

**CHARITY NUMBER 243877  
COMPANY NUMBER 00358266**

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

**DIRECTORS REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

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

**FOR THE YEAR ENDED 31ST DECEMBER 2013**

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**LEGAL AND ADMINISTRATIVE INFORMATION**

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**Directors**

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

Mr. Alexander Beard C.B.E. \* (Retired 16th July 2013)

Mr. John C. Botts C.B.E. \*

Lord Davies of Abersoch \*

Mrs. Louise Flind

Mr. Hamish Forsyth \* (Appointed 11th March 2013)

Mr. André Hoffmann \*

Lord Stevenson of Coddendam C.B.E. \*

\* Members of the Remuneration Committee

In accordance with the Articles of Association, Mr. André Hoffmann and Lord Stevenson of Coddendam C.B.E. will retire by rotation and, being eligible, will offer themselves for re-election. Gus Christie, Executive Chairman, attends Board meetings in the capacity of a non-voting advisory trustee.

**Audit and Finance Committee**

Mr. Alexander Beard C.B.E. (Chair) (Retired 16th July 2013)

Mr. John C. Botts C.B.E.

Mr. Paul Collins

Mr. Hamish Forsyth (Appointed 11th March 2013. Appointed as Chair from 16th July 2013)

Mr. Michael Lynch

**Registered Office and Principal Office**

Glyndebourne

Lewes

East Sussex BN8 5UU

**Company Secretary**

Sarah Hopwood

**Professional Advisers**

Statutory	Clark Brownscombe Limited
Auditors	Chartered Accountants & Statutory Auditors 2 St. Andrews Place Lewes, East Sussex BN7 1UP
Bankers	Lloyds TSB plc 25 Gresham Street London EC2V 7HN
Investment Managers	Rothschild Wealth Management UK Ltd New Court St Swithin's Lane London EC4N 8AL
Solicitors	Adams & Remers Trinity House School Hill Lewes, East Sussex BN7 2NN

**GLYNDEBOURNE PRODUCTIONS LIMITED  
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**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

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The Directors have pleasure in presenting their annual report and financial statements for the year ended 31st December 2013.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice ‘Accounting and Reporting by Charities 2005’.

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

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

**Audit and Finance Committee**

The Audit and Finance Committee comprises Directors from the Boards of GPL and its connected charities, Glyndebourne Arts Trust (“GAT”) and Glyndebourne Association America Inc. (“GAA”). This Committee meets formally twice a year, or more often if necessary, and minutes of these meetings are presented to the Boards of GPL and GAT. The Committee is charged with reviewing the process and effectiveness of financial reporting, internal control and risk management, the respective external audits, and management of the Charities’ investment portfolios. The Committee meets with the external auditors at least annually without any members of the Glyndebourne management in attendance. Furthermore, the Committee ensures that proper procedures are in place to manage cash resources prudently whilst maintaining sufficient funds to meet daily cash requirements. The Committee advises the Board of Directors on the appropriate level of free reserves and any significant change in investment strategy.

**Remuneration Committee**

The Remuneration Committee comprises all non-connected directors of the Company. The Committee meets formally at least once a year and is charged with the review of performance of the senior management team, remuneration and compensation policy.

**Executive Chairman and Management Team**

Gus Christie, Executive Chairman, leads the small executive team responsible for the day-to-day management of the Charity. The team comprises David Pickard, General Director, Sarah Hopwood, Director of Finance and Resources and Company Secretary, Steven Naylor, Director of Artistic Administration, and David Locker, Technical Director. There were no changes during the year and this team continues to report collectively and formally to the Board of Directors at least three times a year.

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**Group Structure**

The Charity has a wholly owned subsidiary, Glyndebourne Enterprises Limited (“GEL”). The business of the subsidiary comprises merchandising and production hire. The objective of the trading subsidiary is to raise funds to support the charitable activities of its holding company. For the year ended 31st December 2013, GEL generated a profit of £106,017 (2012: £33,826), the increase being due to the transfer of the operation of Glyndebourne’s wind turbine to GEL from 1 April 2013. All profit was donated to the Charity.

**Connected Charities**

GAT is a company limited by guarantee with charitable status (Registered Charity number 208743) which was established in 1954 to ensure the future of GPL. GAT administers all categories of membership on behalf of the Charity, in addition to managing fund-raising campaigns such as the Annual Giving Campaign and the New Generation Programme. In accordance with the annually approved delegated authorities, funds raised in the year are transferred to the Charity as required for operating purposes. Funds from other sources, such as legacies and investment income are retained as reserves in GAT in order to provide support as required in the future. The Chairman of GAT, John Botts C.B.E., is a director of GPL. Grants provided to the Charity by GAT during the year amounted to £4,230,556 (2012: £4,036,350).

GAA was established in 1976 for the purpose of attracting support from people and organisations in America who are sympathetically disposed to the promotion of opera. Michael Lynch, Chairman of the Association, and John Botts C.B.E. are both Trustees of GAT and remained as Trustees of GAA throughout the year. Total cash and investments held by GAA at the year end amounted to \$271,641 (2012: \$563,329), grants having been made to Glyndebourne during the year amounting to £374,306 (2012: £163,043).

**Connected Persons**

In the view of the Board, the relationship between the Charity and the Christie family, who founded Glyndebourne, continues to be crucial. In addition to the Opera House being situated at the heart of their estate in Sussex, the family have always taken key executive responsibility. Sir George Christie, President, who retired from the Board in 2005, succeeded his father as Chairman of the Charity in 1958 and, following his retirement from this position on 31st December 1999, his son, Gus, took over in the capacity of Executive Chairman.

Gus Christie continued to be engaged by the Charity during the year, and attends Board meetings in the capacity of a non-voting advisory trustee. His sister, Louise Flind, has been a Trustee of the Charity since February 2005. Details of transactions with the Christie family are set out in Note 20 to the financial statements.

Clark Brownscombe Limited, the Charity’s auditors, also act for the Christie family, their private companies and trusts. The Directors continue to monitor the potential for conflict of interest with Clark Brownscombe Limited and are satisfied that appropriate procedures are in place, and are being strictly adhered to, to manage such risk.

During the year fees paid to Clark Brownscombe Limited by the three Glyndebourne companies, GPL, GAT and GEL represented less than 2½% of the firm’s total income for the year. Total fees paid by the Glyndebourne companies, other connected parties and the Christie family accounted for 4% of the firm’s total income for the year.

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**Statement of Directors' Responsibilities and Corporate Governance**

The members of the Board of Directors, as Directors and Trustees, are responsible for preparing the Report of the Directors and the financial statements. The Directors have chosen to prepare financial statements for the charity in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the Directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the Group and of the surplus or deficit for that period and comply with UK GAAP and the Companies Act 2006.

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

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

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

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

Internal controls over all forms of commitment and expenditure are continually reviewed in order to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Board of Directors. The systems of internal control are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:-

- a strategic plan and annual budgets approved by the Board;
- regular consideration by the Board of financial results, variances from budgets and non-financial performance indicators;
- delegation of day-to-day management authority and segregation of duties; and
- identification and management of risks.

**Risk Management**

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

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

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Such procedures are designed to provide reasonable, but not absolute, assurance against material mismanagement or loss. A key element in the management of financial risk is the setting of the reserves policy and its regular review by the Directors.

During the year, a suitably qualified consultant was employed to undertake an audit of the Company's purchasing policy and practice, and to review the status of implementation of recommendations made as a result of previous internal audits. No serious issues were identified and all recommendations are being adopted. In a limited number of cases, it has been agreed with the Audit & Finance Committee that mitigating controls are effective and adequate.

The Directors believe that there is a satisfactory system of well-managed internal controls.

**Health and Safety**

The Glyndebourne management and Directors take the issue of Health and Safety very seriously. The Charity has a comprehensive health and safety policy which is regularly reviewed, and employs a suitably qualified full-time health and safety officer. Procedures are managed and monitored by a committee of safety representatives from all key departments, which reports to the health and safety management committee, of which several key senior executives are members. Both of these committees meet at least six times a year and the management report formally to the Board on health and safety issues at least once a year. There were no serious health and safety issues to report during the year.

**Employee Involvement**

The Charity aims to be an organisation that employees enjoy working for, where they feel supported and developed. It operates an open communications policy, informing and seeking the views of its employees through the "Brand Champions" programme, regular company and departmental meetings with minutes accessible by all on the Company intranet. Regular meetings are held with the key recognised unions, BECTU and Equity.

