

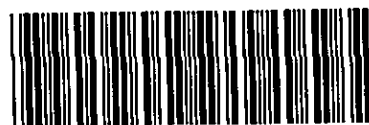
**TME Limited**

**Directors' report and financial  
statements**

**Registered number 06587467**

**31 December 2012**

MONDAY



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## Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditor's report to the members of TME Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

## Directors' report

The directors present the annual report and the audited financial statements of TME Limited ("the Company") for the year ended 31 December 2012. Comparatives are for the year ended 31 December 2011.

### Principal activity

The Company is a wholly-owned subsidiary of The British Music Experience, an incorporated charity.

The Company is used for non-primary-purpose trading activities, namely operating The British Music Experience exhibition situated within The O<sub>2</sub> in London.

### Results

The results for the year are set out on page 4 of the financial statements.

Whilst the BME is a critical success, it has taken longer to build up visitor levels than originally envisaged. The directors have therefore reviewed the business' cash flow projections in particular to ascertain whether the fixed asset values are supported by projected earnings and as a result recorded a £2.5 million impairment to fixed assets in the year.

The directors believe that it is appropriate to prepare the financial statements on a going concern basis due to the ongoing support of the Anschutz Entertainment Group as described in note 1 to the financial statements.

### Directors and directors' interests

The directors who held office during the year and up to the date of this report were as follows:

A Hill  
S McGuigan  
S Weil

### Small companies' provision

The Company has met the requirements in Companies Act 2006 to obtain the exemption from the presentation of an enhanced business review.

### Dividend policy

The directors do not recommend the payment of a dividend (2011: £nil).

### Political and charitable contributions

The Company made no political and charitable donations during the year (2011: £nil).

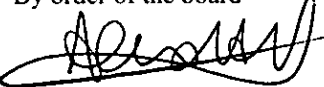
### Disclosure of information to auditors

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/she ought to have taken as a director to make himself/herself 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



A Hill  
Director

50 Broadway  
London  
SW1H 0BL

24 September 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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.

## **Independent auditor's report to the members of TME Limited**

We have audited the financial statements of TME Limited for the year ended 31 December 2012 set out on pages 4 to 11. 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 31 December 2012 and of its loss for the year 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 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, 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.



**Karen Wightman (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

30 September 2013

## Profit and loss account

*for the year ended 31 December 2012*

	<i>Note</i>	<b>2012</b> <b>£'000</b>	2011 £'000
Turnover	<i>1</i>	<b>1,249</b>	1,195
Cost of sales		<b>(1,535)</b>	(1,271)
<b>Gross loss</b>		<b>(286)</b>	(76)
Administration expenses excluding exceptional asset impairment		<b>(2,534)</b>	(2,459)
Impairment of fixed assets	<i>6</i>	<b>(2,500)</b>	-
Total administration expenses		<b>(5,034)</b>	(2,459)
<b>Loss on ordinary activities before and after taxation</b>	<i>2-5</i>	<b>(5,320)</b>	(2,535)

The results for the year all derive from continuing operations. There were no other recognised gains or losses for the year other than the results as disclosed above.


The notes on pages 6 to 11 form part of these financial statements.

## Balance sheet

at 31 December 2012

	Note	2012	2011
		£'000	£'000
<b>Fixed assets</b>			
Tangible assets	6	683	4,033
<b>Current assets</b>			
Stocks	7	129	122
Debtors amounts falling due within one year	8	441	730
Cash at bank and in hand		287	640
		<u>857</u>	<u>1,492</u>
<b>Creditors</b> amounts falling due within one year	9	<u>(17,655)</u>	<u>(16,319)</u>
<b>Net current liabilities</b>		<u>(16,798)</u>	<u>(14,827)</u>
<b>Net liabilities</b>		<u>(16,115)</u>	<u>(10,794)</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	(16,115)	(10,794)
<b>Shareholder's deficit</b>		<u>(16,115)</u>	<u>(10,794)</u>

