

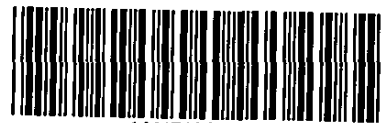
OPUS ARTE UK LIMITED

Directors' report and financial statements

Registered number 4112266

For the 52 week period ended
29 August 2010

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Contents

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

Directors' report for the 52 week period ended 29 August 2010

The directors present their annual report and the audited financial statements for the 52 week period ended 29 August 2010

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 net loss of £496,000 for the 52 week period ended 29 August 2010, compared to a profit of £227,000 for the 52 week period ended 30 August 2009.

Immediately following the period end, on 30 August 2010, the company purchased the trade and net assets of Royal Opera House Covent Garden Trading Limited for consideration of £3,000. The transaction transforms the profitability of the company by combining into it the Royal Opera House's broad portfolio of commercial activities, including catering, venue hire, advertising, corporate sponsorship, retail merchandising and licensing.

Based on the projected forecast of the enlarged Opus Arte trading activities the Board of Directors believe the company's current cash will be sufficient to meet the expected cash requirements of the company for twelve months from the signing of the accounts. Accordingly, the directors consider that the forecasts enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment and have accordingly prepared the financial statements on a going concern basis.

Dividends

No dividends were paid in the period (*52 week period ended 30 August 2009 nil*). The directors do not recommend the payment of a final dividend (*52 week period ended 30 August 2009 nil*).

Directors

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

Heather Rabbatts (appointed 26 May 2010)
Peter Alward
Tony Hall
Sir David Lees
Thomas Lynch (retired 31 July 2010)
Stephen Michael (appointed 26 November 2009)
Roland Ott (appointed 17 September 2009)
Johannes Petri (retired 01 September 2009)
Simon Robey

Company Secretary

John Mortlock

Directors' report for the 52 week period ended 29 August 2010 *(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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



Heather Rabbatts
Chairman

Covent Garden
London
WC2E 9DD

10 December 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements for the 52 week period ended 29 August 2010

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).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have 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

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditors' report to the shareholder of Opus Arte UK Limited

We have audited the financial statements of Opus Arte UK Limited for the 52 week period ended 29 August 2010 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 August 2010 and of its result for the 52 week period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the 52 week period 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, or
- the financial statements are not in agreement with the accounting records and returns, or
- 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



17 March 2011

K Wightman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Profit and loss account

for the 52 week period ended 29 August 2010

	<i>Note</i>	52 week period ended 29-Aug 2010 £'000	52 week period ended 30-Aug 2009 £'000
Turnover		3,171	3,899
Cost of sales		(2,574)	(2,583)
		<hr/>	<hr/>
Gross profit		597	1,316
Administration expenses		(1,030)	(996)
		<hr/>	<hr/>
Operating (loss)/profit before interest		(433)	320
Interest payable and similar charges	5	(63)	(93)
		<hr/>	<hr/>
Net (loss)/profit before taxation		(496)	227
Taxation	6	-	-
		<hr/>	<hr/>
Net (loss)/profit after taxation	2	(496)	227
		<hr/> <hr/>	<hr/> <hr/>

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 29 August 2010

	Note	29-Aug 2010 £'000	30-Aug 2009 £'000
Fixed assets			
Investment in programming	7	2,558	2,699
Tangible fixed assets	8	6	9
		<hr/>	<hr/>
Total fixed assets		2,564	2,708
		<hr/>	<hr/>
Current assets			
Stocks	9	369	250
Debtors	10	940	1,468
Cash at bank and in hand		554	1
		<hr/>	<hr/>
		1,863	1,719
Creditors: amounts falling due within one year	11	(1,974)	(3,828)
		<hr/>	<hr/>
Net current liabilities		(111)	(2,109)
		<hr/>	<hr/>
Total assets less current liabilities		2,453	599
Creditors amounts falling due after more than one year	12	(2,200)	(350)
		<hr/>	<hr/>
Net assets		253	249
		<hr/> <hr/>	<hr/> <hr/>
Shareholder's funds			
Share capital	14	1,276	776
Retained earnings	15	(1,023)	(527)
		<hr/>	<hr/>
Total shareholder's funds	15	253	249
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 10 Dec 2010 and were signed on its behalf by


