

ROH Developments Limited

**Directors' report and financial
statements**

Registered number 2580400

31 March 2000



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COMPANIES HOUSE

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal activities and business review

The principal activity of the company is the development of property for both commercial use and the artistic activities of the Royal Opera House Covent Garden Limited.

Income mainly represents amounts receivable from the rental of commercial properties.

During the year, the company disposed of several leasehold properties realising a profit on disposal of £13,171,527 (see note 7).

Results

The results for the year are set out on page 4. The directors do not recommend the payment of a dividend (1999: £20,225,000).

Directors and directors' interests

The directors of the company who held office during the year were as follows:

Sir Stuart Lipton	(Chairman)
RS Broadhurst	(resigned 12 July 2000)
DJ Fairclough	
JC Seekings	

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. No rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


JC Seekings
Director

Covent Garden
London
WC2E 9DD

29-01-2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

kpmg

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of ROH Developments Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.


Basis of opinion

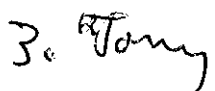
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors

 2001

Profit and loss account

for the year ended 31 March 2000

	<i>Note</i>	2000 £	1999 £
Turnover	<i>1-2</i>	2,872,381	3,587,227
Cost of sales		(22,113)	(38,707)
		<hr/>	<hr/>
Gross profit		2,850,268	3,548,520
Property and other costs		(63,876)	(50,906)
		<hr/>	<hr/>
Operating profit		2,786,392	3,497,614
Profit on disposal of leasehold properties	<i>7</i>	13,171,527	41,189,041
		<hr/>	<hr/>
Profit before interest and tax		15,957,919	44,686,655
Other interest receivable and similar income	<i>5</i>	506,571	1,358,632
Interest payable	<i>6</i>	(1,930)	(176,151)
Deed of covenant payable	<i>8</i>	(15,452,570)	(38,749,843)
		<hr/>	<hr/>
Profit for the financial year	<i>3</i>	1,009,990	7,119,293
Dividend payable		-	(20,225,000)
		<hr/>	<hr/>
Retained profit/(loss)		1,009,990	(13,105,707)
		<hr/> <hr/>	<hr/> <hr/>

The company had no recognised gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

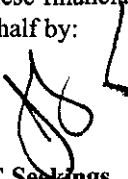
The turnover and profit for the financial year for the current and previous periods are derived from continuing operations. The results on a historic cost basis do not differ from those shown above.

Balance sheet

at 31 March 2000

	Note	2000 £	1999 £
Current assets			
Debtors – due within a year		16,789,584	13,341,671
Debtors – due after more than a year	12	2,999,975	2,920,349
		<hr/>	<hr/>
Debtors	11	19,789,559	16,262,020
Leasehold property	9	195,937	6,074,588
Work in progress	10	71,867	627,917
Cash at bank and in hand		11,277,782	24,747,394
		<hr/>	<hr/>
		31,335,145	47,711,919
Creditors: amounts falling due within one year	13	(18,792,437)	(36,179,201)
		<hr/>	<hr/>
Net current assets and assets		<u>12,542,708</u>	<u>11,532,718</u>
 Capital and reserves			
Called up share capital	14	2	2
Other reserves	15	195,914	5,597,363
Profit and loss account	15	12,346,792	5,935,353
		<hr/>	<hr/>
Equity shareholders' funds	16	<u>12,542,708</u>	<u>11,532,718</u>

These financial statements were approved by the board of directors on behalf by:



JC Seelings
Director

26-51-2001 and were signed on its

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Financial Reporting Standard 1

The company is exempt from including a cash flow statement as part of its financial statements as it is a wholly owned subsidiary of ROH Holdings Limited and its cash flows are included within the consolidated cash flow statement of that company.

Turnover

Turnover represents amounts (excluding value added tax) derived from rental income of leasehold properties and fees charged for development services.

Leasehold properties and work in progress

Leasehold properties gifted to the company are initially recorded at the valuation as at the date of the gift. Subsequent expenditure is included in work in progress until the property is complete, at which time it is added to the carrying value of leasehold properties. Interest incurred on loans funding work in progress is capitalised. Leasehold properties and work in progress are written down to realisable value if lower.

2 Analysis of turnover

	2000 £	1999 £
<i>By activity</i>		
Rent receivable	233,955	656,638
Development fees	2,634,155	2,923,559
Other charges	4,271	7,030
	<hr/>	<hr/>
	2,872,381	3,587,227
	<hr/>	<hr/>

Notes (continued)

3 Profit for the financial year

The auditors' remuneration has been borne by the parent company (note 18).

4 Directors and staff

None of the directors who served during the year received any remuneration for their services as directors (1999: £nil). The company had no employees (1999: £nil).

5 Other interest receivable and similar income

	2000 £	1999 £
Bank interest	506,571	1,358,631
	<u>506,571</u>	<u>1,358,631</u>

6 Interest payable

	2000 £	1999 £
Bank loans and overdrafts	1,930	176,151
	<u>1,930</u>	<u>176,151</u>

7 Profit on disposal of leasehold property

	£
Consideration received	20,082,896
Leasehold assets disposed	6,627,000
Disposal costs	284,369
Total costs	<u>6,911,369</u>
Profit on disposal	<u>13,171,527</u>

On 1 May 1998, the company entered into an agreement for the phased sale of its retail units in Covent Garden. The cash consideration for the phases sold in the year was £19,821,811 (1999: £66,547,068). The company has retained a 5% income interest in the properties sold to date which has been valued by the directors at £3,181,435 (1999: £3,100,000) and is shown as accrued consideration. The accrued consideration will be received by way of rental income over the length of the lease (refer note 12 below)

Notes (continued)

8 Deed of covenant

The deed of covenant is payable to The Royal Opera House Development Land Trust. The gross amount payable for the year under the deed of covenant is £16,300,000 (1999: £38,829,500) adjusted for overpayments relating to previous years of £847,430 (1999: £79,657). The deed of covenant payment reduces the profits chargeable to corporation tax to nil and consequently no tax charge is payable for the year.

