of scenarios have been prepared and the Board of Directors considers that there are sufficient cash resources for at least the next 12 months from the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy and the closure of the majority of venues until 2021.

Going concern

The directors have assessed the Company's ability to continue as a going concern taking into account the financial impacts of Covid-19. The directors have considered several factors when forming their conclusions as to whether the use of the going concern basis is appropriate when preparing these financial statements including liquidity, cash resources, liabilities and the support available from the various government initiatives including the CJRS Scheme.

Like many organisations, our financial position has been, and will continue to be, impacted by the financial impacts of Covid-19. The cancellation of events, a potential slowdown of donations and the overall slowdown of the economy and their impact on income have all been factored into the financial modelling, which has been reviewed on a regular basis since the lockdown of venues began.

After assessing the impact of possible income reduction scenarios, the directors have concluded that the charity has a reasonable expectation that there are adequate resources to continue to operate for at least 12 months from the date of signing of the financial statements and have continued to prepare the financial statements on a going concern basis.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Azets Audit Services will be proposed at the forthcoming Annual General Meeting.

The Directors' Report and the Strategic Report were approved by the Board of Directors and signed on its behalf by:



Martyn Ryan - Trustee

30th June 2021

Statement of Trustees' Responsibilities

The trustees (who are also directors of Welsh National Opera Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

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


The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Trustees on 30th June 2021



Martyn Ryan- Trustee

Independent Auditor's Report to the Members of Welsh National Opera Limited

Opinion

We have audited the financial statements of Welsh National Opera Limited (the "parent charity") and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity'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 charity'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 and of the parent charity's affairs as at 31 August 2020 and of the group and parent's charity's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent charity 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 and charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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 the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the group and charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Sarah Case FCA DChA

Senior Statutory Auditor

For and on behalf of

Azets Audit Services

Chartered Accountants and Statutory Auditors

Ty Derw

Lime Tree Court

Cardiff Gate Business Park

Cardiff

CF23 8AB

Date 30th June 2021

Consolidated Statement of Financial Activities

Incorporating the income and expenditure account for the year ended 31 August 2020

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from:						
Charitable activities	2a	1,894	-	-	1,894	2,921
Donations		701	41	-	742	2,138
Legacies		306	-	-	306	268
General grants	2a	10,716	1,176	-	11,892	10,657
Trading income		909	-	-	909	2,536
Investment income		31	2	40	73	85
Total income		14,557	1,219	40	15,816	18,605
Expenditure on:						
Charitable activities		15,634	1,178	1	16,813	18,026
Raising funds		424	-	-	424	538
Trading expenditure		910	-	-	910	2,349
Total expenditure	2b	16,968	1,178	1	18,147	20,913
Other recognised gains and losses						
Net (losses)/gains on investments		(89)	(4)	(115)	(208)	(29)
Net income/(expenditure) before tax		(2,500)	37	(76)	(2,539)	(2,337)
Taxation	18	1,103	-	-	1,103	1,461
Net income/(expenditure) for the year	3	(1,397)	37	(76)	(1,436)	(876)
Transfers						
Transfer from restricted funds	13	363	(363)	-	-	-
Transfer to WNO Endowment Fund		-	-	-	-	(500)
Other gains/loss						
Actuarial (losses)/gains in the defined benefit pension scheme	17	881	-	-	881	(1,712)
Net movement in funds		(153)	(326)	(76)	(555)	(3,088)
Fund balance brought forward	16	4,405	630	1,731	6,766	9,854
Fund balance carried forward		4,252	304	1,655	6,211	6,766

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities. The notes on pages 29 to 56 form part of these financial statements. No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £18,851,000 (2019 - £18,835,000). The result reported in the accounts of the parent Company is a surplus of £958,000 (2019 - deficit £4,548).

Consolidated Balance Sheet

As at 31 August 2020

	Note	31 August 2020 £'000	31 August 2019 £'000
Fixed assets			
Tangible assets	7a	1,724	1,647
Investments	7b	<u>2,628</u>	<u>2,836</u>
		4,352	4,483
Current assets			
Stocks	8	43	41
Debtors	9	3,051	4,490
Cash and bank deposits	10	<u>2,908</u>	<u>2,217</u>
		6,002	6,748
Creditors: amounts falling due within one year	11	<u>(2,998)</u>	<u>(2,658)</u>
Net current assets		<u>3,004</u>	<u>4,090</u>
Total assets less current liabilities		7,356	8,573
Net assets excluding pension liability		7,356	8,573
Defined benefit pension (liability)/asset	17	<u>(1,145)</u>	<u>(1,807)</u>
Net assets		<u>6,211</u>	<u>6,766</u>
Unrestricted funds			
Other charitable funds	13	2,433	3,279
Designated funds	13	2,096	2,065
Revaluation reserve	13	868	868
Pension reserve	17	<u>(1,145)</u>	<u>(1,807)</u>
Total unrestricted funds	13	4,252	4,405
Restricted funds	14	304	630
Endowment funds	15	1,655	1,731
Total charity funds		<u>6,211</u>	<u>6,766</u>

The notes on pages 29 to 56 form part of these financial statements

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 30th June 2021



Signed on behalf of the Board of Directors:

Martyn Ryan - Trustee

Company Balance Sheet

As at 31 August 2020

	Note	31 August 2020 £'000	31 August 2019 £'000
Fixed assets			
Tangible assets	7a	1,724	1,647
Investments	7b	<u>2,628</u>	<u>2,836</u>
		4,352	4,483
Current assets			
Stocks	8	43	41
Debtors	9	2,034	2,160
Cash and bank deposits	10	<u>2,647</u>	<u>1,816</u>
		4,724	4,017
Creditors: amounts falling due within one year	11	<u>(2,833)</u>	<u>(2,552)</u>
Net current assets		<u>1,891</u>	<u>1,465</u>
Total assets less current liabilities		6,243	5,948
Net assets excluding pension liability		6,243	5,948
Defined benefit pension (liability)/asset	17	<u>(1,145)</u>	<u>(1,807)</u>
Net assets		<u>5,098</u>	<u>4,141</u>
Unrestricted funds:			
Other charitable funds	13	1,320	654
Designated funds	13	2,096	2,065
Revaluation reserve	13	868	868
Pension reserve	17	<u>(1,145)</u>	<u>(1,807)</u>
Total unrestricted funds	13	3,139	1,780
Restricted funds	14	304	630
Endowment funds	15	1,655	1,731
Total charity funds		<u>5,098</u>	<u>4,141</u>

The notes on pages 29 to 56 form part of these financial statements.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £18,851,000 (2019 - £18,835,000). The result reported in the accounts of the parent Company is a surplus of £958,000 (2019 - deficit £4,548).

The financial statements of Welsh National Opera Limited, company registered number 00454297, were approved by the Board of Directors and authorised for issue on 30th June 2021



Signed on behalf of the Board of Directors:

Martyn Ryan - Trustee

Consolidated Cash Flow Statement

Years to 31 August:	Note	2020 £'000	2019 £'000
Net cash flow from operating activities (see below)		1,105	(2,284)
Interest received		73	86
Investing activities:			
Proceeds from sale of investments (shares etc.)	7b	716	316
Investments (in shares etc.)	7b	(997)	(278)
Purchases of fixed assets	7a	(206)	(92)
Proceeds from sale of fixed assets	2a	-	25
Net cash movement		691	(2,227)
Opening cash at bank and in hand		2,217	4,444
Closing cash at bank and in hand		2,908	2,217

Net cash flow from operating activities		2020	2019
Years to 31 August:		£'000	£'000
Net expense for the year		(1,436)	(876)
Adjustments for:			
Release from reserves		-	-
Movement in WNO Endowment Fund		500	(500)
Interest receivable		(73)	(86)
Depreciation charges	7a	129	109
Profit on sale of fixed assets	2a	-	(25)
Movement in investments	7b	208	29
Operating cash flow before movement in working capital		(672)	(1,349)
Movements in working capital:			
Movement in stocks	8	(2)	(6)
Movement in debtors	9	1,439	(1,772)
Movement in creditors	11	340	770
Adjustment for pension funding	17	-	73
		1,777	(935)
Net cash (outflow)/inflow from operating activities		1,105	(2,284)

No separate statement of cash flows is presented for the parent Company in accordance with the provisions of s408 of the Companies Act 2006.

The notes on pages 29 to 56 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Welsh National Opera Limited is a registered charity incorporated in England and Wales as a company limited by guarantee without share capital. The trustees are also the members of the Company. Each member has undertaken to contribute a sum not exceeding £10 to the assets in the event of winding up. The registered office is given on page 57.

Basis of accounting

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Basis of consolidation

Group financial statements have been prepared in respect of Welsh National Opera Limited and its wholly-owned subsidiaries, Cardiff Theatrical Services Limited and WNO Productions Limited, on a line by line basis. The results of the subsidiaries are set out in note 18.

No separate statement of financial activities and income and expenditure account has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice: Charities SORP (FRS 102).

Going concern

The Group's activities and future plans are set out in the Strategic Report and the Directors' Report.

The Group has no external borrowing facilities and manages its activities with positive unrestricted bank balances.

The directors regularly review and manage short-term fluctuations in income streams which include box office, commercial and development income and have established a minimum level of free reserves excluding the defined benefit pension liability of £2.5m to allow for anticipated fluctuations. This level of reserves is considered by the Board to be an acceptable level of free reserves to provide for the stability of the Company. The groups free reserves have fallen below this level in 2019/20. For more information see page 17.

Grant funding represents the Group's largest income stream and is committed by Arts Council England until March 2022 and in December 2017 the Arts Council Wales confirmed an uplift of 3% for the year beginning 2017, working to a bi-annual cycle.

The Group's forecasts and projections, taking account of reasonably foreseeable changes in income and expenditure, show that the Group should be able to continue to operate and is well placed to manage its business risks successfully in the coming 12 months.

The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1. Accounting Policies (continued)

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the board in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from charitable activities and trading income is recognised in the period to which the service relates with any amounts received in advance being deferred.

No amounts are included in the financial statements for services and time donated by volunteers.

Interest on funds 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. Dividend income is recognised on the date the charity's right to receive payment is established.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1. Accounting Policies (continued)

Expenditure recognition

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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs in relation to generating income such as fundraising and events, marketing and publicity and certain costs associated with the charity's trading subsidiaries.
- Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure in respect of productions to be presented in a future financial period is charged at the time of the first performance of the production. Such expenditure includes the company's share of the costs of the set, props, costumes, wigs, rehearsals and marketing of that production.