The staff handbook, issued to all members of staff, provides details of all company personnel policies, further details of which can be accessed on the company intranet. Policies are reviewed on a regular basis.

**Equal Opportunities**

In accordance with its equal opportunities policy, the Charity aims to be an inclusive organisation offering equality of opportunity to all, in all areas of operation. All Directors are required to comply with and encourage this policy and act at all times to remove witting and unwitting barriers to equality of opportunity. The Equal Opportunities committee meets at least twice a year, to review practice across the operation.

**Training and Development**

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

Full details of these policies are available at the Charity's offices.

**Charity Commission**

There have been no issues arising with the Charity Commission during the year.

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**OBJECTIVES AND PRINCIPAL ACTIVITIES**

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

Our mission to realise these objectives is:

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

There has been no change in the objects of the Charity during the year.

Our principal activities to achieve these objects comprise an annual Festival at Glyndebourne, a national Tour, year round Education activities and investment in media development to maximise opportunities for wider audience engagement.

The Glyndebourne Festival was established in 1934 by John and Audrey Christie. Originally a two week festival of Mozart operas, it has expanded to a season of over 75 performances between mid-May and the end of August covering a repertory of six operas.

Glyndebourne on Tour was started in 1968 to bring Glyndebourne productions to a wider audience at more accessible prices and to provide opportunities for younger artists and Glyndebourne staff.

In 1986 Glyndebourne launched an Education programme that makes our work accessible to a wider audience, develops creative and dynamic relationships between artists and communities and contributes to the further development of the art form.

Since 2005, Glyndebourne has been investing in its intellectual property rights, through film and audio, to provide significantly enhanced audience engagement opportunities.

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



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**PUBLIC BENEFIT**

The charitable purpose of Glyndebourne has always been as stated under “Objectives” above and the aims identified are deemed to fall within the description of charitable purpose in the Charities Act 2011 “the advancement of the arts, culture, heritage or science”.

The Directors consider there to be clearly identifiable benefits of the Charity, which are closely related to its aims:

- provision of live opera of the highest possible standard to a broad-ranging audience through the Festival and Tour;
- provision of recorded opera through a variety of sources including radio, television, the internet, DVD, cinema and CD; and
- provision of a broad year-round education programme comprising youth and community programmes (regular youth opera groups for local children, performances for schools and colleges, projects in schools and prisons), talks and events for audiences and the development of new work.

Glyndebourne’s aims are intended to benefit the public generally, rather than a specific section of it. The opportunity afforded by specific areas of activity are outlined in more detail under ACHIEVEMENTS AND PERFORMANCE below.

The Directors do not believe that the opportunity to benefit from Glyndebourne’s work is unduly hindered by geographical or other restrictions, with the Tour, Education and media initiatives delivering the product well beyond the bounds of the Glyndebourne Opera House itself. Although there are areas of activity that may restrict the benefit to only those who can afford it, this enables the Charity to remain independent of Government subsidy for the Festival and to subsidise the cost of recording in order to take the product to a broader audience at prices that are more easily affordable or free – inexpensive cinema tickets, free television, internet and radio broadcasts, for example. The charity seeks to secure third party funding for the majority of Education projects so that the participants, regardless of wealth, are able to benefit.

The Directors do not consider there to be any private benefits.

**STRATEGIC REPORT**

**Achievements and Performance**

**THE GLYNDEBOURNE FESTIVAL**

The 2013 repertoire included two new productions, *Ariadne auf Naxos* and *Hippolyte et Aricie*, in addition to revivals of *Falstaff*, *Le Nozze di Figaro*, *Don Pasquale* and *Billy Budd*. Over 90,000 tickets were sold for 77 performances, achieving over 96% of gross potential sales income. Over 1,000 top price seats were sold to those aged 30 and under for £30 each, the ticket subsidy being funded by the New Generation Programme (“NGP”), in addition to £10 standing tickets for all performances. Furthermore, sponsorship targets for all six productions were met.

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**GLYNDEBOURNE ON TOUR**

In 2013, supported by Arts Council England and the Daily Mail, we delivered 50 live performances of three productions, comprising a new production of Britten's *Rape of Lucretia* and revivals of *L'Elisir d'Amore* and *Hansel und Gretel*. The performances were attended by an audience of nearly 42,000 in seven venues, and included for the first time, an "Encore Week" at Glyndebourne, offering a full week of extra performances and events aimed exclusively at engaging new audiences – families, children and Under 30's. NGP funding facilitated the inclusion of seven Performances for Schools in six venues, including all of those supported by Arts Council England for the first time, performing to record numbers of young people, in addition to live performances of a new children's commission, *Captain Blood's Revenge*. Furthermore, building on the success of the introduction of cinema screenings in every touring venue in 2012, *Tristan und Isolde* was screened this year, providing audience access at very reasonable prices to a production that would be too large to tour to our venues.

**GLYNDEBOURNE EDUCATION**

During the year nearly 20,000 people participated in Glyndebourne's year round Education programme. A wide range of opportunities has again been provided to a broad cross section of the public, often free to the participant, funds having been raised through a range of Trusts, Foundations and individuals to support the programme. The work comprises youth and community work, including subsidised performances and workshops for children and young people at Glyndebourne and the touring venues, projects based on the art form for people with dementia and their carers, in community centres, and in local schools with specific focus on schools with less access to arts and music provision. Over 100 people took part in *Imago* a major new community opera commissioned by Glyndebourne and shortlisted for a British Composer Award. Two Youth Opera Groups continued to meet throughout the Autumn and performed on the Glyndebourne main stage in December 2013. Their piece was a celebration of the music of Benjamin Britten in his centenary year, and part of a worldwide celebration called *Friday Afternoons*. Pre-performance talks, study events, and family workshops (including a Glyndebourne family day) were directly related to the live performances for both the Festival and the Tour.

**MEDIA DEVELOPMENT**

In accordance with the Charity's strategy to reach new audiences and to engage with as broad an audience as possible, audio-visual recordings were made of the two new Festival productions, *Ariadne auf Naxos* and *Hippolyte et Aricie*, and the revival of *Don Pasquale*. These three new titles bring Glyndebourne's catalogue available for distribution through all media to a total of 21. Distribution during the year included worldwide television, DVD/blu-ray as well as cinema broadcasts of the three live titles plus broadcasts of the other three titles in the 2013 Festival that had been filmed previously, *Falstaff*, *The Fairy Queen* and *Le nozze di Figaro*. All six titles were offered on [guardian.co.uk](http://guardian.co.uk) and [glyndebourne.com](http://glyndebourne.com) as free online broadcasts. Cinema screenings of *Tristan und Isolde* were provided in each of the Tour locations in the Autumn. Additional content in the form of short films and podcasts was produced over the season and made available for free on the Glyndebourne website and with partners throughout the year.

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During the year, the Glyndebourne audio label was extended by a further five titles, *Billy Budd*, *Tristan und Isolde*, *La Cenerentola*, *Die Meistersinger* and *Love and Other Demons*. The full audio catalogue of 21 titles was also made available for download on a new Glyndebourne iTunes channel. BBC Radio 3 broadcasts during the year included *Billy Budd* live from the BBC Proms at the Royal Albert Hall and the new Tour production of *The Rape of Lucretia*. The 2010 production of *Billy Budd* was broadcast on BBC4 television as part of the Britten centenary celebrations.

**GLYNDEBOURNE ENTERPRISES LTD (“GEL”)**

During the year the wholly-owned trading subsidiary donated £106,017 (2012: £33,826) to the Charity, but contributed £302,400 (2012: £207,996) to total trading profit. Profit was generated through production hire, taking Glyndebourne productions live to an international audience, the merchandising of Glyndebourne-branded product, art work, CDs, DVDs and other gift items both through the on-site shop and [www.glyndebourne.com](http://www.glyndebourne.com), and, with effect from 1 April 2013, income from the generation and export of electricity from Glyndebourne’s wind turbine.

**Financial Review**

**Financial management**

A suitably experienced team of finance staff are employed to manage the book-keeping, payroll, credit control, banking and other activities required to produce accurate accounting records for the management throughout the year and for the auditors at the year end. There were no systems changes during the year nor changes in key personnel and the audit has identified no issues of concern.

