

In support of Section 479C - audit exemption of
a sub for company number 3839574.

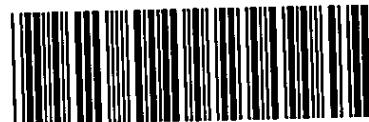
Company Registration No. 08159409

Really Useful Group Investments Limited

Report and Financial Statements

30 June 2013

TUESDAY



L34FA89K

LD2

25/03/2014

#76

COMPANIES HOUSE

Really Useful Group Investments Limited

Report and financial statements 2013

| Contents | Page |
|---|-------------|
| Officers and professional advisers | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities | 5 |
| Independent auditor's report | 6 |
| Consolidated profit and loss account | 7 |
| Consolidated statement of total recognised gains and losses | 8 |
| Consolidated balance sheet | 9 |
| Company balance sheet | 10 |
| Consolidated cash flow statement | 11 |
| Notes to the consolidated cash flow statement | 12 |
| Notes to the financial statements | 14 |

Really Useful Group Investments Limited

Report and financial statements 2013

Officers and professional advisers

Directors

The Lord Lloyd Webber
The Lady Lloyd Webber
I K Chester
J P C Hull
M G Wordsworth
B W Wragg

Secretary

P H Chhaya

Registered office

17 Slingsby Place
London
WC2E 9AB

Bankers

Bank of Scotland plc
38 Threadneedle Street
London
EC2P 2EH

Auditor

Deloitte LLP
Chartered Accountants
London

Really Useful Group Investments Limited

Directors' report

The directors present their annual report on the affairs of Really Useful Group Investments Limited and its subsidiaries, together with the audited group financial statements and auditor's report. Comparative information is provided for the year ended 30 June 2012.

Really Useful Group Investments Limited was incorporated on 27 July 2012 as part of a group reconstruction. During this process the group demerged its interests in the ownership and management of theatres and related activities, leaving the remaining group entities now solely concerned with development and exploitation of copyrights and other rights in musical and dramatic works.

FRS 6 merger accounting rules have been applied as the basis of consolidation as the directors believe this allows a true and fair view of the group.

Business review and principal activities

The company and group are wholly-owned by The Lord Lloyd Webber. The company's principal activity is that of a holding company. The group's principal activities include the development and exploitation of the copyrights and other rights which it owns in musical and dramatic works. It markets these rights internationally through productions, recordings, music publishing, merchandising, television, video and films.

As shown in the consolidated profit and loss account set out on page 7, group operating profit has decreased 86% on the prior year. This decrease is predominantly due to the transfer of the theatre operations as part of the group reconstruction on 27 July 2012 with Really Useful Group Investment Limited only owning and accounting for the copyright part of the business going forward. Group turnover decreased by 71% which is also due to the group reconstruction. Excluding the impact of the theatre operations in the prior year, the copyrights business (continuing business) has had a 8.8% increase in turnover on the prior year.

The consolidated balance sheet on page 9 of the financial statements shows that the group's net asset position has decreased £58 million from the prior year due to the group reconstruction on 27 July 2012 which has resulted in the net assets of the theatre operations at the time being transferred out of the Really Useful Group Investment Limited as a dividend in specie. There was also a distribution made following the demerger of £16.2 million in settlement of a debt owed from a former group company.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next financial year.

Principal risks and uncertainties

The group holds various copyrights and other rights to musical and dramatic works. There is a risk that the popularity of these copyrights and other rights may diminish over time and that the group may not be able to exploit them in the same manner as previous years. This risk is considered when the group is planning the performance timings of various productions and the locations around the world in which the productions will play. The group's experience of staging productions is used to ensure that rights are exploited across territories in the best way so as to introduce new audiences to productions and to ensure longevity of the rights held.

As well as this, the group is active in acquiring new rights to various productions which it can exploit into the future.

The group, along with various related parties, formed a banking group. This banking group was involved in a refinance during the year. The banking group was financed through a third party lender, Bank of Scotland, up until the refinance in February 2013. A group company held an interest rate swap that reduced the borrowing group's interest rate exposure. As part of the refinance, this interest rate swap was closed out early. The cost of the closure of the interest rate swap is shown in the interest payable and other charges note. After the refinance, the Really Useful Group Investments Limited group is external debt free.