Sir David Lees
Director


Heather Rabbatts
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. The profit and loss performance for the period was a loss of £496,000 (52 week period ended 30 August 2009 profit of £227,000), and at the balance sheet date there were net current liabilities of £111,000 (2009 £2,109,000). However, immediately following the period end, on 30 August 2010, the company purchased the trade and net assets of Royal Opera House Covent Garden Trading Limited for consideration of £3,000. The transaction transforms the profitability of the company by combining into it the Royal Opera House's broad portfolio of commercial activities, including catering, venue hire, advertising, corporate sponsorship, retail merchandising and licensing.

Based on the projected forecast of the enlarged Opus Arte trading activities the Board of Directors believe the company's current cash will be sufficient to meet the expected cash requirements of the company for twelve months from the signing of the accounts. Accordingly, the directors consider that the forecasts enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment and have accordingly prepared the financial statements on a going concern basis.

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, 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 16.

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 obligations 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.

Notes (continued)

1 Accounting policies (continued)

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

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%
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)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Net (loss)/profit before taxation

The net (loss)/profit before taxation is stated after charging

	52 week period ended 29-Aug 2010 £'000	52 week period ended 30-Aug 2009 £'000
Depreciation - owned assets	6	7
Amortisation of investment in programming	1,119	1,295
Operating lease rentals - other operating leases	25	25
	<u> </u>	<u> </u>

The auditors' remuneration for the 52 week period ended 29 August 2010 was £15,000 and has been borne by the parent company (for the 52 week period ended 30 August 2009 £15,000 borne by the parent company)

3 Staff Costs

	52 week period ended 29-Aug 2010 £'000	52 week period ended 30-Aug 2009 £'000
Wages and salaries	364	346
Social security costs	56	51
Other pension costs	7	16
	<u> </u>	<u> </u>
	427	413
	<u> </u>	<u> </u>

Notes *(continued)*

4 Directors' fees

Directors' emoluments and pension contributions during the period were

	52 week period ended 29-Aug 2010 £'000	52 week period ended 30-Aug 2009 £'000
Directors' emoluments	157	111
Directors' pension contribution to money purchase schemes	10	6
	<u>167</u>	<u>117</u>

Two directors had retirement benefits accruing in money purchase schemes (*52 week period ended 30 August 2009 1*)

5 Interest payable and similar charges

	52 week period ended 29-Aug 2010 £'000	52 week period ended 30-Aug 2009 £'000
Bank interest	20	78
Interest payable to Royal Opera House Covent Garden Limited	43	15
	<u>63</u>	<u>93</u>

Interest payable to Royal Opera House Covent Garden Limited represents interest on the loan (see Note 12), which is charged at a rate of 2% above the Bank of England base rate

Notes (continued)

6 Taxation

No UK corporation tax has arisen in the period (52 week period ended 30 August 2009 nil) No deferred tax has arisen in the period (52 week period ended 30 August 2009 nil)

Factors affecting the tax charge

The difference between the tax assessed and the small profits rate of corporation tax in the UK is explained below

	52 week period ended 29-Aug 2010 £'000	52 week period ended 30-Aug 2009 £'000
(Loss)/profit before taxation	(496)	227
(Loss)/profit before taxation multiplied by the small profits rate of corporation tax in the UK of 21% (30 August 2009 19%)	(104)	43
Effects of Tax losses carried forward/(utilised)	104	(43)
	-	-

There is an unrecognised deferred tax asset of £287,000 (30 August 2009 £193,000) which has not been recognised due to uncertainty over the timing of its recoverability

Notes (continued)

7 Investment in Programming

	29-Aug 2010 £'000
<i>Cost</i>	
At beginning of period	8,394
Capitalised costs	978
	<hr/>
At end of period	9,372
	<hr/>
<i>Amortisation</i>	
At beginning of period	5,695
Charge for period	1,119
	<hr/>
At end of period	6,814
	<hr/>
<i>Net book value at end of period</i>	
At 29 August 2010	2,558
	<hr/> <hr/>
At 30 August 2009	2,699
	<hr/> <hr/>