**Current year results**

Activity for the year generated a turnover amounting to £24,910,560 (2012: £25,034,257). Box office income exceeded previous records at £15,677,802 (2012: £15,465,925), reflecting a small increase in average ticket price for the Festival, higher cinema attendance and three performances of the Education community opera, *Imago*, marginally offset by a disappointing reduction in box office income for the Tour. Income from membership subscriptions and other fund-raising increased to £7,410,619 (2012: £7,261,626), largely as a result of the timing of NGP funds granted by GAT from reserves to fund the community opera *Imago*. The relative contribution to turnover from the key sources of income remained consistent with ticket sales contributing 63% (2012: 62%), fund-raising a further 30% (2012: 29%) and the balance from catering, merchandising, programme book sales, media and production hire.

Total operating costs for the year remained fairly constant at £25,345,491 (2012: £25,310,021), resulting in a net operating deficit of £434,931 (2012: £275,764). Realised investment gains and other investment income contributed a further £598,469 (2012: £448,425), resulting in a net surplus for the year pre tax of £163,538 (2012: £172,661). Due to tax payable of £10,631 (2012: £33,480) on income generated by Glyndebourne’s wind turbine through the feed in tariff and supply of surplus electricity to the grid, prior to transfer of this activity from 1 April 2013 to the trading subsidiary, GEL, the surplus for the financial year after tax amounted to £152,907 (2012: £139,181).

Net cash and investments at the year end amounted to £14,534,275 (2012: £12,503,432), the increase reflecting higher deferred income in the form of box office receipts for Festival 2014.

Total reserves at 31st December 2013 have increased to £35,845,266 (2012: £34,347,863). Of this balance, investment in tangible fixed assets amounts to £29,637,526 (2012: £30,866,190), the Opera House complex itself having a book value of £25,712,195 (2012: £26,639,509).

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**Outlook**

The financial target of an operating surplus of £200,000 per annum before depreciation on a three-year rolling average basis is considered achievable on the basis of current repertoire and media plans to 2017. These incorporate more opportunities for audiences to engage with Glyndebourne at lower prices, with more subsidised seats for Under 30s, schools and family performances, cinema screenings, and free internet streaming of productions, in addition to another large scale community commission planned for 2016. The key risks for the foreseeable future comprise:

- An over-reliance on Festival box office income – ticket prices are necessarily high to fund annual operating costs and therefore vulnerable to price sensitivity;
- A significant reliance on a relatively small pool of donors to provide nearly one third of our income requirements in a climate of increasing pressure on funding in the Arts; and
- Uncertainty surrounding Arts Council England funding for the Tour and Education beyond 2014, the current annual grant amounting to nearly £1.7 million.

Reserves preservation remains crucial to ensure the ability to continue to invest in the Charity, its physical assets and to protect against the unpredictable financial impact of circumstances beyond management control such as changing legislation, particularly in the areas of pension provision and employment, and external economic factors.

**Financial Objective and Reserves Policy**

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

- cover capital requirements over the life of the lease of the Opera House;
- ensure that the Charity continues to be able to meet its liabilities as they fall due, including those in respect of the Charity pension scheme; and
- ensure that the charitable objectives can be met on a long-term basis regardless of short-term disruptions due to economic or other unforeseen circumstances beyond the control of the management.

Free reserves are deemed to be those that are readily realisable, excluding funds whose uses are restricted or designated for particular purposes. The calculation thus excludes property and other fixed assets that will continue to be used in the day-to-day running of the Charity.

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

The 2013 year end target for free reserves for the Charity and its connected charity, Glyndebourne Arts Trust, combined was £9.5 million. This target was set on the basis of having to fulfil financial commitments and continue in business in a worst case scenario uninsurable event. This takes account of the fact that the Festival receives no public subsidy and is wholly reliant on fund-raising and box office - a 5% reduction in Festival box office cash take would reduce reserves by over £700,000, and the fact that there is a significant lead-time in maintaining artistic standards – financial commitments are incurred up to 4 years in advance with the contracting of artists whilst the related income is rarely committed more than a year ahead.

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Total cash and investments for GPL and its connected charity, GAT, at the year end amounted to £27,173,805 (2012: £24,509,667). Of this total, nearly £17 million is restricted for specific purposes and is not available for the funding of future working capital. The key elements of restricted cash comprise a charge of £4 million over the charity's investments as security for the pension liability, £3.5 million NGP reserve, other restricted funds of £1.7 million and net current liabilities at the year end. The resultant £10.4 million (2012: £9.4 million) represents free reserves.

**Investment Policy and Performance**

In accordance with the Articles of Association, the Directors have delegated authority to Rothschild to manage investments for the Charity in accordance with the investment mandate laid down by the Directors. Rothschild report on a regular basis to the Directors and meet at least twice a year with the Audit and Finance Committee. The fund is discretionary and is managed to a medium risk profile, based on a longer term strategic asset allocation of 50% equities, 30% fixed income and 20% cash, providing the benchmark against which the portfolio's performance is measured. The portfolio is currently invested in a globally diversified portfolio of equities and fixed income securities, including hedge funds and other commodities, aiming for long term capital appreciation. The Charity has no ethical investment policy.

During the year, the portfolio has benefitted from growth of 8.8% against a benchmark of 10.4%. The slight underperformance was due to the impact of the downside protection strategy – investment in cash, commodities and bonds – at a time when the portfolios' equities were performing particularly strongly.

**Results**

The surplus for the year amounted to £152,907 (2012: £139,181) as shown on page 16.

**Plans for Future Periods**

The Charity remains committed to its artists' development and audience engagement strategy, with fund-raising through the New Generation Programme having been very successful to date in funding the Jerwood Chorus Development Scheme, a composer-in-residence, the commissioning of new work, including *Imago*, the large scale community opera performed at Glyndebourne in March 2013, more subsidised seats for Under 30s, schools and family performances, and the continued investment in the filming of our productions to take to a wider audience through a range of distribution channels including cinema and free internet streaming. Funding for these initiatives remains the key challenge in an environment of economic uncertainty, competitive pressure both for people's time and money, compounded by the uncertainty of the Tour with no funding commitment from Arts Council England beyond 2014.

Following the successful installation of the wind turbine in December 2011, the Charity is exploring further ways to reduce its carbon footprint in a cost effective manner.

**Statement as to Disclosure of Information to Auditors**

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Charity's auditors are unaware, and each Director has taken the steps that he ought to have taken as a Director in order to make himself aware of any relevant information and to establish that the Charity's auditors are aware of that information.

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

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

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**Auditors**

The auditors, Clark Brownscombe Limited, are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Registered Office:  
Glyndebourne  
Lewes  
East Sussex  
BN8 5UU

On behalf of the Board

SARAH HOPWOOD  
Company Secretary

Date: 26th June 2014

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

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

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We have audited the group and charity financial statements ('the financial statements') of Glyndebourne Productions Limited for the year ended 31st December 2013 as set out on pages 15 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 20 to 23.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the Directors (who are also the Trustees of Glyndebourne Productions Limited for the purpose of Charity law) are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31st December 2013 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

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

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**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

D R Scrivins (Senior Statutory Auditor)  
for and on behalf of Clark Brownscombe Limited  
Chartered Accountants  
& Statutory Auditors  
2 St Andrews Place  
Lewes  
East Sussex  
BN7 1UP

Date: 1st July 2014



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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2013 £	2012 £
<b>INCOMING RESOURCES</b>					
Charitable activities:-					
- Operation of Festival, Tour, Education and Media Development		16,795,473	-	16,795,473	16,892,259
Incoming resources from generated funds:-					
Voluntary income					
- Donations and grants		2,517,336	4,801,597	7,318,933	7,256,766
- Investment income		215,586	-	215,586	303,254
Activities for generating funds					
- Commercial trading operations		734,569	-	734,569	681,860
Other incoming resources		<u>61,585</u>	<u>-</u>	<u>61,585</u>	<u>203,372</u>
<b>Total incoming resources</b>	2	<u>20,324,549</u>	<u>4,801,597</u>	<u>25,126,146</u>	<u>25,337,511</u>
<b>RESOURCES EXPENDED</b>					
Charitable activities:-					
- Operation of Festival, Tour, Education and Media Development		19,368,696	4,801,597	24,170,293	24,083,877
Cost of generating funds:-					
- Fundraising costs		636,224	-	636,224	630,315
- Investment management fees		82,060	-	82,060	71,910
- Commercial trading operations		432,914	-	432,914	476,490
Governance		24,000	-	24,000	47,429
Other resources expended		<u>10,631</u>	<u>-</u>	<u>10,631</u>	<u>33,480</u>
<b>Total resources expended</b>	3	<u>20,554,525</u>	<u>4,801,597</u>	<u>25,356,122</u>	<u>25,343,501</u>
<b>Net outgoing resources before other recognised gains and losses</b>		(229,976)	-	(229,976)	(5,990)
<b>Other recognised gains</b>					
Actuarial gains on the defined benefit pension scheme	18	908,000	-	908,000	237,000
Net gains on investment assets		<u>819,379</u>	<u>-</u>	<u>819,379</u>	<u>315,982</u>
<b>Net movement in funds</b>		1,497,403	-	1,497,403	546,992
<b>Fund balances at 1st January</b>		<u>34,347,863</u>	<u>-</u>	<u>34,347,863</u>	<u>33,800,871</u>
<b>FUND BALANCES AT 31ST DECEMBER</b>		<u>35,845,266</u>	<u>-</u>	<u>35,845,266</u>	<u>34,347,863</u>