Really Useful Group Investments Limited

Directors' report (continued)

Principal risks and uncertainties (continued)

The group operates in a number of countries around the world and is therefore exposed to movements in currency exchange rates. The directors consider that the level of trading in overseas currencies does not warrant taking out hedges to manage any fluctuations in exchange rates. However, the group's treasury function manages the risk by disposing of foreign currency balances on a regular basis.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the main group operating company The Really Useful Group Limited, has in place an overdraft facility in order to meet day-to-day working capital requirements.

Dividends

The directors do not recommend the payment of a dividend (2012: £nil).

Directors

The directors who served throughout the year and at the date of this report, except as noted, were as follows:

| | |
|-----------------------|--|
| The Lord Lloyd Webber | (appointed 20 February 2013) |
| The Lady Lloyd Webber | (appointed 1 March 2013) |
| B D Chakraborty | (appointed 27 July 2012 and resigned 1 March 2013) |
| I K Chester | (appointed 1 March 2013) |
| J P C Hull | (appointed 29 October 2012) |
| M G Wordsworth | (appointed 27 July 2012) |
| B W Wragg | (appointed 29 October 2012) |

Going concern

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Further, the ultimate shareholder continues to support the company and group. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found within the principal accounting policies in the Notes to the financial statements.

Environment

The group recognises the importance of its environmental responsibilities and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies and initiatives designed to minimise the company's impact on the environment. These policies include recycling and reduction of energy consumption.

Employee involvement

Details of the number of employees and related costs can be found in note 7 to the financial statements.

The group aims to secure good relations between management and all employees to promote a better understanding of the issues influencing the group's business, to improve productivity, to enhance the quality of working life and to gain the commitment of all concerned with the group's business objectives. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities, in common with all employees of the group.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular newsletters and circulars. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

Charitable and political donations

During the year the group made charitable donations of £69,276 to various charities (2012: £81,149).

Really Useful Group Investments Limited

Directors' report (continued)

Auditor


Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by


B W Wragg
Director
21 March 2014
17 Slingsby Place
London
WC2E 9AB

Really Useful Group Investments Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting 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 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.

Independent auditor's report to the members of Really Useful Group Investments Limited

We have audited the financial statements of Really Useful Group Investments Limited for the year ended 30 June 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and parent company balance sheets, the consolidated cash flow statement, the notes to the consolidated cash flow statement and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

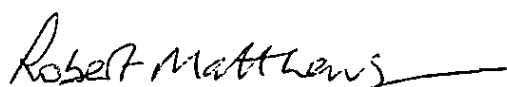
Opinion on other matters prescribed by the Companies Act 2006

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Robert Matthews (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 March 2014

Really Useful Group Investments Limited

Consolidated profit and loss account Year ended 30 June 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|---|-------|---------------|---------------|
| Turnover | | | |
| Continuing operations | | 53 568 | 33,813 |
| Discontinued operations | | 8,696 | 127,676 |
| | | <hr/> | <hr/> |
| Group and share of joint venture | | 62,264 | 161,489 |
| Less share of joint venture | | (17,375) | (8,044) |
| | | <hr/> | <hr/> |
| Group turnover | 2 | 44 889 | 153,445 |
| Cost of sales | | (34,398) | (128,631) |
| | | <hr/> | <hr/> |
| Gross profit | | 10,491 | 24,814 |
| Administrative expenses including exceptional items | 3, 4 | (12,043) | (9,507) |
| Group operating (loss)/profit | 5 | | |
| Continuing operations | | (2,301) | 2,405 |
| Discontinued operations | | 749 | 12,902 |
| | | <hr/> | <hr/> |
| | | (1,552) | 15,307 |
| Share of joint venture operating profit | | | |
| Continued operations | | 3,709 | - |
| Discontinued operations | | - | 574 |
| | | <hr/> | <hr/> |
| Total operating profit | | 2,157 | 15,881 |
| Interest receivable and similar income | | | |
| Group | 8 | 247 | 267 |
| Joint venture | | 1 | 5 |
| Interest payable and similar charges | | | |
| Group | 9 | (5,745) | (7 096) |
| Joint venture | | (179) | - |
| (Loss)/Profit on disposal of tangible fixed assets | | (141) | 2 |
| | | <hr/> | <hr/> |
| (Loss)/Profit on ordinary activities before taxation | | (3,660) | 9,059 |
| Tax (charge)/credit on loss/profit on ordinary activities | 10 | | |
| Group | | (644) | 1,840 |
| Joint venture | | - | (153) |
| | | <hr/> | <hr/> |
| Retained (loss)/profit for the financial year | 25 | (4,304) | 10,746 |
| | | <hr/> | <hr/> |