An analysis has been provided for the charitable activities on a departmental basis.

Costs where possible are attributed directly to the activity to which they relate. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Taxation

As a registered charity Welsh National Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Theatre Tax Relief

Amounts due to Welsh National Opera in respect of Theatre Tax Relief, is included in the financial year to which the claim relates within Income from Charitable Activities rather than as a tax credit or a reduction in expenditure as the nature and intention of Theatre Tax Relief is akin to government grant income.

1. Accounting Policies (continued)

Fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses or in cases where fixed assets have been donated to the charity, at valuation at time of acquisition

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Category of Asset:	Depreciation Policy:
Long leasehold premises	Depreciated over 50 years
Vehicles	10% to 25% per annum on a straight-line basis
Equipment, fixtures and fittings	9% to 33% per annum on a straight-line basis

The Group's long leasehold premises were valued upon transition to FRS 102, and this value has now been adopted by the Group as the deemed cost as permitted by FRS102.

Other fixed assets are included at cost less accumulated depreciation.

Costs of creating opera productions are written off in full at the time of the first performance of the production by the Company.

Investments

Fixed asset investments in quoted shares, traded bonds and similar investments are valued at initially at cost and subsequently at fair value (their market value) at the year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Stocks

Stocks consist of raw materials and are stated at the lower of cost and net realisable value. **Cash at bank and in hand**

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Capital grants, in accordance with Accounting and Reporting by Charities: (SORP 2015), are accounted for within restricted funds. Accordingly, this fund is reduced by the depreciation arising on the tangible fixed assets acquired with the grant.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1. Accounting Policies (continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

For defined contribution schemes:

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due and are allocated against unrestricted funds.

1. Accounting Policies (continued)

For the defined benefit scheme:

The Group retains a defined benefit pension scheme which was closed to new entrants and future accrual with effect from 5 April 2009. Note 17 sets out full disclosures in accordance with FRS 102 'Retirement Benefits'.

The assets of the scheme are held separately in an independently administered fund.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/ (expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Operating leases

Rental costs under operating leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Critical accounting judgements and key sources of estimation uncertainty

In the application of charity'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 associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Pensions accounting requires an estimation of actuarial assumptions. These represent the charity's best estimate of the variables that will determine the liability at the year-end. The trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

2. Analysis of Charitable Activity

(a) Income:	Unrestricted	Restricted	Endowment	Year	Year
	funds	funds	fund	2020	2019
Years to 31 August:	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000
Box office and similar income	1,600	-	-	1,600	2,233
Programmes & Engagement	96	-	-	96	48
Income from other charitable activity	198	-	-	198	615
Profit on disposal of fixed assets	-	-	-	-	25
Income from charitable activities	1,894	-	-	1,894	2,921
Grants receivable:					
Arts Council England	6,170	-	-	6,170	6,123
Arts Council of Wales	4,546	-	-	4,546	4,534
HMRC CJRS	-	1,176	-	1,176	-
General grants	10,716	1,176	-	11,892	10,657

The majority of the income in both years is derived from activities in the UK with less than £100,000 arising from the European Union.

(b) Expenditure on charitable activities

Years to 31 August:	Direct	Support	Year	Direct	Support	Year
	activity	costs	2020	activity	costs	2019
	2020	2020	2020	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Main-scale opera	14,075	1,392	15,467	14,857	1,618	16,475
Programmes & Engagement	1,258	88	1,346	1,449	102	1,551
Charitable activity	15,333	1,480	16,813	16,306	1,720	18,026
Fundraising	378	46	424	484	54	538
Trading	910	-	910	2,349	-	2,349
Total expenditure	16,621	1,526	18,147	19,139	1,774	20,913

2. Analysis of Charitable Activity (continued)

(c) Support costs

Years to 31 August:	2020	2019
	£'000	£'000
Wales Millennium Centre premises	266	320
Finance & IT	700	624
Administration, HR	512	721
Governance costs	5	32
Defined Benefit Scheme pension costs	43	77
Support costs	1,526	1,774
Allocation of support costs to activities based on direct costs incurred:		
Opera	1,392	1,618
Programmes & Engagement	88	102
Fundraising	46	54
Support costs	1,526	1,774

The allocation of support costs to trading activity is factored into the transfer pricing arrangements, so no further allocation is required.

3. Net Income and Expenditure

(a) Net incoming / (outgoing) resources is stated after charging:

Years to 31 August:	2020	2019
	£'000	£'000
Rentals under operating leases – land and buildings	181	175
Rentals under operating leases – equipment	14	12
Depreciation – owned assets	129	109
Auditor remuneration as statutory auditor	32	39
Other non-audit fees paid to the auditor	-	-

The auditor, Azets Audit Services, additionally provides audit services to the Welsh National Opera Limited Pension Scheme which has independent trustees to the charity paying audit fees of £5,750 (2019 - £7,100).