8 Tangible fixed assets

	Fixtures & Fittings	Computer Equipment	Total
	£'000	£'000	£'000
<i>Cost</i>			
At beginning of period	43	128	171
Additions	3	-	3
	<hr/>	<hr/>	<hr/>
At end of period	46	128	174
	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>			
At beginning of period	41	121	162
Charge for period	3	3	6
	<hr/>	<hr/>	<hr/>
At end of period	44	124	168
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 29 August 2010	2	4	6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 August 2009	2	7	9
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Stocks

	29-Aug 2010 £'000	30-Aug 2009 £'000
Stocks - finished goods	369	250
	<u>369</u>	<u>250</u>

10 Debtors: amounts falling due within one year

	29-Aug 2010 £'000	30-Aug 2009 £'000
Trade debtors	635	809
Other debtors	-	30
Prepayments and accrued income	305	629
	<u>940</u>	<u>1,468</u>
	<u>940</u>	<u>1,468</u>

11 Creditors: amounts falling due within one year

	29-Aug 2010 £'000	30-Aug 2009 £'000
Bank overdraft	-	1,339
Current portion of bank loan	-	200
Trade creditors	515	877
Royal Opera House Covent Garden Limited	1,116	1,060
Social security and other taxes	27	18
Accruals and deferred income	316	334
	<u>1,974</u>	<u>3,828</u>
	<u>1,974</u>	<u>3,828</u>

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

	29-Aug 2010 £'000	30-Aug 2009 £'000
Bank Loan	-	350
Amount due to Royal Opera House Covent Garden Limited	2,200	-
	<u>2,200</u>	<u>350</u>
	<u><u>2,200</u></u>	<u><u>350</u></u>

	29-Aug 2010 £'000	30-Aug 2009 £'000
Bank overdrafts and loan instalments are due		
Within one year (refer note 11)	-	1,539
Between one and two years	-	200
Between two and five years	-	150
	<u>-</u>	<u>1,889</u>
	<u><u>-</u></u>	<u><u>1,889</u></u>

Interest is charged on the loan from Royal Opera House Covent Garden Limited at a rate of 2% above the Bank of England base rate

13 Obligations under leasing agreements

Operating Leases

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

	29-Aug 2010 Land and Buildings £'000	30-Aug 2009 Land and Buildings £'000
Operating leases which expire		
Less than 1 year	15	14
	<u>15</u>	<u>14</u>
	<u><u>15</u></u>	<u><u>14</u></u>

Notes (continued)

14 Called up share capital

	29-Aug 2010 £'000	30-Aug 2009 £'000
<i>Authorised Share Capital</i>		
1,500,000 Ordinary shares of £1 nominal value	<u>1,500</u>	<u>1,500</u>
	29-Aug 2010 £'000	30-Aug 2009 £'000
<i>Allotted, issued and fully paid</i>		
1,275,987 Ordinary shares of £1 each – fully paid up	<u>1,276</u>	<u>776</u>

On 30 July 2010 the issued share capital of the company was increased by £500,000 by issue of 500,000 ordinary shares of £1 each as consideration for capitalisation of an intergroup debt due to the Royal Opera House Covent Garden Limited

15 Reconciliation of movement in shareholder's funds

	Share capital £'000s	Retained earnings £'000s	Total £'000s
At beginning of period	776	(527)	249
Share capital issued during the period	500	-	500
Net deficit for the period	-	(496)	(496)
At end of period	<u>1,276</u>	<u>(1,023)</u>	<u>253</u>

16 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

Notes *(continued)*

17 Post Balance Sheet Events

Royal Opera House Covent Garden Trading Limited and Opus Arte UK Limited entered into an agreement to sell the trade and net assets of the former company to the latter for a consideration of £3,000. The effective date of the transaction was 30 August 2010. Following this, on 31 August 2010 Opus Arte UK Limited changed its name to Royal Opera House Enterprises Limited.