All activities relate to continuing operations

The accompanying notes form an integral part of this profit and loss account

Really Useful Group Investments Limited

Consolidated statement of total recognised gains and losses Year ended 30 June 2013

| | 2013 £'000 | 2012 £'000 |
|--|----------------|---------------|
| Retained (loss)/profit for the financial year | (4,304) | 10,746 |
| Actuarial (loss) relating to pension scheme | - | (5,652) |
| Revaluation charge on fixed assets | - | (4,271) |
| Foreign exchange translation differences on foreign currency net investment in subsidiaries | 49 | 77 |
| Total recognised gains and losses relating to the year | <u>(4,255)</u> | <u>900</u> |

Really Useful Group Investments Limited


Consolidated balance sheet 30 June 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|--|-------|-----------------|-----------------|
| Fixed assets | | | |
| Intangible fixed assets | 11 | 942 | 3,323 |
| Tangible fixed assets | 12 | 2,022 | 144,148 |
| Investment in joint venture | | | |
| Share of gross assets | 13(a) | 2,732 | 3,557 |
| Share of gross liabilities | 13(a) | (1,287) | (930) |
| | | <u>1,445</u> | <u>2,627</u> |
| Investments | | - | 501 |
| | | <u>4,409</u> | <u>150,599</u> |
| Current assets | | | |
| Stocks | 14 | 1,437 | 1,728 |
| Debtors amounts falling due within one year | 15 | 7,322 | 17,533 |
| Cash at bank and in hand | 16 | 12,787 | 9,867 |
| | | <u>21,546</u> | <u>29,128</u> |
| Creditors: amounts falling due within one year | 17 | <u>(23,434)</u> | <u>(36,576)</u> |
| Net liabilities | | <u>(1,888)</u> | <u>(7,448)</u> |
| Total assets less current liabilities | | 2,521 | 143,151 |
| Creditors: amounts falling due after more than one year | 18 | - | (74,022) |
| Provisions for liabilities | | | |
| Pension deficit | 22 | - | (10,100) |
| Onerous lease provision | 22 | (2,460) | - |
| | | <u>61</u> | <u>59,029</u> |
| Net assets | | <u>61</u> | <u>59,029</u> |
| Capital and reserves | | | |
| Called up share capital | 24 | - | - |
| Merger reserve | 25 | - | 19,037 |
| Revaluation reserve | 26 | - | 21 159 |
| Pension reserve | 27 | - | (12,288) |
| Profit and loss account | 28 | 61 | 31,121 |
| | | <u>61</u> | <u>59,029</u> |
| Shareholders' funds | | <u>61</u> | <u>59,029</u> |

The accompanying notes form an integral part of this balance sheet

The financial statements of Really Useful Group Investments Limited registered number 08159409, were approved by the Board of Directors and authorised for issue on 21 March 2014

They were signed on its behalf by


I K Chester
Director

Really Useful Group Investments Limited

Company balance sheet 30 June 2013

| | Notes | 2013 £ |
|-----------------------------|-------|-----------------------|
| Fixed assets | | |
| Investments | 13(b) | <u>443,550</u> |
| Current assets | | |
| Debtors | 15 | <u>1</u> |
| Net assets | | <u><u>443,551</u></u> |
| Capital and reserves | | |
| Called up share capital | 24 | 2 |
| Merger reserve | 25 | <u>443,549</u> |
| Shareholders' funds | | <u><u>443,551</u></u> |

The accompanying notes form an integral part of this balance sheet

The financial statements of Really Useful Group Investments Limited, registered number 08159409, were approved by the Board of Directors and authorised for issue on 21 March 2014