3. Net Income and Expenditure (continued)

(b) Net income for the parent Company

A separate statement of financial activities has not been included in respect of Welsh National Opera Limited. Included in the consolidated statement of funds are the following amounts in respect of Welsh National Opera Limited:

	2020	2019
Years to 31 August:	£'000	£'000
Total incoming resources	18,851	18,835
Net (deficit)/surplus for the year	77	(2,559)
Actuarial (loss)/gain on defined benefit scheme (see note 17)	881	(1,712)
(Deficit)/surplus including actuarial (loss)/gain in the pension scheme	958	(4,548)

4. Employee Costs and Numbers

Group and Company

Employee costs during the year (including temporary staff) amounted to:

Years to 31 August:	2020	2019
	£'000	£'000
Wages and salaries	8,372	8,336
Social security costs	816	820
Other pension costs	462	448
Pension deficit costs	219	109
	9,869	9,713

Included in employee costs above are the costs of 120 temporary and casual staff (2019 – 128) who were employed during the year paying total wages and salaries of £519,808 (2019 – £1,234,631). Redundancy and termination payments totalling £nil for the year ended 31st August 2020 (2019: £118,709). Amounts outstanding at the year end totalled £nil (2019: £95,000) are also included.

Monthly average numbers of permanent employees by activity were:

Years to 31 August:	2020	2019
	Number	Number
Opera	170	170
Youth and Community	12	8
Support	12	13
Fundraising	10	10
Trading	25	23
	229	224

4. Employee Costs and Numbers (continued)

The number of Group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was:

Years to 31 August:	2020 Number	2019 Number
£60,000 - £69,999	3	2
£70,000 - £79,999	3	2
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
£100,000 - £109,999	-	1
£110,000 - £119,999	-	1
£140,000 - £149,999	1	-

Senior management pay

The senior management personnel of the Company and the Group are listed on page 58. The total remuneration (including pension contributions and freelance fees) in respect of the senior managers of the Company and Group for the year amounted to £796,807 (2019 - £987,764).

The remuneration and terms of employment of the General Director are set by the Board and reviewed annually. Those of other senior managers are reviewed annually and subject to periodic comparison with similar roles.

Directors' emoluments

The directors received no remuneration for their roles as directors in the year (2019 - £nil) and £3,509 accommodation and travel expenses were reimbursed to nine directors during the year (2019- £2,740 to six directors). Tickets for performances are purchased at box office prices by the directors other than for a small number of complimentary tickets for official hosting and marketing purposes.

5. Taxation on Ordinary Activities

Welsh National Opera Limited is a Company limited by guarantee and is a registered charity.

As a registered charity Welsh national Opera Limited is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only. The charity has two wholly-owned subsidiaries:

- i) Cardiff Theatrical Services Limited is, however, subject to tax. In the current year no corporation tax (2019 - £nil) was incurred by the subsidiary.
- ii) WNO Productions Limited is also subject to tax and applied for Theatre Tax Relief on the major productions created in the year to 31 August 2020 amounting to £1,102,605 (2019 £1,460,539).

6. Operating Lease Commitments

The Company and Group were committed to making the following future minimum lease payments in respect of operating leases:

Years to 31 August:	2020 £	2019 £
Due, 1 year	118,136	118,136
Due 2-5 years	117,468	131,717
Due > 5 years	2,333,742	2,361,819

7. Fixed Assets

7a. Tangible fixed assets

Group and Company	Long leasehold £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 September 2019	1,500	579	1,624	3,703
Additions	-	-	206	206
Disposals	-	-	-	-
At 31 August 2020	1,500	579	1,830	3,909
Depreciation				
At 1 September 2019	120	504	1,432	2,056
Charge for the year	30	18	81	129
Disposals	-	-	-	-
At 31 August 2020	150	522	1,513	2,185
Net book value				
At 31 August 2019	1,380	75	192	1,647
At 31 August 2020	1,350	57	317	1,724

7. Fixed Assets (continued)

7a. Tangible fixed assets (continued)

The other long leasehold premises have been professionally valued by Lambert Smith Hampton, Chartered Surveyors, on an open market, existing use and vacant possession valuation basis, upon transition to FRS102, at 31 August 2015 at £1,500,000 in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK January 2014 (revised April 2015).

Due to the restrictions over the use of the space within the Wales Millennium Centre occupied by WNO in the lease which runs to 2995, this specialised asset is estimated to have no commercial value and its net book value of £218,000 was written off at 31 August 2015.

The organisation is committed to purchasing an HR/Payroll system from MHR at a cost of £67,371 and that the final payment will be made once the system goes live in the Spring 2021.

7b. Fixed asset investments

Brewin Dolphin Limited is the investment manager of the Company's long-term funds. The following investments were held and managed by Brewin Dolphin at the year-end:

Group and Company: At 31 August	2020 £'000	2019 £'000
Corporate bonds and cash	396	498
Equities:		
- UK	1,027	1,084
- US	620	585
- Other equities	521	518
- Property	64	151
	2,628	2,836

The movements in investments held were as follows:

Years ended 31 August:	2020 £'000	2019 £'000
Market value at the beginning of the year	2,836	2,867
Additions at cost	997	278
Disposals at carrying value	(716)	(316)
Net realised and unrealised (losses)/gains	(489)	7
Market value at the end of the year	2,628	2,836
Historical cost at the end of the year	2,394	2,533
Included within the above is cash held within the portfolio totalling	34	418

7. Fixed Assets (continued)

Other investments

The Company also held 100% of the share capital in its trading subsidiaries at the beginning and end of the year (see note 18 for details):

- Cardiff Theatrical Services Limited (historical cost £90), and
- WNO Productions Limited (historical cost £100).