The notes form part of these financial statements

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

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

	Note	2013 £	2012 £
<b>TURNOVER</b>		<b>24,910,560</b>	25,034,257
Production expenses, administration and general expenses		<u>(25,345,491)</u>	<u>(25,310,021)</u>
<b>OPERATING DEFICIT</b>	5	<b>(434,931)</b>	(275,764)
Gain on sale of investments		<b>311,209</b>	181,553
Gain/(loss) on foreign exchange		<b>71,674</b>	(36,382)
Interest receivable and income from investments		<u><b>215,586</b></u>	<u>303,254</u>
<b>SURPLUS FOR THE FINANCIAL YEAR BEFORE TAXATION</b>		<b>163,538</b>	172,661
Taxation	6	<u><b>(10,631)</b></u>	<u>(33,480)</u>
<b>SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><b>152,907</b></u>	<u>139,181</u>

All amounts relate to continuing activities.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	Note	2013 £	2012 £
Retained surplus for the year		<b>152,907</b>	<b>139,181</b>
Unrealised gain on revaluation of investments	9	<b>436,496</b>	<b>170,811</b>
Actuarial gain on pension scheme	18	<u><b>908,000</b></u>	<u><b>237,000</b></u>
Total recognised gain for the year		<u><b>1,497,403</b></u>	<u><b>546,992</b></u>

The notes form part of these financial statements

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

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST DECEMBER 2013**

COMPANY NUMBER 00358266

	Note	2013	2012
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	29,637,526	30,866,190
Investments	9	<u>9,220,287</u>	<u>9,390,657</u>
		<b>38,857,813</b>	<b>40,256,847</b>
<b>CURRENT ASSETS</b>			
Stocks	10	142,148	132,916
Debtors	11	1,675,966	1,606,277
Cash at bank and in hand	12	<u>5,313,988</u>	<u>3,112,775</u>
		<b>7,132,102</b>	<b>4,851,968</b>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(9,471,400)</u>	<u>(7,387,878)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,339,298)</u>	<u>(2,535,910)</u>
<b>TOTAL ASSETS</b>			
<b>LESS CURRENT LIABILITIES</b>		<b>36,518,515</b>	<b>37,720,937</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(593,249)</u>	<u>(773,074)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		<b>35,925,266</b>	<b>36,947,863</b>
<b>Defined benefit pension scheme liability</b>	18	<u>(80,000)</u>	<u>(2,600,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		<u><b>35,845,266</b></u>	<u><b>34,347,863</b></u>
<b>FUNDS:</b>			
Unrestricted funds – includes revaluation reserve of £854,122 (2012: £417,626)	17	<u><b>35,845,266</b></u>	<u><b>34,347,863</b></u>

The financial statements were approved on behalf of the Board of Directors on 26th June 2014

J C BOTTS – Director

The notes form part of these financial statements

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

**BALANCE SHEET**  
**AS AT 31ST DECEMBER 2013**

COMPANY NUMBER 00358266

	Note	2013	2012
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	<b>29,632,062</b>	30,859,360
Investments	9	<b><u>9,220,387</u></b>	<u>9,390,757</u>
		<b>38,852,449</b>	<u>40,250,117</u>
<b>CURRENT ASSETS</b>			
Debtors	11	<b>2,047,415</b>	1,857,057
Cash at bank and in hand	12	<b><u>5,064,580</u></b>	<u>2,965,714</u>
		<b>7,111,995</b>	4,822,771
<b>CREDITORS: Amounts falling due within one year</b>	13	<b><u>(9,446,004)</u></b>	<u>(7,352,026)</u>
<b>NET CURRENT LIABILITIES</b>		<b><u>(2,334,009)</u></b>	<u>(2,529,255)</u>
<b>TOTAL ASSETS</b>			
<b>LESS CURRENT LIABILITIES</b>		<b>36,518,440</b>	37,720,862
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<b><u>(593,249)</u></b>	<u>(773,074)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		<b>35,925,191</b>	36,947,788
<b>Defined benefit pension scheme liability</b>	18	<b><u>(80,000)</u></b>	<u>(2,600,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		<b><u>35,845,191</u></b>	<u>34,347,788</u>
<b>FUNDS:</b>			
Unrestricted funds – includes revaluation reserve of £ 854,122 (2012: £417,626)	17	<b><u>35,845,191</u></b>	<u>34,347,788</u>

The financial statements were approved on behalf of the Board of Directors on 26th June 2014

J C BOTTS – Director

The notes form part of these financial statements

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

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>NET CASH INFLOW FROM</b>		
<b>OPERATING ACTIVITIES (NOTE 19(i))</b>	<b>1,160,560</b>	<b>2,000,982</b>
<b>RETURNS ON INVESTMENTS AND</b>		
<b>SERVICING OF FINANCE</b>		
Interest received	<b>151,411</b>	169,615
Dividends	<b><u>64,175</u></b>	<u>133,639</u>
	<b>215,586</b>	<u>303,254</u>
Taxation	<b>(33,480)</b>	-
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire fixed assets	<b>(131,202)</b>	(305,181)
Payments to acquire investments	<b>(3,689,315)</b>	(8,299,756)
Receipts from sale of investments	<b><u>3,974,921</u></b>	<u>6,755,248</u>
	<b><u>154,404</u></b>	<u>(1,849,689)</u>
<b>INCREASE IN CASH (NOTE 19 (ii))</b>	<b><u>1,497,070</u></b>	<u>454,547</u>

The notes form part of these financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

---

**1 ACCOUNTING POLICIES**

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of the investment portfolio, and in accordance with applicable accounting standards and the Companies Act 2006. In addition they have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (2005)'.

**(b) Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiary Glyndebourne Enterprises Limited on a line by line basis. A separate Statement of Financial Activities or Income and Expenditure Account for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2005. The results of the charity are set out in note 4 and the results of the subsidiary are set out in note 9.

**(c) Incoming resources**

- Box office income consists of ticket sales and is recognised on the night of the performance.
- Income from fundraising, donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:-
  - When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
  - When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- Investment income is recognised on an accruals basis.
- Media development income is recognised when receivable.
- Co-production income is recognised in the year the production is staged.

**(d) Deferred income**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

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**(e) Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories.

The main categories of expenditure comprise:-

- a) Charitable activities - direct costs of the Festival, Tour, Education and Media Development.
- b) Costs of generating funds - salaries and other direct costs relating to the fundraising and membership department, investment management fees and the costs of the trading subsidiary, Glyndebourne Enterprises Limited.
- c) Governance costs - costs incurred in the governance of the charity and its assets, primarily associated with constitutional and statutory requirements.
- d) Support costs are allocated over the above categories as appropriate.

**(f) Productions costs**

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

**(g) Foreign currencies**

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that day or if appropriate at the forward contract rate. The resulting exchange gains and losses are taken to the Statement of Financial Activities.

**(h) Taxation recoverable**

Taxation recoverable is the amount claimed from the H M Revenue and Customs in respect of payments received under gift aid during the year but restricted to signed certificates of deduction of income tax included in H M Revenue and Customs claims.

**(i) Value Added Tax**

On 1st January 2004 the charity obtained Cultural Exemption for VAT. The charity does not have to account for VAT on its ticket sales or other cultural activities but can only recover all the input VAT on supplies relating to fully chargeable supplies or a percentage of the input VAT on other expenses.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

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**(j) Fixed assets and depreciation**

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives. The annual depreciation rates and methods are as follows:

Freehold property	- 2% of cost
Opera House complex	- period of original lease to 2050 (lease now extended to 2075) except for:-
	- 5% of cost on car park and fixed machinery
	20% of cost on fixed plant
Plant and equipment:	
- Wind turbine	- 10% of cost
- Shop equipment	- 25% reducing balance
- Motor vehicles	- 20% of cost
- Other	- 20% of cost

Individual assets costing less than £1,000 are not capitalised.