The financial statements were approved by the board of directors on 21 September 2013 and were signed on its behalf by



**A Hill**  
Director

Registered number 06587467

The notes on pages 6 to 11 form part of these financial statements

## Notes *(forming part of the financial statements)*

### 1 Accounting policies

#### **Basis of preparation**

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

The financial statements have been prepared in accordance with the Special Provisions of Part XV of the Companies Act 2006 relating to small companies

The Company has taken advantage of the exemption available to it under Financial Reporting Standard 1 'Cash Flow Statements' not to prepare a statement of cash flows on the grounds of its size

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £16,798,000 (2011 £14,827,000) which the directors believe to be appropriate for the following reasons Anschutz Entertainment Group Inc (AEG), a company incorporated in the USA has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will provide financial support to enable the Company to meet its current and future obligations AEG is one of the leading sports and entertainment presenters in the world and has been a supporter of the Exhibition since its inception AEG is supporting the furtherance of the Company's objectives as part of its commitment to the music industry in general As with any company placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

#### **Turnover**

Turnover excludes Value Added Tax and represents admission fees received Turnover is recognised upon the delivery of services Turnover is derived wholly in the United Kingdom Revenue related to long term agreements is recorded as deferred revenue and is recognised as income over the respective terms of the agreements

#### **Depreciation**

Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost of the asset on a straight line basis over its expected useful economic life as follows

Plant and equipment	-	3-5 years
Fixtures and fittings	-	10 years

The carrying values of fixed assets are written down to their estimated recoverable value if the directors consider the net book value to be permanently impaired

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

#### **Deferred 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 Tax is recognised in the profit and loss account

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 FRS 19 A net deferred tax asset is only recognised to the extent that it is considered more likely than not to be recoverable against future taxable profits



## Notes (continued)

### 2 Loss on ordinary activities before taxation

	2012 £'000	2011 £'000
Auditors remuneration		
Audit of these financial statements	12	13
Depreciation and impairment charges on tangible fixed assets	3,426	917
	<u>          </u>	<u>          </u>

### 3 Remuneration of directors

The Company did not pay any emoluments to the directors during the current year (2011 £nil)

### 4 Staff numbers and costs

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

	Number of employees 2012 No	2011 No
Administration	9	10
Operations	7	11
	<u>          </u>	<u>          </u>
	16	21
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows

	2012 £'000	2011 £ 000
Wages and salaries	702	586
Social security costs	40	43
Other pension costs	13	5
	<u>          </u>	<u>          </u>
	755	634
	<u>          </u>	<u>          </u>

## 5 Taxation

There is no charge to corporation tax for the year (2011 £nil)

*Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £'000	2011 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(5,320)	(2,536)
Current tax credit at 24.5% (2011 26.5%)	(1,303)	(672)
<i>Effects of</i>		
Tax losses not utilised	1,303	672
Total current tax charge	-	-

A deferred tax asset at 31 December 2012 of £3,706,000 (2011 £2,698,000) has not been recognised as the directors do not currently consider it more likely than not to be recovered against future taxable profits. Unutilised tax losses at the balance sheet date amount to £16,115,000 (2011 £10,793,000).

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's unrecognised deferred tax asset accordingly.

## Notes (continued)

### 6 Fixed Assets

	Fixtures and fittings	Plant and equipment	Total
<i>Cost</i>	£'000	£'000	£'000
At beginning of period	8,950	73	9,023
Additions	72	4	76
At end of period	9,022	77	9,099
<i>Depreciation</i>			
At beginning of period	4,962	28	4,990
Depreciation expense	908	18	926
Impairment in asset value	2,500	-	2,500
At end of period	8,370	46	8,416
<i>Net book value</i>			
At 31 December 2012	652	31	683
At 31 December 2011	3,988	45	4,033

Whilst the BME is a critical success, it has taken longer to build up visitor levels than originally envisaged, and this is considered to be an indicator of impairment. The Group estimated value-in-use through creation of discounted cash flow models, based on future trading performances expected by management, using a discount rate of 7.5% and annual revenue growth of 2.5-10%. The cash flow models were projected over 4 years and as a result, an impairment of £2,500,000 has been made.