8. Stocks

At 31 August	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Raw materials	43	41	43	41

Stocks comprise materials held in the workshops for use in building sets and scenery for sale to third-party customers.

9. Debtors

Amounts falling due within one year:

At 31 August	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	80	598	60	472
Amounts owed by Group undertakings	-	-	95	469
Other debtors	237	141	247	236
Taxation	1,103	2,768	-	-
Prepayments and accrued income	1,631	983	1,632	983
	3,051	4,490	2,034	2,160

Amounts owed by Group undertakings comprise amounts due from Cardiff Theatrical Services Limited for normal monthly transactions.

10. Cash at Bank and In Hand

At 31 August	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,908	2,217	2,647	1,816

The Company has no borrowings or overdraft facilities.

A significant proportion of the Group's liquid assets is held as fixed asset investments (note 7b).

11. Creditors: Amounts Falling Due Within One Year

	Group	Group	Company	Company
At 31 August	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	21	131	21	132
Other creditors including taxation	339	420	339	418
Accruals	358	624	360	624
Deferred grant income	66	378	66	378
Other deferred income	2,214	1,105	2,047	1,000
	2,998	2,658	2,833	2,552

Other deferred income arises from co-productions, future productions and the work of Cardiff Theatrical Services Limited.

Analysis of movement in Other deferred income

	Group	Group	Company	Company
At 31 August	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Brought forward	1,105	367	1,000	34
Released in year	(121)	(367)	(16)	(34)
Received in year	1,230	1,105	1,063	1,000
Carried forward	2,214	1,105	2,047	1,000

Analysis of movement in deferred grant income

	Group	Group	Company	Company
At 31 August	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Brought forward	378	378	378	378
Released in year	(10,716)	(10,657)	(10,716)	(10,657)
Received in year	10,404	10,657	10,404	10,657
Carried forward	66	378	66	378

12. Company Status

The Company is a registered charity constituted as a Company Limited by Guarantee and does not have share capital. The liability of each member is limited to £10, the maximum number of members being 20. The actual number of members at 31 August 2020 was 13 (2019 - 8).

13. Unrestricted Funds

At 31 August 2020

Group	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	672	-	-	-	(235)	437
Production reserve	1,393	-	-	-	(238)	1,155
CJRS reserve	-	-	-	-	504	504
Pension reserve	(1,807)	-	(219)	881	-	(1,145)
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	3,279	15,660	(16,749)	(89)	332	2,433
Total Group funds	4,405	15,660	(16,968)	792	363	4,252
Company	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	672	-	-	-	(235)	437
Production reserve	1,393	-	-	-	(238)	1,155
CJRS reserve	-	-	-	-	504	504
Pension reserve	(1,807)	-	(219)	881	-	(1,145)
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	654	17,592	(17,169)	(89)	332	1,320
Total Company funds	1,780	17,592	(17,388)	792	363	3,139

The Designated funds are made up of the Restructuring and Production reserves as detailed below.

A 'Restructuring' reserve has been designated to enable investment in change and forms part of the Company's unrestricted reserves. It also incorporates what was formerly known as the Media fund.

The 'Production' reserve is set aside to support the planning of an ambitious repertoire in future years, especially important with the long planning lead times for large-scale operas and to support exploitation of the Company's work.

The 'CJRS' reserve is set aside to ear mark the release of the CJRS income received in line with box office losses in future periods.

13. Unrestricted Funds (continued)

At 31 August 2019

Group	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	672	-	-	-	-	672
Production reserve	1,606	-	-	-	(213)	1,393
Pension reserve	14	-	(109)	(1,712)	-	(1,807)
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	4,164	18,360	(19,458)	-	213	3,279
Total Group funds	7,324	18,360	(19,567)	(1,712)	-	4,405
Company	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains / (losses) £'000	Transfers £'000	Closing balance £'000
Restructuring reserve	672	-	-	-	-	672
Production reserve	1,606	-	-	-	(213)	1,393
Pension reserve	14	-	(109)	(1,712)	-	(1,807)
Revaluation reserve	868	-	-	-	-	868
Income and expenditure	2,999	17,157	(19,715)	-	213	654
Total Company funds	6,159	17,157	(19,824)	(1,712)	-	1,780

14. Restricted Funds

At 31 August 2020

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Seligman Trust	65	2	-	(4)	-	63
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	9	-	(2)	-	-	7
Parry Family Bursary	10	-	-	-	-	10
Paul Hamlyn Artworks	4	-	-	-	-	4
Fidelity	160	-	-	-	(120)	40
HMRC CJRS	-	1,176	(1,176)	-	-	-
Other	364	41	-	-	(243)	162
Total restricted funds	630	1,219	(1,178)	(4)	(363)	304

At 31 August 2019

Group and Company	Opening balance	Incoming resources	Resources expended	Revalue	Transfers	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000
Seligman Trust	64	2	-	(1)	-	65
Schaefer Bursary	18	-	-	-	-	18
C Ball Bursary	9	-	-	-	-	9
Parry Family Bursary	10	-	-	-	-	10
Paul Hamlyn Artworks	4	-	-	-	-	4
Fidelity	-	252	(92)	-	-	160
Other	223	877	(736)	-	-	364
Total restricted funds	828	1,161	(1,358)	(1)	-	630

Restricted funds are held for use under the conditions set out by the donors, such as for specific productions or to support particular types of musical or community activity.