**(k) Investments**

Investments are shown at market value in accordance with the provisions of the Statement of Recommended Practice 'Accounting and Reporting by Charities 2005'. Unrealised gains and losses on revaluation are accounted for in the relevant fund.

**(l) Stock**

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

**(m) Fund accounting**

The charity maintains various funds in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities 2005'. These funds, which require separate disclosure, are as follows:-

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

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

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



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

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**Fund accounting (continued)**

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

**(n) Contribution to pension fund**

The charitable company and its subsidiary participate in the Christie Pension & Life Assurance Scheme. This scheme provides pensions on a defined benefit basis to members who joined the scheme prior to 1st January 2001 and on a defined contribution basis to members joining after that date. Contributions to the defined benefit section are charged to the Statement of Financial Activities so as to spread the cost of pensions over the employees working lives within the company based on actuarial valuations and assumptions in compliance with FRS 17. Contributions to the defined contribution section are charged to the Statement of Financial Activities as they become payable. The assets of the scheme are held separately from those of the charitable company and its subsidiary.

The actuarial gain on the defined benefit section for the year to 31st December 2013 is disclosed under other recognised gains and losses in the Statement of Financial Activities. The current service costs and financial charge are included within the costs of operation of Festival, Tour and Education. These movements are analysed in detail in note 18.

The pension liability forms part of the unrestricted funds.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**2 INCOMING RESOURCES**

	Unrestricted Funds £	Restricted Funds £	2013 Total £	2012 Total £
<b>Operation of Festival, Tour, Education and Media Development</b>				
Glyndebourne Festival	14,792,492	-	14,792,492	14,635,369
Glyndebourne on Tour	1,611,885	-	1,611,885	1,891,519
Glyndebourne Education	72,471	-	72,471	25,628
Media Development	<u>318,625</u>	<u>-</u>	<u>318,625</u>	<u>339,743</u>
	<u>16,795,473</u>	<u>-</u>	<u>16,795,473</u>	<u>16,892,259</u>
<b>Donations and grants</b>				
Glyndebourne Festival	2,517,336	2,057,339	4,574,675	4,431,594
Glyndebourne on Tour	-	2,045,577	2,045,577	2,170,900
Glyndebourne Education	-	502,681	502,681	314,272
Media Development	<u>-</u>	<u>196,000</u>	<u>196,000</u>	<u>340,000</u>
	<u>2,517,336</u>	<u>4,801,597</u>	<u>7,318,933</u>	<u>7,256,766</u>
<b>Investment income</b>				
Interest - Cash deposits	122,569	-	122,569	134,663
- UK Fixed Interest Securities	15,969	-	15,969	23,297
- Overseas Fixed Interest Securities	12,128	-	12,128	9,029
Dividends - UK equities	33,215	-	33,215	50,799
- Overseas equities	30,960	-	30,960	82,840
Glyndebourne Enterprises Limited Interest - Cash deposits	<u>745</u>	<u>-</u>	<u>745</u>	<u>2,626</u>
	<u>215,586</u>	<u>-</u>	<u>215,586</u>	<u>303,254</u>
<b>Commercial trading operations</b>				
Glyndebourne Enterprises Limited	<u>734,569</u>	<u>-</u>	<u>734,569</u>	<u>681,860</u>
<b>Other incoming resources</b>				
Wind turbine revenue	<u>61,585</u>	<u>-</u>	<u>61,585</u>	<u>203,372</u>
<b>Total incoming resources</b>	<u><u>20,324,549</u></u>	<u><u>4,801,597</u></u>	<u><u>25,126,146</u></u>	<u><u>25,337,511</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**3 RESOURCES EXPENDED**

	<b>2013</b>	2012
	<b>Total</b>	Total
	<b>£</b>	£
<b>Charitable activities</b>		
Operation of Festival, Tour, Education and Media Development:-		
Artistic costs	<b>8,730,330</b>	8,123,273
Technical and production costs	<b>5,249,716</b>	6,182,647
Touring expenses	<b>235,423</b>	209,340
Programme books	<b>102,889</b>	100,418
Education costs	<b>555,576</b>	320,834
Depreciation and amortisation	<b>1,358,500</b>	1,369,955
VAT cultural exemption and annual adjustment	<b>(150,177)</b>	(351,404)
Marketing costs	<b>381,498</b>	442,814
Front of House	<b>453,489</b>	462,516
Transport and car park	<b>227,324</b>	204,578
Box office	<b>294,605</b>	299,369
Media Development	<b>685,250</b>	653,975
Support costs	<b><u>6,045,870</u></b>	<u>6,065,562</u>
	<b><u>24,170,293</u></b>	<u>24,083,877</u>
<b>Cost of generating funds</b>		
Fundraising costs:-		
Glyndebourne Festival	<b>494,639</b>	470,912
Glyndebourne on Tour	<b>18,200</b>	35,616
Support costs	<b><u>123,385</u></b>	<u>123,787</u>
	<b><u>636,224</u></b>	<u>630,315</u>
Investment management fees	<b><u>82,060</u></b>	<u>71,910</u>
Commercial trading operations:-		
Glyndebourne Enterprises Limited	<b><u>432,914</u></b>	<u>476,490</u>
<b>Governance costs</b>		
Internal audit	<b>5,122</b>	25,594
Auditors fees		
- for audit	<b>13,830</b>	13,560
- for other services	<b><u>5,048</u></b>	<u>8,275</u>
	<b><u>24,000</u></b>	<u>47,429</u>
<b>Other resources expended</b>		
Taxation	<b><u>10,631</u></b>	<u>33,480</u>
<b>Total resources expended</b>	<b><u>25,356,122</u></b>	<u>25,343,501</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED**  
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**3 RESOURCES EXPENDED (Continued)**

**Allocation of Support Costs**

	Charitable activities £	Cost of generating funds £	2013 Total £	2012 Total £
Administration salaries and related costs	3,981,621	81,258	<b>4,062,879</b>	4,147,956
Glyndebourne House and Gardens	631,717	12,892	<b>644,609</b>	452,187
Insurance	183,752	3,750	<b>187,502</b>	219,664
Building and services	715,077	14,593	<b>729,670</b>	713,209
Office services	79,547	1,623	<b>81,170</b>	94,252
Professional fees	83,336	1,701	<b>85,037</b>	145,262
Information technology	239,833	4,895	<b>244,728</b>	282,528
Other overheads	<u>130,987</u>	<u>2,673</u>	<u><b>133,660</b></u>	<u>134,291</u>
	<u>6,045,870</u>	<u>123,385</u>	<u><b>6,169,255</b></u>	<u>6,189,349</u>

The support costs are apportioned according to the staff overheads relating to each activity.

**4 FINANCIAL ACTIVITIES OF THE CHARITY**

A summary of the financial activities undertaken by the charity is set out below:-

	2013 £	2012 £
Gross incoming resources	<b>24,476,020</b>	24,558,022
Charitable activities	<b>(24,293,678)</b>	(24,207,664)
Development and membership costs	<b>(512,839)</b>	(506,528)
Investment managers fees	<b>(82,060)</b>	(71,910)
Governance	<b>(24,000)</b>	(47,429)
Investment gain	<b>382,883</b>	145,171
Investment income	<b>217,212</b>	302,999
Taxation	<u><b>(10,631)</b></u>	<u>(33,480)</u>
	<u><b>152,907</b></u>	<u>139,181</u>

**5 OPERATING DEFICIT**

Operating deficit is stated after charging:

	2013 £	2012 £
Administration expenses including:		
Depreciation	<b>1,359,866</b>	1,371,663
Auditors' remuneration		
- audit fees	<b>13,830</b>	13,560
- accountancy and taxation work	<u><b>5,048</b></u>	<u>8,275</u>

**6 TAXATION**

The charity is exempt from tax on income and gains falling within Section 505 of the Tax Act 1988 and Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its Charitable objects. The corporation tax liability arises on miscellaneous income.

