

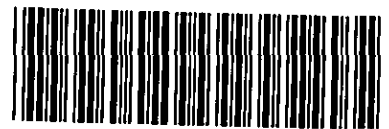
# **OPUS ARTE UK LIMITED**

## **Directors' report and financial statements**

Registered number 4112266

For the five month period ended  
31 August 2008

WEDNESDAY



A18      \*AH4Y8A7I\*      118  
27/05/2009  
COMPANIES HOUSE

## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Opus Arte UK Limited	4
Profit and loss account	6
Balance sheet	7
Statement of total unrealised gains and losses	8
Notes	9

## **Directors' report for the five month period ended 31 August 2008**

The directors present their annual report and the audited financial statements for the five month period ended 31 August 2008.

### **Principal activity**

The principal activity of the company in the period under review is multimedia production and distribution.

### **Business review**

The results for the period and financial position of the company are as shown in the annexed financial statements. These record a loss of £0.4 million in the five month period ended 31 August 2008, compared to a loss of £1.1 million for the 15 month period ended 30 March 2008. The change in period end from March to August has been undertaken in order to align with the financial year of the company's parent. The 5 month period represents a part of the year with a typically lower than average sales volumes, and this contributes to the reported loss. The period has also continued to be one of transition, following the acquisition of the company by the Royal Opera House Covent Garden Limited in May 2007.

On 29<sup>th</sup> August 2008 the Company issued 275,987 ordinary shares for consideration of an inter-company loan from Royal Opera House Covent Garden Limited, its parent company. Subsequently, the Company offset its inter-company loan with Royal Opera House Covent Garden Limited.

### **Dividends**

No dividends were paid in the period (*15 month period ended 30 March 2008: nil*). The directors do not recommend the payment of a final dividend (*15 month period ended 30 March 2008: nil*).

### **Directors**

The directors who held office during the period were as follows:

Peter Alward  
Tony Hall  
Peter Katona (appointed 11 June 2008)  
Sarah Kemp (resigned 20 June 2008)  
Sir David Lees  
Thomas Lynch (appointed 11 June 2008)  
Johannes Petri  
Simon Robey

### **Company Secretary**

John Mortlock

**Directors' report for the five month period ended 31 August 2008** *(continued)*

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

In accordance with section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG LLP as auditors is to be proposed at the next Annual General Meeting.

By order of the board



**Tony Hall**  
*Chairman*

Covent Garden  
London  
WC2E 9DD

13 May 2009

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements for the five month period ended 31 August 2008**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG LLP**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of Opus Arte UK Limited**

We have audited the financial statements of Opus Arte UK Limited for the five month period ended 31 August 2008 which comprises the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the shareholder of Opus Arte UK Limited**  
*(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2008 and of its loss for the five month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*20 May*

2009

## Profit and loss account

for the five month period ended 31 August 2008

	Note	5 month period ended 31-Aug 2008 £'000	15 month period ended 30-Mar 2008 £'000
<b>Turnover</b>		<b>837</b>	<b>2,958</b>
Cost of sales before exceptional item		(738)	(2,192)
Exceptional item	3	-	(362)
<b>Total cost of sales</b>		<b>(738)</b>	<b>(2,554)</b>
<b>Gross profit</b>		<b>99</b>	<b>404</b>
Administration expenses		(387)	(1,338)
<b>Operating loss before interest</b>		<b>(288)</b>	<b>(934)</b>
Interest payable and similar charges	6	(73)	(179)
<b>Loss before taxation</b>		<b>(361)</b>	<b>(1,113)</b>
Taxation	7	-	-
<b>Loss after taxation</b>	2	<b>(361)</b>	<b>(1,113)</b>

There is no difference between the result on an historical cost basis and that shown in the profit and loss account.

The revenue and result for the period are derived from continuing operations. 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 or losses has been prepared.

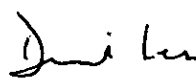


## Balance sheet

As at 31 August 2008

	Note	31-Aug 2008 £'000	30-Mar 2008 £'000
<b>Fixed assets</b>			
Investment in programming	8	2,780	2,585
Tangible fixed assets	9	6	7
		<hr/>	<hr/>
<b>Total fixed assets</b>		<b>2,786</b>	<b>2,592</b>
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	10	223	197
Debtors	11	1,147	1,427
Cash at bank and in hand		1	2
		<hr/>	<hr/>
		<b>1,371</b>	<b>1,626</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(3,185)</b>	<b>(3,061)</b>
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(1,814)</b>	<b>(1,435)</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>972</b>	<b>1,157</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(950)</b>	<b>(1,050)</b>
		<hr/>	<hr/>
<b>Net Assets</b>		<b>22</b>	<b>107</b>
		<hr/>	<hr/>
<b>Shareholder's Funds</b>			
Share Capital	15	776	500
Retained deficit	16	(754)	(393)
		<hr/>	<hr/>
<b>Total Shareholder's Funds</b>	16	<b>22</b>	<b>107</b>
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 13 May 2009 and were signed on its behalf by:

  
**Sir David Lees**  
 Director

  
**Tony Hall**  
 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.

The financial statements have been prepared on the going concern basis, and the directors believe that the company will continue in operational existence for the foreseeable future.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Royal Opera House Covent Garden Limited (since 24 May 2007), the company has taken advantage of the exemption contained in FRS 8 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 17.