15. Endowment Funds

At 31 August 2020

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	£'000
Mary Warner Trust	1,225	28	-	(81)	1,172
RW Pethybridge	440	10	-	(29)	421
Sir John Moores Award	66	2	(1)	(5)	62
Total endowment funds	1,731	40	(1)	(115)	1,655

At 31 August 2019

Group and Company	Opening balance	Interest income	Resources expended	Revalue	Closing balance
	£'000	£'000	£'000	£'000	£'000
Mary Warner Trust	1,204	32	-	(11)	1,225
RW Pethybridge	433	11	-	(4)	440
Sir John Moores Award	65	2	-	(1)	66
Total endowment funds	1,702	45	-	(16)	1,731

The Mary Warner Trust is a permanent endowment created under the terms of a legacy, and managed by a defined group of trustees for the objects set out in the gift: the training and development of tenors of Welsh origin.

The RW Pethybridge fund is an expendable endowment fund held for the benefit of the people of Wales who are disabled, elderly, or in prison.

The Sir John Moores Award fund is a permanent endowment held for the granting of an annual award for the career development of a young artist.

16. Analysis of Net Assets Between Funds

At 31 August 2020

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,724	-	-	1,724
Fixed asset investments	1,127	54	1,447	2,628
Net current assets	2,546	250	208	3,004
Pension reserve	(1,145)	-	-	(1,145)
Net assets	4,252	304	1,655	6,211
Company				
Tangible fixed assets	1,724	-	-	1,724
Fixed asset investments	1,127	54	1,447	2,628
Net current assets	1,433	250	208	1,891
Pension reserve	(1,145)	-	-	(1,145)
Net assets	3,139	304	1,655	5,098

At 31 August 2019

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	1,647	-	-	1,647
Fixed asset investments	1,216	58	1,562	2,836
Net current assets	3,349	572	169	4,090
Pension reserve	(1,807)	-	-	(1,807)
Net assets	4,405	630	1,731	6,766
Company				
Tangible fixed assets	1,647	-	-	1,647
Fixed asset investments	1,216	58	1,562	2,836
Net current assets	724	572	169	1,465
Pension reserve	(1,807)	-	-	(1,807)
Net assets	1,780	630	1,731	4,141

17. Pension Schemes

The disclosures below have been prepared for Welsh National Opera Limited (the "Company") in relation to benefits payable from the Welsh National Opera Limited Pension Scheme (the "Scheme").

There were no Company contributions to the Scheme for the year ended 31 August 2020, and Company contributions for the year ending 31 August 2021 are expected to be nil.

The valuation used for FRS 102 disclosures has been based on a full assessment of the liabilities of the Scheme as at to 31 August 2020. The present values of the defined benefit obligation were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	Assumptions		
	31 August 2020 % p.a.	31 August 2019 % p.a.	31 August 2018 % p.a.
RPI Inflation	2.95	3.3	3.5
CPI Inflation	2.35	2.4	2.5
Pension increases (Pre April 1997 in excess of GMP)	3.0	3.0	3.0
Pension increases (April 1997 – April 2005)	2.35	2.4	2.5
Pension increases (Post April 2005)	1.8	1.8	1.8
Discount rate for Scheme liabilities	1.7	1.8	2.7
Longevity for member currently aged 65:			
- Male	21.2	21.6	21.6
- Female	23.2	23.6	23.5
Longevity for member reaching 65 in 20 years:			
- Male	22.5	23.0	23.0
- Female	24.7	25.1	25.1

17. Pension Schemes (continued)

Sensitivities of assumptions

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The table shows the impact of changes to each assumption in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. These sensitivities have been calculated using the same methodology as used for the main calculations, and there has been no change since the previous period to the method and assumptions used in preparing the sensitivity analysis. The weighted average duration of the defined benefit obligation is 20 years.

Percentage change to Defined Benefit Obligation	Change of assumption	
	Increase by 0.5% p.a.	Decrease by 0.5% p.a.
Assumption		
Discount rate	-9%	+10%
Inflation	+7%	-6%

An increase of one year in the assumed life expectancy for both males and females would increase the Defined Benefit Obligation by 4%.

