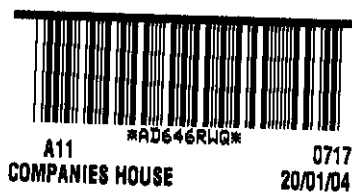


ROH Developments Limited

Directors' report and financial
statements

Registered number 2580400

31 March 2003



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

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.

Results

The results for the year are set out on page 4. The directors do not recommend the payment of a dividend (2002: £nil).

Directors and directors' interests

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

Sir Stuart Lipton (Chairman)
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 re-appointment of KPMG LLP as auditors of the company is to be proposed at the next Annual General Meeting.

By order of the board


JC Seekings
Director

Royal Opera House
Covent Garden
London
WC2E 7RY

10 July 2003

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.



PO Box 695
8 Salisbury Square
London
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Independent auditors' report to the members of ROH Developments Limited

We have audited the financial statements on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 1985. 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 2003 of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

4 August 2003

Profit and loss account

for the year ended 31 March 2003

	Note	2003 £	2002 £
Turnover	1-2	103,400	390,880
Cost of sales		(5,000)	(6,182)
Gross profit		98,400	384,698
Property and other costs		(13,461)	(62,953)
Operating profit		84,939	321,745
Other interest receivable and similar income	5	305,706	146,277
Interest payable	6	(279)	(444)
Deed of covenant	7	(390,367)	(354,322)
(Loss)/profit before taxation	3	(1)	113,256
Tax	8	-	(55)
Retained (loss)/profit		(1)	113,201

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 (loss)/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 2003

	Note	2003 £	2002 £
Current assets			
Debtors - due within one year	9	612,100	868,901
Cash at bank and in hand		9,147,083	10,017,473
		<u>9,759,183</u>	<u>10,886,374</u>
Creditors: amounts falling due within one year	10	(1,161,767)	(2,288,957)
		<u>8,597,416</u>	<u>8,597,417</u>
Net assets			
		<u>8,597,416</u>	<u>8,597,417</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	8,597,414	8,597,415
		<u>8,597,416</u>	<u>8,597,417</u>
Equity shareholders' funds	14	8,597,416	8,597,417
		<u>8,597,416</u>	<u>8,597,417</u>

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

10 July

2003 and were signed



JC Seekings
 Director

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.

As the company is a wholly owned subsidiary of Royal Opera House Covent Garden Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities that form part of the group. The consolidated financial statements of Royal Opera House Covent Garden Limited, within which this company is included, can be obtained from the address given in note 15.

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 Royal Opera House Covent Garden Limited and its cash flows are included within the consolidated cash flow statement of that group.

Turnover

Turnover represents amounts (excluding value added tax) derived from fees charged for development services at Royal Opera House Covent Garden.

Taxation

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Notes (continued)

2 Analysis of turnover

	2003 £	2002 £
<i>By activity</i>		
Development fees	103,400	89,354
Other charges	-	18,738
Sundry Income	-	282,788
	<u>103,400</u>	<u>390,880</u>

On 1 May 1998, the company entered into an agreement for the phased sale of its retail units in Covent Garden. Part of the consideration was the retention of a 5% rental income interest in those retail units which was valued for disposal by the directors at £2,819,712 based upon the discounted net present value of future cash flows (discount rate 6%). In March 2002 this was sold to the Royal Opera House Covent Garden for £3,102,500, realising a profit on disposal of £282,788.

3 (Loss) / profit for the financial year

The auditors' remuneration has been borne by the parent company (note 13).

4 Directors and staff

None of the directors who served during the year received any remuneration for their services as directors (2002: £nil). The company had no employees (2002: £nil).

5 Other interest receivable and similar income

	2003 £	2002 £
Bank interest	299,555	112,720
Other interest	6,151	2,853
Unwinding of discount on related consideration	-	30,704
	<u>305,706</u>	<u>146,277</u>

6 Interest payable

	2003 £	2002 £
Bank loans and overdrafts	279	444

Notes (continued)

7 Deed of covenant

The deed of covenant is payable to Royal Opera House Covent Garden Limited. The gross amount payable for the year under the deed of covenant is £390,367 (2002: £353,821) adjusted for under payments in previous years of £nil (2002: £501) giving a net amount payable for the year of £390,367 (2002: £354,322).

8 Taxation

Analysis of charge in period

	2003 £000	2002 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	55
	<hr/>	<hr/>
Total current tax	-	55
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	55
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is consistent with (2002 lower than) the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

	2003 £	2002 £
<i>Current tax reconciliation</i>		
(Loss) / profit on ordinary activities before tax	(1)	113,256
	<hr/>	<hr/>
Current tax at 30 % (2002: 30%)	-	33,977
<i>Effects of:</i>		
Utilisation of tax losses		
Effect of property valuations for tax purposes	-	(33,977)
Adjustments to tax charge in respect of previous periods	-	55
	<hr/>	<hr/>
Total current tax charge (see above)	-	55
	<hr/>	<hr/>

Factors that may affect future tax charges

Going forward it is the intention of the company to covenant all taxable profits to Royal Opera House Covent Garden Limited, a charity exempt of tax.

Notes (continued)

9 Debtors

	2003 £	2002 £
Other debtors	438,273	104,033
Amounts owed by parent undertaking	80,489	705,244
Prepayments and accrued income	93,338	59,624
	<u>612,100</u>	<u>868,901</u>

10 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	656,238	1,122,817
Amounts owed to parent undertakings	395,367	358,821
Other creditors, including taxation	39,676	750,334
Accruals and deferred income	70,486	56,985
	<u>1,161,767</u>	<u>2,288,957</u>

11 Deferred tax

Deferred tax has not been provided for at 31 March 2003 or 31 March 2002 on the basis that there are no timing differences at the end of either period.

12 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted and called up:</i>		
2 ordinary shares of £1 each - fully paid up	<u>2</u>	<u>2</u>

Notes *(continued)*

13 Reserves

	Profit and loss account £
At beginning of year	8,597,415
Retained loss for the year	(1)
	<hr/>
At end of year	8,597,414 <hr/>

14 Reconciliation of movements in equity shareholders' funds

	2003 £	2002 £
(Loss)/profit for the financial year	(1)	113,201
Opening equity shareholders' funds	8,597,417	8,484,216
	<hr/>	<hr/>
Closing equity shareholders' funds	8,597,416 <hr/>	8,597,417 <hr/>

15 Ultimate parent undertaking

The company is a subsidiary undertaking of ROH Holdings Limited whose principal place of business is in England.

The largest and smallest group in which the results of the company are consolidated is that headed by Royal Opera House Covent Garden Limited, who is the ultimate parent undertaking. The consolidated accounts of this group are available from the Secretary, Royal Opera House, Covent Garden, London, WC2E 7RY.