#### ***Turnover***

Turnover represents net invoiced sales of DVDs and other goods, TV, royalty and other income. Turnover is recognised when earned. Income is deferred only to the extent that contractual obligations have not been met at period end.

Sale of goods revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured. Revenue is measured at fair value after making provision in respect of future returns of goods and services supplied by the company prior to the balance sheet date.

Royalty income is included on a receivable basis calculated on sales of DVDs arising each accounting period as reported by licensees. Where licensees sales reports are not available, royalty advances are either recognised as income in the period they are received if all obligations under the royalty agreement have been fulfilled, or deferred to the extent these obligation have not been fulfilled at period end.

Royalties payable are expensed on an accruals basis. Royalty advances are capitalised only to the extent it is estimated that sufficient future royalties will be earned for recoupment of those advances.

The turnover and profit before tax is attributable to the principal activity of the company and arose in the United Kingdom.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or, if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Taxation***

Any 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation (continued)*

Deferred tax is recognised 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 FRS 19.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounting basis.

#### *Investment in programming*

Investment in programming is capitalised and amortised over its expected useful life, which is up to eight years depending on format and the terms of licenses acquired. These assets are reviewed for impairment where events or changes in circumstances indicate that the carrying amount may not be recoverable. Any anticipated losses on individual projects are charged in the profit and loss account in the period where the event or change in circumstance occurred.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at annual rates on a straight-line basis to write off the cost of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Fixtures & fittings	- 15 – 33%
Motor vehicles	- 25%
Computer Equipment	- 33%

#### *Stocks*

Stock comprises DVDs and is stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### *Pension*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

**Notes (continued)**

**2 Loss after taxation**

The loss after taxation is stated after charging:

	5 month period ended 31-Aug 2008 £'000	15 month period ended 30-Mar 2008 £'000
Depreciation - owned assets	2	18
Depreciation - assets held under finance leases	-	8
Amortisation of investment in programming	380	1,485
Operating lease rentals - other operating leases	11	25
	<hr/>	<hr/>

The auditors' remuneration for the five month period ended 31 August 2008 was £9,000 and has been borne by the parent company (*for the 15 month period ended 30 March 2008: £10,000 borne by the parent company*).

**3 Exceptional item**

In the period there was no exceptional charge in relation to the carrying value of advance royalty payments (*15 month period ended 30 March 200: £362,000*).

**4 Staff Costs**

	5 month period ended 31-Aug 2008 £'000	15 month period ended 30-Mar 2008 £'000
Wages and salaries	184	516
Social security costs	21	60
Other pension costs	6	17
	<hr/>	<hr/>
	211	593
	<hr/>	<hr/>

**Notes** *(continued)*

**4 Staff Costs** *(Continued)*

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	Number of staff	
	5 month period ended 31-Aug 2008	15 month period ended 30-Mar 2008
Production & sales	7	7
Finance, administration and management	5	5
	<hr/>	<hr/>
	12	12
	<hr/>	<hr/>

**5 Directors' fees**

Directors' emoluments and pension contributions during the period were:

	5 month period ended 31-Aug 2008 £'000	15 month period ended 30-Mar 2008 £'000
Directors' emoluments	42	140
Directors' pension contribution to money purchase schemes	3	8
	<hr/>	<hr/>

One director had retirement benefits accruing in money purchase schemes (*15 month period ended 30 March 2008: 2*).

**Notes (continued)**

**6 Interest payable and similar charges**

	5 month period ended 31-Aug 2008 £'000	15 month period ended 30-Mar 2008 £'000
Bank interest	61	152
Finance lease interest	-	1
Interest payable to Royal Opera House Covent Garden Limited	12	23
Other interest	-	3
	<hr/>	<hr/>
	73	179
	<hr/>	<hr/>

**7 Taxation**

No UK corporation tax has arisen in the period (15 months to 30 March 2008: nil). No deferred tax has arisen in the period (15 months to 30 March 2008: nil).