	Fair value of assets		
	31 August 2020	31 August 2019	31 August 2018
	£'000	£'000	£'000
Equities			
Index-linked	8,662	8,321	7,868
Bonds	6,714	6,447	5,935
Corporate bonds	1,693	1,634	1,483
Other	61	27	34
Total	17,130	16,429	15,320

Reconciliation of funded status to balance sheet

	Value at	Value at
	31 August 2020	31 August 2019
	£'000	£'000
Fair value of Scheme assets	17,130	16,429
Present value of funded defined benefit obligations	(18,275)	(18,236)
(Deficit)/surplus	(1,145)	(1,807)
(Liability)/asset recognised on the balance sheet	(1,145)	(1,807)

Analysis of profit and loss

	Value at	Value at
	31 August 2020	31 August 2019
	£'000	£'000
Administration expenses	-	-
Net interest cost	33	-
Past service cost	186	109
Expense recognised in profit and loss	219	109

17. Pension Schemes (continued)

Changes to present value of the defined benefit obligation

	Value at 31 August 2020 £'000	Value at 31 August 2019 £'000
Opening defined benefit obligations	18,236	15,306
Administration expenses	-	-
Interest cost	326	411
Remeasurement (gains)/losses		
- Actuarial losses on Scheme liabilities in respect of assumptions	248	2,622
- Actuarial losses on Scheme liabilities in respect of experience	(87)	(14)
Net benefit paid out	(304)	(198)
Past service cost	186	109
Closing defined benefit obligation	18,605	18,236

Changes to the fair value of Scheme assets

	Value at 31 August 2020 £'000	Value at 31 August 2019 £'000
Opening fair value of Scheme assets	16,429	15,320
Interest income on Scheme assets	293	411
Remeasurement gains/(losses)		
- Return on Scheme assets less interest income	712	896
Contributions by the Company	-	-
Net benefits paid out	(304)	(198)
Closing fair value of Scheme assets	17,130	16,429

Analysis of amounts recognised in the Statement of financial activities

	Value at 31 August 2020 £'000	Value at 31 August 2019 £'000
Return on Scheme assets less interest income	712	896
(Losses)/gains on financial assumptions	(248)	(2,622)
(Losses)/gains on demographic assumptions	330	-
Experience Gains on Scheme liabilities	87	14
Total (loss)/gain	881	(1,712)

17. Pension Schemes (continued)

Actual return on Scheme assets

	Value at 31 August 2020 £'000	Value at 31 August 2019 £'000
Interest income on Scheme assets	-	411
Return on Scheme assets less interest income	-	896
Total return on Scheme assets	1,005	1,307

18. Additional Information on Subsidiaries

Welsh National Opera Limited has two subsidiaries:

Cardiff Theatrical Services Limited - company registration 01705868 which is incorporated in the UK.

Registered office - Ellen Street, Cardiff, CF10 4TT

Acquired by Welsh National Opera Limited for £nil on 1 April 1989, the share capital of Cardiff Theatrical Services Limited comprises 90 ordinary shares of £1 which are all wholly-owned by Welsh National Opera Limited.

The purpose of Cardiff Theatrical Services Limited is to act as the trading arm of Welsh National Opera Limited, primarily undertaking sales of theatrical sets, costumes and properties and transportation for Welsh National Opera Limited and external parties. Theatrical sets are produced within a production division of Welsh National Opera Limited and charged to Cardiff Theatrical Services Limited at full cost.

The trading results of the subsidiary were as follows:

Years to 31 August:	2020 £'000	2019 £'000
Turnover	1,340	2,740
Cost of sales	(1,352)	(2,545)
Gross profit	(12)	195
Administrative expenses	(9)	(6)
Operating profit/(loss)	(21)	189
Gift Aid to parent company	-	(189)
Loss before taxation	(21)	-
Taxation	-	-
Profit/ (loss) for the financial year	(21)	-

The aggregate of the assets, liabilities and funds was:

At 31 August	2020 £'000	2019 £'000
Assets	285	612
Liabilities	(281)	(587)
Shareholder funds	4	25

18. Additional Information on Subsidiaries (continued)

Included within turnover and cost of sales is inter-company trade

At 31 August	2020	2019
	£'000	£'000
Sales	430	239
Purchases	1,367	2,551
Amounts outstanding at year end	95	469

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 st September 2018	90	24,789	24,879
Year ended 31 August 2019:	-	189,171	189,171
Profit and total comprehensive income for the year	-	(189,171)	(189,171)
Distributions to parent charity under gift aid			
Balance at 31 August 2019	90	24,789	24,879
Year ended 31 August 2020:			
Loss and total comprehensive income for the year	-	(21,083)	(21,083)
Balance at 31 August 2020	90	3,706	3,796

18. Additional Information on Subsidiaries (continued)

WNO Productions Limited – company registration 09247950 which is incorporated in the UK.

Registered office – Wales Millennium Centre, Bute Place, Cardiff CF10 5AL

Formed by Welsh National Opera Limited on 3 October 2014, the share capital of WNO Productions Limited comprises 100 ordinary shares of £1 which are all wholly-owned by Welsh National Opera Limited.

The purpose of WNO Productions Limited is to create and prepare theatrical productions for the Welsh National Opera Group of companies.