	2013 £	2012 £
UK corporation tax	<u><b>10,631</b></u>	<u>33,480</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED**  
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**7 STAFF COSTS**

	<b>2013</b>	2012
	<b>£</b>	<b>£</b>
Wages and salaries	<b>8,299,209</b>	8,305,323
Social security costs	<b>810,915</b>	797,614
Other pension costs	<b><u>649,742</u></b>	<u>852,229</u>
	<b><u>9,759,866</u></b>	<u>9,955,166</u>

The average weekly number of persons employed by the group during the year was:	<b><u>314</u></b>	<u>316</u>
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The number of executives receiving remuneration in excess of £60,000 p.a. was as follows:-

	<b>2013</b>	2012
£60,001 - £70,000	<b>2</b>	2
£70,001 - £80,000	-	2
£80,001 - £90,000	<b>2</b>	2
£90,001 - £100,000	<b>2</b>	-
£100,001 - £110,000	-	1
£120,001 - £130,000	<b>1</b>	1
£140,001 - £150,000	<b>1</b>	-

For employees in the above bandings, contributions of £12,063 (2012: £11,769) were made during the year to defined contribution pension schemes. Retirement benefits are accruing to 2 (2012: 2) of the above employees under defined contribution pension schemes and to 6 (2012: 6) under a defined benefit pension scheme.

**8 TANGIBLE FIXED ASSETS - GROUP**

	<b>Freehold Property £</b>	<b>Opera House Complex £</b>	<b>Plant and Equipment £</b>	<b>Total £</b>
<b>COST</b>				
At 1st January 2013	2,904,046	43,767,071	3,401,440	<b>50,072,557</b>
Additions	<u>-</u>	<u>77,856</u>	<u>53,346</u>	<b><u>131,202</u></b>
At 31st December 2013	<u>2,904,046</u>	<u>43,844,927</u>	<u>3,454,786</u>	<b><u>50,203,759</u></b>
<b>DEPRECIATION</b>				
At 1st January 2013	346,203	17,127,562	1,732,602	<b>19,206,367</b>
Charge for the year	<u>57,653</u>	<u>1,005,170</u>	<u>297,043</u>	<b><u>1,359,866</u></b>
At 31st December 2013	<u>403,856</u>	<u>18,132,732</u>	<u>2,029,645</u>	<b><u>20,566,233</u></b>
<b>NET BOOK VALUE</b>				
At 31st December 2013	<b><u>2,500,190</u></b>	<b><u>25,712,195</u></b>	<b><u>1,425,141</u></b>	<b><u>29,637,526</u></b>
At 31st December 2012	<u>2,557,843</u>	<u>26,639,509</u>	<u>1,668,838</u>	<u>30,866,190</u>

**GLYNDEBOURNE PRODUCTIONS LIMITED**  
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**8 TANGIBLE FIXED ASSETS – CHARITY**

	<b>Freehold Property £</b>	<b>Opera House Complex £</b>	<b>Plant and Equipment £</b>	<b>Total £</b>
<b>COST</b>				
At 1st January 2013	2,904,046	43,767,071	3,368,090	<b>50,039,207</b>
Additions	<u>-</u>	<u>77,856</u>	<u>53,346</u>	<u><b>131,202</b></u>
At 31st December 2013	<u>2,904,046</u>	<u>43,844,927</u>	<u>3,421,436</u>	<u><b>50,170,409</b></u>
<b>DEPRECIATION</b>				
At 1st January 2013	346,203	17,127,562	1,706,082	<b>19,179,847</b>
Charge for the year	<u>57,653</u>	<u>1,005,170</u>	<u>295,677</u>	<u><b>1,358,500</b></u>
At 31st December 2013	<u>403,856</u>	<u>18,132,732</u>	<u>2,001,759</u>	<u><b>20,538,347</b></u>
<b>NET BOOK VALUE</b>				
At 31st December 2013	<u><b>2,500,190</b></u>	<u><b>25,712,195</b></u>	<u><b>1,419,677</b></u>	<u><b>29,632,062</b></u>
At 31st December 2012	<u>2,557,843</u>	<u>26,639,509</u>	<u>1,662,008</u>	<u>30,859,360</u>

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

There is a charge over the freehold property in favour of the Christie Pension & Life Assurance Scheme – Glyndebourne Section.

**9 INVESTMENTS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2013 £</b>	<b>2012 £</b>	<b>2013 £</b>	<b>2012 £</b>
Market value at start of year	<b>7,951,125</b>	6,090,635	<b>7,951,225</b>	6,090,735
Additions at cost	<b>3,689,315</b>	8,299,756	<b>3,689,315</b>	8,299,756
Disposals at cost	<b>(3,592,038)</b>	(6,610,077)	<b>(3,592,038)</b>	(6,610,077)
	<b>8,048,402</b>	7,780,314	<b>8,048,502</b>	7,780,414
Movement on unrealised gains on revaluation of investments	<u><b>436,496</b></u>	<u>170,811</u>	<u><b>436,496</b></u>	<u>170,811</u>
Market value at end of year	<b>8,484,898</b>	7,951,125	<b>8,484,998</b>	7,951,225
Cash held by stockbrokers	<u><b>735,389</b></u>	<u>1,439,532</u>	<u><b>735,389</b></u>	<u>1,439,532</u>
	<u><b>9,220,287</b></u>	<u>9,390,657</u>	<u><b>9,220,387</b></u>	<u>9,390,757</u>
Historical cost of investments	<u><b>7,630,776</b></u>	<u>7,533,499</u>	<u><b>7,630,876</b></u>	<u>7,533,599</u>
Investment in subsidiary	<u>-</u>	<u>-</u>	<u><b>100</b></u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2013**

Quoted on recognised Stock Exchanges

The following investment accounted for more than 5% of the portfolio

The Audit and Finance Committee are comfortable with the level of exposure to the investment detailed above.

The assets and liabilities of the subsidiary were:

Aggregate share capital and reserves

**GROUP**

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**GLYNDEBOURNE PRODUCTIONS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11 DEBTORS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>830,593</b>	1,048,253	<b>779,851</b>	1,006,032
Amounts owed by subsidiary undertaking	-	-	<b>423,857</b>	297,052
Other debtors	<b>9,952</b>	22,162	<b>8,605</b>	21,112
Prepayments	<b><u>835,421</u></b>	<u>535,862</u>	<b><u>835,102</u></b>	<u>532,861</u>
	<b><u>1,675,966</u></b>	<u>1,606,277</u>	<b><u>2,047,415</u></b>	<u>1,857,057</u>

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

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed by subsidiary undertaking	<u>-</u>	<u>-</u>	<b><u>158,065</u></b>	<u>158,065</u>

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

**12 CASH AT BANK AND IN HAND**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank	<b>5,289,724</b>	3,094,896	<b>5,040,316</b>	2,947,835
Cash in hand	<b><u>24,264</u></b>	<u>17,879</u>	<b><u>24,264</u></b>	<u>17,879</u>
	<b><u>5,313,988</u></b>	<u>3,112,775</u>	<b><u>5,064,580</u></b>	<u>2,965,714</u>

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

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>320,605</b>	208,758	<b>319,672</b>	207,917
Tax and social security costs	<b>207,860</b>	220,745	<b>204,628</b>	203,333
VAT	<b>400,879</b>	490,189	<b>400,879</b>	490,189
Other creditors	<b>164,314</b>	198,720	<b>143,083</b>	181,121
Accruals	<b>198,082</b>	145,842	<b>198,082</b>	145,842
Deferred income	<b><u>8,179,660</u></b>	<u>6,123,624</u>	<b><u>8,179,660</u></b>	<u>6,123,624</u>
	<b><u>9,471,400</u></b>	<u>7,387,878</u>	<b><u>9,446,004</u></b>	<u>7,352,026</u>



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

**Deferred Income**

	At 1st January 2013 £	Released to incoming resources £	Deferred in year £	From creditors due after one year £	At 31st December 2013 £
Glyndebourne Festival Society	1,741,500	(1,741,500)	1,665,000	-	<b>1,665,000</b>
Sponsorship of productions	412,554	(412,554)	635,000	-	<b>635,000</b>
Catering licensing agreement	83,112	(83,112)	-	79,825	<b>79,825</b>
Box office income in advance	3,886,458	(3,886,458)	5,524,835	-	<b>5,524,835</b>
Foreign touring	-	-	175,000	100,000	<b>275,000</b>
	<u>6,123,624</u>	<u>(6,123,624)</u>	<u>7,999,835</u>	<u>179,825</u>	<u><b>8,179,660</b></u>

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

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2013</b> £	<b>2012</b> £	<b>2013</b> £	<b>2012</b> £
Deferred income	<u><b>593,249</b></u>	<u>773,074</u>	<u><b>593,249</b></u>	<u>773,074</u>
	At 1st January 2013 £	Released to creditors due within one year £	Deferred in year £	At 31st December 2013 £
Foreign touring	100,000	(100,000)	-	-
Catering licensing agreement	<u>673,074</u>	<u>(79,825)</u>	<u>-</u>	<u><b>593,249</b></u>
	<u>773,074</u>	<u>(179,825)</u>	<u>-</u>	<u><b>593,249</b></u>

**15 SHARE CAPITAL**

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

**16 RESTRICTED FUNDS**

	At 1st January 2013 £	Incoming Resources £	Outgoing Resources £	At 31st December 2013 £
Glyndebourne Festival Opera	-	2,057,339	(2,057,339)	-
Glyndebourne on Tour	-	2,045,577	(2,045,577)	-
Glyndebourne Education	-	502,681	(502,681)	-
Media Development	-	196,000	(196,000)	-
	<u>-</u>	<u>4,801,597</u>	<u>(4,801,597)</u>	<u>-</u>

Glyndebourne Festival Opera – this comprises donations from production syndicate members, production sponsorship and other grants and donations in support of the chorus, music preparation, understudies and gardens. This income was fully expended during the year.