**Factors affecting the tax charge**

The difference between the tax assessed and the standard rate of corporation tax in the UK is explained below:

	5 month period ended 31-Aug 2008 £'000	15 month period ended 30-Mar 2008 £'000
Loss before taxation	(361)	(1,113)
	<hr/>	<hr/>
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2008: 19%)	(69)	(211)
Effects of:		
Non-deductible expenditure	-	44
Tax losses carried forward	69	167
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

There is an unrecognised deferred tax asset of £236,000 (30 March 2008: £167,000) which has not been recognised due to uncertainty over its recoverability.

**Notes (continued)**

**8 Investment in Programming**

	<b>31-Aug 2008 £'000</b>
<i>Cost</i>	
At beginning of period	6,605
Capitalised costs	575
	<hr/>
At end of period	7,180
	<hr/>
<i>Amortisation</i>	
At beginning of period	4,020
Charge for period	380
	<hr/>
At end of period	4,400
	<hr/>
<i>Net book value at end of period</i>	
At 31 August 2008	2,780
	<hr/> <hr/>
At 30 March 2008	2,585
	<hr/> <hr/>

**9 Tangible fixed assets**

	<b>Fixtures &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Cost</i>			
At beginning of period	43	117	160
Additions	-	1	1
	<hr/>	<hr/>	<hr/>
At end of period	43	118	161
	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>			
At beginning of period	37	116	153
Charge for period	1	1	2
	<hr/>	<hr/>	<hr/>
At end of period	38	117	155
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2008	5	1	6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 March 2008	6	1	7
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**10 Stocks**

	31-Aug 2008 £'000	30-Mar 2008 £'000
Stocks - finished goods	223	197
	<u>223</u>	<u>197</u>

**11 Debtors: amounts falling due within one year**

	31-Aug 2008 £'000	30-Mar 2008 £'000
Trade debtors	447	589
Other debtors	-	116
Prepayments and accrued income	700	722
	<u>1,147</u>	<u>1,427</u>
	<u>1,147</u>	<u>1,427</u>

**12 Creditors: amounts falling due within one year**

	31-Aug 2008 £'000	30-Mar 2008 £'000
Bank overdraft	1,339	1,231
Current portion of bank loan	200	200
Trade creditors	1,055	1,057
Amount owing to parent undertaking	154	23
Social security and other taxes	15	30
Other creditors	-	7
Accruals and deferred income	422	513
	<u>3,185</u>	<u>3,061</u>
	<u>3,185</u>	<u>3,061</u>



**Notes (continued)**

**13 Creditors: amounts falling due after more than one year**

	31-Aug 2008 £'000	30-Mar 2008 £'000
Bank Loan	550	650
Amount owed to parent undertaking	400	400
	<hr/> 950 <hr/>	<hr/> 1,050 <hr/>

The bank overdraft and bank loan are secured by a third party charge over a £2.1 million bank deposit held by the Royal Opera House Covent Garden Limited.

	31-Aug 2008 £'000	30-Mar 2008 £'000
Bank overdrafts and loan instalments are due:		
Within one year (refer note 12)	1,539	1,431
Between one and two years	200	200
Between two and five years	750	850
	<hr/> 2,489 <hr/>	<hr/> 2,481 <hr/>

**14 Obligations under leasing agreements**

**Operating Leases**

The following operating lease payments are committed to be paid within one year:

	31-Aug 2008 Land and Buildings £'000	30-Mar 2008 Land and Buildings £'000
Operating leases which expire:		
Less than 1 year	14	25
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**15 Called up share capital**

	31-Aug 2008 £'000	30-Mar 2008 £'000
<i>Authorised Share Capital</i>		
1,000,000 Ordinary shares of £1 nominal value	1,000	1,000
	<hr/>	<hr/>
	31-Aug 2008 £'000	30-Mar 2008 £'000
<i>Allotted, issued and fully paid:</i>		
775,987 Ordinary shares of £1 each – fully paid up	776	500
	<hr/>	<hr/>

On 29th August 2008 the Company issued 275,987 ordinary £1 shares for consideration of an inter-company loan from Royal Opera House Covent Garden Limited, its parent company. Subsequently, the Company offset its inter-company loan with Royal Opera House Covent Garden Limited.

**16 Reconciliation of movement in shareholder's funds**

	Share capital £'000s	Retained earnings £'000s	Total £'000s
At beginning of period	500	(393)	107
Loss for the period	-	(361)	(361)
New share capital subscribed	276	-	276
	<hr/>	<hr/>	<hr/>
At end of period	776	(754)	22
	<hr/>	<hr/>	<hr/>

**17 Ultimate parent undertaking**

The company is a subsidiary undertaking of Royal Opera House Covent Garden Limited, which is the ultimate parent company incorporated in the United Kingdom.

The largest group in which the results of the company are consolidated is that headed by Royal Opera House Covent Garden Limited, incorporated in the United Kingdom. The smallest group in which they are consolidated is that headed by Royal Opera House Covent Garden Limited incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from The Royal Opera House, Covent Garden, London WC2E 9DD.