The trading results of the subsidiary were as follows:

Years to 31 August:	2020	2019
	£'000	£'000
Turnover	8,829	12,332
Cost of sales	(8,814)	(12,312)
Gross profit	15	20
Administrative expenses	(15)	(20)
Operating profit / (loss)	-	-
Profit / (Loss) before taxation	-	-
Theatre tax relief on productions	1,103	1,461
Profit retained in subsidiary	1,103	1,461

The aggregate of the assets, liabilities and funds was:

At 31 August	2020	2019
	£'000	£'000
Assets	1,123	2,620
Liabilities	(15)	(20)
Shareholder funds	1,108	2,600

18. Additional Information on Subsidiaries (continued)

	2020	2019
	£'000	£'000
At 31 August		
Sales	8,829	12,332
Purchases	8,829	12,332
Amounts outstanding at year end	-	-

Statement of Changes in Equity

Company	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 st September 2018	100	1,139,543	1,139,643
Year ended 31 August 2019:			
Profit and total comprehensive income for the year		1,460,538	1,460,538
Balance at 31 August 2019	100	2,600,081	2,600,181
Year ended 31 August 2020:			
Loss and total comprehensive income for the year	-	1,102,605	1,102,605
Distributions to parent charity under gift aid	-	(2,595,081)	(2,595,081)
Balance at 31 August 2020	100	1,107,605	1,107,705

19. Related Parties

Welsh National Opera Limited has connections to the following independently registered charities:

Welsh National Opera Benevolent Trust (charity 1085756).

At 31 August	2020	2019
	£	£
Income received	491	3,250
Funding awarded	(1,000)	(3,250)
Debtor	509	-

Welsh National Opera Endowment Fund (charity 1146595).

At 31 August	2020	2019
	£	£
Investment income	25,375	12,878
Bursaries applied for	40,000	30,000
Debtor	40,000	30,000
Creditor	75,537	52,396
Value of portfolio	879,173	948,728

Consolidated Statement of Financial Activities 2019

Incorporating the income and expenditure account for the year ended 31 August 2019

Years to 31 August:	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	Total 2019 £'000	Total 2018 £'000
Income from:						
Charitable activities	2a	2,921	-	-	2,921	2,746
Donations		479	1,159	500	2,138	1,310
Legacies		268	-	-	268	62
General grants	2a	10,657	-	-	10,657	10,657
Trading income		2,536	-	-	2,536	2,002
Investment income		38	2	45	85	91
Total income		16,899	1,161	545	18,605	16,868
Expenditure on:						
Charitable activities		16,668	1,358	-	18,026	15,617
Raising funds		538	-	-	538	490
Trading expenditure		2,349	-	-	2,349	2,000
Total expenditure	2b	19,555	1,358	-	20,913	18,107
Net (losses)/gains on investments	7b	(12)	(1)	(16)	(29)	68
Net income/(expenditure) before tax		(2,668)	(198)	529	(2,337)	(1,171)
Taxation	18	1,461	-	-	1,461	1,136
Net income/(expenditure) for the year	3	(1,207)	(198)	529	(876)	(35)
Release from reserves		-	-	-	-	(576)
Transfer to WNO Endowment Fund		-	-	(500)	(500)	-
Actuarial (losses)/gains in the defined benefit pension scheme	17	(1,712)	-	-	(1,712)	1,263
Net movement in funds		(2,919)	(198)	29	(3,088)	652
Fund balance brought forward		7,324	828	1,702	9,854	9,202
Fund balance carried forward		4,405	630	1,731	6,766	9,854

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

No separate income and expenditure account is presented for the parent Company in accordance with the provisions of s.408 of the Companies Act 2006. The total income for the parent company is £18,835,000 (2018 - £19,374,000). The result reported in the accounts of the parent Company is a deficit of £4,548 (2018 - surplus £2,221).

Reference and administrative details

Company Details

Welsh National Opera Limited

(Company limited by guarantee and without share capital)

Registered office	Wales Millennium Centre Bute Place Cardiff Bay Cardiff CF10 5AL
Company number	00454297 (registered in England and Wales)
Charity number	221538
VAT registration	GB 218 9895 51

Professional Advisers

Auditor	Azets Audit Services Ty Drew Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB
Solicitors	Darwin Gray Solicitors Helmont House Churchill Way Cardiff CF10 2HE
Bankers	Lloyds Bank plc 31 Queen Street Cardiff CF10 2AG

Bank deposits are also held at National Westminster and Barclays.

Investment Managers

Brewin Dolphin Limited
5 Callaghan Square
Cardiff CF10 5BT

Directors and Officers

Board of Directors and Committees

The directors are also the Company's charitable trustees. The directors who served throughout the financial year, unless otherwise stated, and the committees they attend, are shown below:

	Audit & Risk	Nominations
Yvette Vaughan-Jones (Chair)		X
Nicola Amery	X	
Lynne Berry OBE		X
Chitra Bharucha MBE		
Toks Dada		X
Manon Edwards		
Daniel Evans		X
Sam Jones		X
Henry Little	X	
Andrew Miller		X
Aileen Richards		
Elen ap Robert		X
Martyn Ryan	X	
Geraint Davies (Co-opted)	X	
Nigel Goldsworthy (Co-opted)	X	

The Board meets a minimum of six times per year, delegating appropriate matters to the Audit & Risk and Nominations committees. Each committee determines its own frequency for meetings subject to the requirement to meet at least twice each year.

Executive Team

Aidan Lang	General Director
Tomáš Hanus	Music Director

Senior Management Team

Matt Carwardine-Palmer	Director of Marketing and Sales
Huw Davies	Director of Finance & Company Secretary
Alison Dunnett	Director of Development, Communications and Strategy
Emma Flatley	Director of Engagement and Partnerships
Peter Harrap	Chorus and Orchestra Director
Jan Michaelis	Technical Director