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**16 RESTRICTED FUNDS (continued)**

Glyndebourne on Tour – grants, sponsorship and donations made for the purpose of funding the annual Tour, including a grant from the Arts Council England of £1,664,655 (2012: £1,684,000). This income was fully expended during the year.

Restricted incoming resources within Education and Media Development comprise donations and grants received from the Arts Council England, individuals, trusts and foundations towards specific education and media development projects undertaken during the year.

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**17 UNRESTRICTED FUNDS – GROUP**

	<b>Glyndebourne Festival and Media Development £</b>	<b>Pension Charge (Designated) £</b>	<b>Investment Revaluation Reserve £</b>	<b>Pension Reserve £</b>	<b>Glyndebourne On Tour £</b>	<b>Glyndebourne Education £</b>	<b>Education Special Fund (Designated) £</b>	<b>Total £</b>
At 1st January 2013	32,896,875	4,000,000	417,626	(2,600,000)	(350,964)	(108,034)	92,360	<b>34,347,863</b>
Surplus/(deficit) for the year	462,462	-	-	-	(317,001)	7,446	-	<b>152,907</b>
Result of the subsidiary for the year	-	-	-	-	-	-	-	-
Unrealised gains	-	-	436,496	-	-	-	-	<b>436,496</b>
Transfers	(1,612,000)	-	-	1,612,000	-	-	-	-
Actuarial gain on Pension Scheme	-	-	-	<u>908,000</u>	-	-	-	<u><b>908,000</b></u>
<b>At 31st December 2013</b>	<u><b>31,747,337</b></u>	<u><b>4,000,000</b></u>	<u><b>854,122</b></u>	<u><b>(80,000)</b></u>	<u><b>(667,965)</b></u>	<u><b>(100,588)</b></u>	<u><b>92,360</b></u>	<u><b>35,845,266</b></u>

**UNRESTRICTED FUNDS – CHARITY**

	<b>Glyndebourne Festival and Media Development £</b>	<b>Pension Charge (Designated) £</b>	<b>Investment Revaluation Reserve £</b>	<b>Pension Reserve £</b>	<b>Glyndebourne On Tour £</b>	<b>Glyndebourne Education £</b>	<b>Education Special Fund (Designated) £</b>	<b>Total £</b>
At 1st January 2013	32,896,800	4,000,000	417,626	(2,600,000)	(350,964)	(108,034)	92,360	<b>34,347,788</b>
Surplus/(deficit) for the year	462,462	-	-	-	(317,001)	7,446	-	<b>152,907</b>
Unrealised gains	-	-	436,496	-	-	-	-	<b>436,496</b>
Transfers	(1,612,000)	-	-	1,612,000	-	-	-	-
Actuarial gain on Pension Scheme	-	-	-	<u>908,000</u>	-	-	-	<u><b>908,000</b></u>
<b>At 31st December 2013</b>	<u><b>31,747,262</b></u>	<u><b>4,000,000</b></u>	<u><b>854,122</b></u>	<u><b>(80,000)</b></u>	<u><b>(667,965)</b></u>	<u><b>(100,588)</b></u>	<u><b>92,360</b></u>	<u><b>35,845,191</b></u>

**GLYNDEBOURNE PRODUCTIONS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**18 PENSION SCHEME**

Glyndebourne Productions Limited is one of several employers participating in a defined benefit pension scheme which was closed to new entrants from 1st January 2001. In addition the Charity operates a defined contribution scheme for employees commencing employment after 1st January 2001. The assets of the scheme are held in separate trustee-administered funds.

With effect from 5th December 2008, the Scheme was sectionalised, thus restricting the Charity's liability to that only in respect of Glyndebourne group employees, past and present, and enabling it to disclose its FRS17 liability on the balance sheet for the first time. Whilst provided for in full, this liability is not expected to crystallise within the foreseeable future. In addition to the provision for the full liability, and in accordance with conditions of sectionalisation, there is a charge over the freehold property as per note 8 and a further restriction of £4 million over the investment portfolio managed by Rothschild.

The FRS17 assessment of the scheme as at 31st December 2013 showed the market value of the Charity's share of the scheme's assets at £13,475,000 (2012: £10,740,000), representing 99 % (2012: 80%) of its liabilities. However, contributions to the defined benefit scheme have been based on more prudent assumptions, in accordance with funding rates advised by the scheme actuary based on the latest valuation carried out at 5th December 2011. This has resulted in an employer contribution rate in respect of current and future service of 43.6%. The monthly contribution in respect of the past service liability has been maintained at a rate of £58,100 throughout the year. Total employer contributions to the scheme during the year amounted to £2,126,000 (2012: £1,025,000), the higher figure in 2013 being due to an additional discretionary contribution of £1 million made in December 2013. Contribution rates are subject to review at future formal actuarial valuations, the next one being due at 5th December 2014.

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**18 PENSION SCHEME (Continued)**

The main assumptions used for the purposes of FRS17 are:

	<b>2013</b>	2012	2011
Discount rate	<b>4.6%</b>	4.1%	4.7%
Inflation assumptions (RPI)	<b>3.6%</b>	3.0%	3.2%
Inflation assumptions (CPI)	<b>2.6%</b>	2.3%	N/A
Salary – increases	<b>4.6%</b>	4.0%	4.2%
Pension increases in deferment	<b>2.6%</b>	2.3%	3.2%
Increases to pensions in payment (where CPI max 5%)	<b>2.6%</b>	2.3%	3.0%
Increases to pensions in payment (where CPI max 2.5%)	<b>2.0%</b>	1.8%	2.0%
Mortality:			
The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:			
Male	<b>88</b>	88	89
Female	<b>91</b>	91	93
The average life expectancy in years of a pensioner retiring at age 65, twenty years after the balance sheet date is as follows:			
Male	<b>90</b>	90	91
Female	<b>92</b>	92	95

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Assumption</b>	<b>Change in Assumption</b>	<b>Impact on Scheme Liabilities</b>
Discount rate	Increase/decrease by 0.5% pa	Decrease/increase by 8 -10%
Inflation increases	Increase/decrease by 0.5% pa	Increase/decrease by 7 - 8%
Salary increases	Increase/decrease by 0.5% pa	Increase/decrease by 3-3.5%
Rates of mortality	Members experience mortality of someone 1 year older	Decrease by 2%

The assets of the scheme and the long-term expected return on these assets were:

	<b>At 31st December 2013</b>		<b>At 31st December 2012</b>		<b>At 31st December 2011</b>	
	<b>Rate of Return</b>	<b>Value £</b>	<b>Rate of Return</b>	<b>Value £</b>	<b>Rate of Return</b>	<b>Value £</b>
Equities	<b>6.6%</b>	<b>6,502,000</b>	<b>6.0%</b>	4,240,000	6.0%	3,810,000
Debt	<b>3.6%</b>	<b>2,207,000</b>	<b>3.0%</b>	2,834,000	3.0%	1,147,000
Alternatives	<b>6.6%</b>	<b>1,921,000</b>	<b>6.0%</b>	1,739,000	6.0%	1,138,000
Cash	<b>2.25%</b>	<b>2,845,000</b>	<b>2.25%</b>	<u>1,927,000</u>	1.0%	<u>3,998,000</u>
<b>Total Market Value of Assets</b>		<b><u>13,475,000</u></b>		<u>10,740,000</u>		<u>10,093,000</u>

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18 **PENSION SCHEME (Continued)**

**Reconciliation of the Present Value of the Scheme Liabilities and Fair Value of the Assets to the recognised liability in the Balance Sheet.**