They were signed on its behalf by



I K Chester
Director

Really Useful Group Investments Limited

Consolidated cash flow statement Year ended 30 June 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|---|-------|---------------|-----------------|
| Net cash inflow from operating activities | (a) | 11,209 | 10,862 |
| Dividends received from joint venture and associate | | - | 225 |
| Returns on investments and servicing of finance | (b) | (5,101) | (6,070) |
| Corporation tax paid | | (493) | (66) |
| Capital expenditure and financial investment | (b) | (319) | (2,246) |
| Disposals | | - | 18,199 |
| Cash outflow on group demerger | | (2,376) | - |
| Cash inflow before financing | | 2,920 | 20,904 |
| Financing | | - | (20,000) |
| Increase in cash in the year | | 2,920 | 904 |
| Cash at beginning of year | | 9,867 | 8,963 |
| Cash at end of year | | 12,787 | 9,867 |
| Reconciliation of net cash flow to movement in net funds/(deficit) | | | |
| Increase in cash in the year | (c) | 2,920 | 904 |
| Cash outflow from net repayment of bank loans and finance leases | (c) | - | 20,000 |
| Other non-cash movement | (c) | 69,996 | (479) |
| Change in net funds resulting from cash flows | (c) | 72,916 | 20,425 |
| Net funds at start of year | (c) | (63,684) | (84,109) |
| Net funds/(deficit) at end of year | (c) | 9,232 | (63,684) |

Really Useful Group Investments Limited

Notes to the consolidated cash flow statement Year ended 30 June 2013

(a) Reconciliation of operating profit to operating cash flows

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Group operating profit | (1,552) | 15,307 |
| Depreciation | 909 | 861 |
| Amortisation | - | (35) |
| Write-down of intangible assets | 746 | 323 |
| Exchange adjustment | 49 | 78 |
| Profit of sale of tangible fixed assets | 3 | - |
| Gross profit on the sale of Palace Theatre London Limited | - | (1,618) |
| Decrease/(increase) in stocks | 100 | (353) |
| Decrease in debtors | 2,770 | 2,840 |
| Increase/(decrease) in creditors | 5,588 | (6,541) |
| Increase in provisions | 2,460 | - |
| Adjustment in pension funding | 136 | - |
| Net cash inflow from operating activities | 11,209 | 10,862 |

(b) Analysis of cash flows for headings netted in the cash flow statement

| | 2013 £'000 | 2012 £'000 |
|---|----------------|-----------------|
| Returns on investments and servicing of finance | | |
| Interest received | 30 | 49 |
| Interest paid | (5,127) | (6,115) |
| Interest element of finance lease rentals | (4) | (4) |
| Net cash outflow for returns on investments and servicing of finance | (5,101) | (6,070) |
| Capital expenditure and financial investment | | |
| Purchases of tangible fixed assets | (2,048) | (786) |
| Sales of tangible fixed assets | 95 | - |
| Purchase of investments in theatre productions | (607) | (3,838) |
| Recoupment of investments in theatre productions | 2,241 | 2,378 |
| Net cash outflow for capital expenditure and financial investment | (319) | (2,246) |
| Repayment of bank borrowings | - | (20,000) |
| Issue costs of new bank debt | - | - |
| Net cash outflow for capital expenditure and financial investment | - | (20,000) |

Really Useful Group Investments Limited

Notes to the consolidated cash flow statement Year ended 30 June 2013

(c) Analysis of net funds

| | Notes | At 30 June 2012 £'000 | Cash flow £'000 | Other non-cash changes £'000 | At 30 June 2013 £'000 |
|-------------------------------|--------|-----------------------------|-----------------------|---------------------------------------|-----------------------------|
| Cash at bank and in hand | | 9,867 | 2,920 | - | 12,787 |
| Total cash | | <u>9,867</u> | <u>2,920</u> | <u>-</u> | <u>12,787</u> |
| Bank loans due after one year | | (69,996) | - | 69,996 | - |
| Finance leases | 17, 18 | (3,555) | - | - | (3,555) |
| Total debt | | <u>(73,551)</u> | <u>-</u> | <u>-</u> | <u>(3,555)</u> |
| Net funds | | <u>(63,684)</u> | <u>2,920</u> | <u>69,996</u> | <u>9,232</u> |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

1. Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of presentation

The directors present their annual report on the affairs of Really Useful Group Investments Limited and its subsidiaries, together with the audited group financial statements and auditor's report. Comparative information is provided for the year ended 30 June 2012 based on the merger accounting rules in accordance with FRS 6.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries to 30 June each year together with its share of results of any joint ventures. In accordance with FRS9 *Associates and joint ventures*, where joint control of a production exists, gross equity accounting has been applied and where the group has significant influence, net equity accounting has been applied. FRS 6 merger accounting rules have been applied as described on page 2 in the Directors' Report for the basis of the consolidation.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 2. The Directors' Report on pages 2 to 4 describes the financial position of the group, its cash flows, liquidity position and borrowing facilities, the group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

The main operating company within the group has in place an overdraft facility in order to meet its day-to-day working capital requirements.

The group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group should be able to operate within the terms and level of the current facility.