### 7 Stock

	2012	2011
	£'000	£'000
Merchandise	114	107
Ticket stock	15	15
	129	122

### 8 Debtors amounts falling due within one year

	2012	2011
	£'000	£'000
Trade debtors	77	97
Amounts due from related parties (note 12)	71	92
Prepayments and accrued income	293	541
	441	730

## Notes (continued)

### 9 Creditors amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	7	557
Amounts owed to related parties (note 12)	16,939	13,892
Other creditors	59	1,134
Accruals and deferred income	650	736
	<u>17,655</u>	<u>16,319</u>

### 10 Called up share capital

	2012	2011
	£	£
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

### 11 Reconciliation of movement in shareholders' funds

	2012	2011
	£'000	£'000
Opening shareholders' deficit	(10,794)	(8,259)
Loss for the period	(5,320)	(2,535)
Closing shareholders' deficit	<u>(16,115)</u>	<u>(10,794)</u>

## Notes (continued)

### 12 Related party disclosures

At the year end, the Company held the following material balances with related parties

	2012 £'000	2011 £'000
<b>Due from related parties</b>		
The British Music Experience	5	87
AnSCO Arena Limited	59	(25)
<b>Owed to related parties</b>		
Anschutz Entertainment Group Inc	3,047	1,427
Anschutz Sports Holdings Limited	13,530	12,115
AnSCO Exhibitions Limited	-	323
AEG Live (UK) Limited	360	1

As stated in Financial Reporting Standard 8 'Related party transactions' (FRS8) "Two or more parties are Related Parties if at any time when during the financial period one party has influence over the financial and operating policies of the other party"

Whilst the British Music Experience was developed and constructed with the managerial and financial assistance of the Anschutz Entertainment Group Inc (AEG), through its subsidiary in the UK, Anschutz Sports Holdings Limited (ASH), thereby giving rise to a related party relationship for accounting purposes, we would highlight that all arrangements between the Company and the AEG Group have been entered into on an arm's length basis. By virtue of its unique expertise the Company has appointed ASH as third party manager of the day to day operations of the Exhibition. Under that agreement ASH may, at its discretion, provide financial support to enable the Company to advance its charitable objects and meet its day to day expenses. As stated in note 1 AEG has agreed that for at least 12 months from the date of approval of these financial statements, it will provide financial support to enable the Company to meet its current and future obligations. For these reasons AEG and its subsidiary companies are disclosed as related parties.

Anschutz Sports Holdings Limited, AnSCO Arena Limited, AnSCO Exhibitions Limited and AEG Live (UK) Limited are wholly owned subsidiaries of Anschutz Entertainment Group Inc.

During the year, the Company took part in the following transactions with related parties

As at 31 December 2012 and 2011 Anschutz Sports Holdings Limited had incurred costs of £11,459,000 in respect of preopening expenses, including the cost of building the exhibition. During the year operational costs of £1,415,000 (2011 £656,000) were incurred by Anschutz Sports Holdings Limited on behalf of the Company and subsequently recharged.

During the year the Company was charged £100,000 (2011 £100,000) in consulting fees by Harvey Goldsmith, a trustee of the parent company of TME Limited.

During the year the company paid salary, national insurance and pension contributions totalling £64,000 (2011 £55,000) to a trustee, Paul Lilley, for work performed in the operations of the British Music Experience.

### 13 Ultimate parent undertaking

The ultimate and immediate parent undertaking is The British Music Experience, which is the smallest and largest group to consolidate these financial statements.

Copies of The British Music Experience consolidated financial statements may be obtained from Companies House.