9 Leasehold properties

ROH Developments Limited acquired the 250 year lease to the premises of 4-9 James Street in September 1992, the 250 year lease to the premises of 51-54 Long Acre in September 1994, and the 250 year lease to the land and buildings at Russell Street, Bow Street, Floral Street, James Street and the North and East Piazza ("the Island site") on 4 April 1996. The leaseholds were gifts from The Royal Opera House Development Land Trust and are held with the intention of resale. The only property which remained unsold at the balance sheet date was the kiosk in Russell Street. This property is shown in the balance sheet at valuation at the commencement of the lease as agreed by Healey & Baker International Real Estate Consultants, together with development costs of completed properties with a provision for loss on sale of £65,000 having been established in the current year. In determining the cost of leasehold properties, interest of £nil (1999: £12,281) on a bank loan is included.

10 Work in progress

	2000 £	1999 £
Work in progress	71,867	627,917
	<u>71,867</u>	<u>627,917</u>

In determining the cost of work in progress, interest of £2,219 (1999: £21,962) on a bank loan is included.

11 Debtors

	2000 £	1999 £
Amounts owed by ultimate parent undertaking	256,632	-
Amounts owed by parent undertaking	87	87
Other debtors	3,945,491	3,210,471
Amounts to be recharged to the Royal Opera House Covent Garden	15,587,347	13,051,462
	<u>19,789,559</u>	<u>16,262,020</u>

Notes (continued)

The Royal Opera House Development Trust, the ultimate parent company to Royal Opera House Development Limited, is operated jointly by The Royal Opera House Covent Garden Limited and The Arts Council of England.

Royal Opera House Development Limited is contracted to undertake the development of the Royal Opera House on behalf of The Royal Opera House Covent Garden Limited. Fees received by Royal Opera House Development Limited from The Royal Opera House Covent Garden Limited in respect of this agreement amounted to £2,634,155 (1999: £2,923,559).

At 31 March 2000, the Group was owed £nil (1999: £nil) by The Royal Opera House Covent Garden Limited. In addition, an amount of £15,587,347 (1999: £13,051,462) was awaiting invoicing as at that date.

12 Deferred rental income

Deferred rental income from leasehold properties sold is included in other debtors and has been valued by the directors at £3,181,435 (1999: £3,100,000). The valuation is based upon the discounted net present value of future cash flows, using a discount rate of 6%. The accrued consideration will be received by way of rental income over the length of the 250 year lease.

	2000 £	1999 £
Deferred rental income brought forward	3,100,000	-
Amounts capitalised on properties sold during the year	261,086	3,100,000
Amortisation	(179,651)	-
	<hr/>	<hr/>
Deferred rental income carried forward	3,181,435	3,100,000
	<hr/>	<hr/>
Amounts due within a year	181,460	179,651
Amounts due after more than one year	2,999,975	2,920,349
	<hr/>	<hr/>
	3,181,435	3,100,000
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	-	40,931
Trade creditors	2,944,753	2,896,232
Amounts owed to ultimate parent undertaking	-	4,720,343
Amounts owed to parent undertaking	15,452,570	20,230,000
Other creditors, including taxation	-	4,908,974
Accruals and deferred income	395,114	3,382,721
	<hr/>	<hr/>
	18,792,437	36,179,201
	<hr/>	<hr/>

Notes (continued)

14 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
<i>Allotted and called up:</i>		
2 ordinary shares of £1 each - fully paid up	2	2
	<u> </u>	<u> </u>

15 Reserves

	Other reserves £	Profit and loss account £	Total £
At beginning of year	5,597,363	5,935,353	11,532,716
Transfer on disposal	(5,401,449)	5,401,449	-
Retained profit for the year	-	1,009,990	1,009,990
	<u> </u>	<u> </u>	<u> </u>
At end of year	195,914	12,346,792	12,542,706
	<u> </u>	<u> </u>	<u> </u>

The other reserves represent the value of leasehold interests gifted to the company as at the date of transfer less amounts transferred to the profit and loss account on disposal of the related properties. The valuations are based on the leases as at the date of grant and before any development of the property.

16 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Profit for the financial year	1,009,990	7,119,293
Dividend payable	-	(20,225,000)
Opening equity shareholders' funds	11,532,718	24,638,425
	<u> </u>	<u> </u>
Closing equity shareholders' funds	12,542,708	11,532,718
	<u> </u>	<u> </u>

Notes (continued)

17 Capital commitments

Total authorised and contracted capital commitments in connection with the development £nil 1999:£2.0 million) as at the date of approval of the financial statements. Of this amount, £nil (1999:£1.95 million) is due to be re-charged to The Royal Opera House Covent Garden Limited.

18 Ultimate parent undertaking

The company is a subsidiary undertaking of The Royal Opera House Development Land Trust which is the ultimate parent undertaking whose principal place of business is in England.

The largest group in which the results of the company are consolidated is that headed by The Royal Opera House Development Land Trust. The consolidated accounts of this group are available from the Charity Commissioners. The smallest group in which they are consolidated is that headed by ROH Holdings Limited, registered in England and Wales, whose accounts are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.