	2013 £	2012 £
Fair value of assets	13,475,000	10,740,000
Value of liabilities (defined benefit obligation)	<u>(13,555,000)</u>	<u>(13,340,000)</u>
<b>Recognised pension liability</b>	<b><u>(80,000)</u></b>	<b><u>(2,600,000)</u></b>

**Total expense recognised in income and expenditure**

	2013 £	2012 £
Current service cost	337,000	389,000
Interest cost on obligation	548,000	626,000
Expected return on scheme assets	<u>(371,000)</u>	<u>(289,000)</u>
<b>Total income and expenditure charge</b>	<b><u>514,000</u></b>	<b><u>726,000</u></b>

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

	2013 £	2012 £
<b>Opening defined benefit obligation</b>	<b>13,340,000</b>	<b>13,229,000</b>
Interest cost on obligation	548,000	626,000
Current service cost	337,000	389,000
Actuarial (gain) on obligation (assumptions and experience)	<u>(370,000)</u>	<u>(678,000)</u>
Member contributions	63,000	63,000
Benefits paid	<u>(363,000)</u>	<u>(289,000)</u>
<b>Closing defined benefit obligation</b>	<b><u>13,555,000</u></b>	<b><u>13,340,000</u></b>

**Total Amounts Recognised in the Statement of Total Recognised Gains and Losses**

	2013 £	2012 £
Pension scheme liability at start of year	(2,600,000)	(3,136,000)
Income and expenditure charge	(514,000)	(726,000)
Actuarial gain on assumptions	370,000	333,000
Actuarial gain on experience	-	345,000
Actuarial gain/(loss) on assets	<u>538,000</u>	<u>(441,000)</u>
Actuarial gain recognised in STRGL	908,000	237,000
Employer Contributions	<u>2,126,000</u>	<u>1,025,000</u>
<b>Pension scheme liability at end of year</b>	<b><u>(80,000)</u></b>	<b><u>(2,600,000)</u></b>

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**18 PENSION SCHEME (Continued)**  
**Actual Return on Scheme Assets**

	<b>2013</b>	2012
	<b>£</b>	£
Actual return on scheme assets	<b>909,000</b>	(152,000)
Expected return on scheme assets	<b><u>(371,000)</u></b>	<u>(289,000)</u>
<b>Actual less expected return on scheme assets</b>	<b><u>538,000</u></b>	<u>(441,000)</u>

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

	<b>2013</b>	2012
	<b>£</b>	£
Opening fair value of Scheme Assets	<b>10,740,000</b>	10,093,000
Expected return	<b>371,000</b>	289,000
Actuarial gain/(loss)	<b>538,000</b>	(441,000)
Employer contributions	<b>2,126,000</b>	1,025,000
Member contributions	<b>63,000</b>	63,000
Benefits paid	<b><u>(363,000)</u></b>	<u>(289,000)</u>
<b>Closing fair value of scheme assets</b>	<b><u>13,475,000</u></b>	<u>10,740,000</u>

**Amounts for the current year and previous years:**

	<b>2013</b>	2012	2011	2010	2009
	<b>£</b>	£	£	£	£
Fair value of scheme assets	<b>13,475,000</b>	10,740,000	10,093,000	8,088,000	6,801,000
Value of liabilities (funded obligation)	<b><u>(13,555,000)</u></b>	<u>(13,340,000)</u>	<u>(13,229,000)</u>	<u>(11,462,000)</u>	<u>(10,054,000)</u>
Deficit	<b><u>(80,000)</u></b>	<u>(2,600,000)</u>	<u>(3,136,000)</u>	<u>(3,374,000)</u>	<u>(3,253,000)</u>
Experience gain on liabilities	<b><u>-</u></b>	<u>345,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Experience gain/(loss) on assets	<b><u>538,000</u></b>	<u>441,000</u>	<u>(269,000)</u>	<u>117,000</u>	<u>188,000</u>
Total amount recognised in statement of total recognised gains and losses	<b><u>908,000</u></b>	<u>237,000</u>	<u>(1,283,000)</u>	<u>(576,000)</u>	<u>(1,437,000)</u>

**19 NOTES TO THE CASH FLOW STATEMENT**

**i) Reconciliation of operating (deficit) to net cash  
inflow from operating activities**

	<b>2013</b>	2012
	<b>£</b>	£
Operating deficit	<b>(434,931)</b>	(275,764)
Depreciation and amortisation charges	<b>1,359,866</b>	1,371,663
Pension adjustment	<b>(1,612,000)</b>	(299,000)
(Increase) in stocks	<b>(9,232)</b>	(50,813)
(Increase) in debtors	<b>(69,689)</b>	(470,316)
Increase in creditors	<b><u>1,926,546</u></b>	<u>1,725,212</u>
<b>Net inflow from operating activities</b>	<b><u>1,160,560</u></b>	<u>2,000,982</u>

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**19 NOTES TO THE CASH FLOW STATEMENT (Continued)**

**ii) Reconciliation of net cash flow to movement  
in net cash (note 19 (iii))**

	<b>Cash at Bank £</b>	<b>Cash held by Stockbrokers £</b>	<b>Total 2013 £</b>	<b>2012 £</b>
Increase/(decrease) in cash	<b>2,201,213</b>	<b>(704,143)</b>	<b>1,497,070</b>	454,547
Net cash at 1st January	<b><u>3,112,775</u></b>	<b><u>1,439,532</u></b>	<b><u>4,552,307</u></b>	<u>4,097,760</u>
Net cash at 31st December	<b><u>5,313,988</u></b>	<b><u>735,389</u></b>	<b><u>6,049,377</u></b>	<u>4,552,307</u>

**iii) Analysis of changes in net cash**

	<b>At 1st January 2013 £</b>	<b>Cash flow £</b>	<b>At 31st December 2013 £</b>
Cash at bank, stockbrokers and in hand	<b><u>4,552,307</u></b>	<b><u>1,497,070</u></b>	<b><u>6,049,377</u></b>

**20 CONNECTED PARTY TRANSACTIONS**

**(a) Glyndebourne Opera House**

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

**(b) Glyndebourne Cottages**

Under a lease from the Trustees of the Glyndebourne 1991 AJC Life Interest Trust, a private trust whose life tenant is Gus Christie, the Charity occupies the building formerly known as 1 & 2 New Cottages located on the Glyndebourne site for operational purposes and for which a rent of £12,000 (2012: £12,000) has been paid.

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

The Mansion House at Glyndebourne is the residence of Gus Christie and his family who make certain areas of the house available for use by staff and artists engaged by the Charity and for the entertainment of donors. The Charity meets the costs incurred by the Christie family in making the Mansion House available for these purposes in accordance with an agreement approved by the Charity Commission. Furthermore, the Charity is responsible for the maintenance and upkeep of the gardens at Glyndebourne. In addition to the gardeners' employment costs borne by the Charity, cottages are provided on the Estate for which the Charity paid a market rent amounting to £23,040 (2012: £23,640) during the year, all of which was payable to the AJC 1991 Life Interest Trust of which Gus Christie is the life tenant. Gus Christie bore costs amounting to £5,535 in respect of the running of the gardens.



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**20 CONNECTED PARTY TRANSACTIONS (Continued)**

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

None of the trustees received any form of payment in connection with their role as a trustee of GPL. No member of the board of trustees had a material interest in any contract or transaction with the charity or its subsidiary in the year except as set out below.

Trustees of GPL and the connected charity GAT made donations amounting to £263,093 in support of the activities of the charity for which no benefits were received in exchange. The Daily Mail and Mail on Sunday, owned by Associated Newspapers of which Lord Rothermere, trustee of Glyndebourne Arts Trust is Chairman, contributed sponsorship towards Glyndebourne on Tour at a cost of £55,000 plus VAT. Whilst Lord Rothermere received no personal benefit, the sponsor was granted a three year corporate membership giving access to purchase tickets. In addition, in connection with a similar sponsorship made in 2012, Associated Newspapers was granted exclusive rights to sell one performance of Hansel and Gretel at Glyndebourne to readers of the sponsor's publication. All direct costs of the event, including hospitality, were paid at cost by the sponsor.

Sir George Christie incurred expenses amounting to £7,808 (2012: £7,149) in respect of work undertaken on behalf of the Charity, for which he was reimbursed in full.

Gus Christie, Executive Chairman and a non-voting advisory trustee, received total remuneration of £84,553 (2012: £72,948) during the year under the terms of his contract of employment with Glyndebourne.

**(e) Christie Management Limited**

During the year the charity paid management fees of £300 (2012: £7,358) to Christie Management Limited. Christie Management Limited is controlled by the Christie family.