The group, along with its related party entities, was part of a banking group which had a borrowing and overdraft facility with Bank of Scotland that was due for repayment in September 2013. However, these facilities were refinanced in February 2013. The group held an interest rate swap that hedged a significant portion of the banking group's debt. This swap was closed out early as part of the refinance. Post refinance, the Really Useful Group Investments Limited group is external debt free.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Intangible fixed assets

Copyrights

Expenditure incurred in relation to the establishment or acquisition of copyrights is recorded at cost. The group does not amortise copyrights held as intangible fixed assets. Non-amortisation of intangible fixed assets represents a departure from the Companies Act 2006. The directors believe that this treatment ensures that the financial statements show a true and fair view. An impairment will be recognised to the extent that the net present value of the expected income generated by the asset is less than the book value. Management carry out an impairment review annually and any impairment would be disclosed through the profit and loss account in the year in which it was identified.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

1. Principal accounting policies (continued)

Intangible fixed assets

Theatre and film productions

These principally represent the group's contribution as an investor in various theatre productions and films worldwide where the group does not control the productions

These intangibles give the right to profits of each production as funds become available. When the investment has been repaid in full, the right to participate in profits continues throughout the life of each production

Investments in theatre productions and films are not amortised but stated at cost less any provision for impairment and less any amounts recouped. In the opinion of the directors, adequate provision has been made

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows

| | |
|----------------------|---------------------------------|
| Leasehold properties | over unexpired term of lease |
| Plant and equipment | |
| Plant and equipment | 3 – 10 years |
| Motor vehicles | 4 years |
| Theatre sets | over the life in use of the set |

The profit and loss on disposal of tangible fixed assets is calculated using the book value of the assets, with any revaluation surplus or deficit being transferred directly from the revaluation reserve to the profit and loss reserve

Fixed asset investments

Investments held as fixed assets are stated in the balance sheet at cost or market value. Where the market value of the investment is less than cost and this is considered to represent an impairment in value, full provision for the unrealised loss is charged against the profit and loss account

Stocks and work-in-progress

Stocks of finished goods and project work-in-progress are stated at the lower of cost and net realisable value

Project work-in-progress is fully provided at the point where the project cannot be foreseen to commercial completion or where any loss is anticipated

Advances

Royalty advances received are treated as deferred income and taken to revenue as the royalties are earned. In the case of non-returnable advances, any remaining balance when no further earnings are expected is taken to revenue

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

1 Principal accounting policies (continued)

Deferred taxation

Deferred tax is accounted for in accordance with FRS 19 *Deferred Tax*. Deferred tax is provided for in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises the amounts receivable, exclusive of Value Added Tax, for goods and services and for royalties from theatre, video and film productions, records, publishing, stock and amateur licensing and merchandising. Certain royalty revenues from record, music publishing, stock and amateur and merchandising licences are recognised once they can be reliably determined, usually once a royalty statement has been received from a third party. This is consistent with industry practice. All other revenues are recognised on a right to consideration basis, in accordance with FRS 5 *Reporting the substance of transactions* and excludes sales between group companies.

Interest

Interest receivable represents bank interest received on surplus trading cash balances and bank interest received on sale and leaseback cash deposits held.

Interest payable represents the interest payable during the year on bank loans, swap interest paid and accrued, on swap break costs paid, on overdrafts and sale and leaseback arrangements.

Pensions

Retirement benefits to employees in the group are provided by group defined contribution and personal pension schemes. The schemes are funded by contributions from group companies and employees. The group's contributions are charged against the profits of the year in which they become payable.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All translation differences are dealt with in the profit and loss account.

The results of overseas operations are translated at the closing rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to profit and loss account in equal annual amounts over the lease term.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

1 Principal accounting policies (continued)

Issue costs

The transaction costs relating to the banking group's facility with Bank of Scotland were capitalised and offset against the related creditor. These costs were amortised over the expected life of the bank loans. As part of a group refinance in February 2013 the group's bank loans were repaid. Any outstanding capitalised transaction costs were written off at this time.

Financial instruments

The group held an interest rate swap for part of the year to manage its exposure to interest rate fluctuations on floating rate bank loans held by related party entities within the banking group. This swap was closed out during the year as part of a group refinance.

The group does not issue or hold derivative financial instruments for speculative purposes.

Initial expenses in relation to raising the bank loans are recorded as an asset on the balance sheet. These costs are amortised on a straight-line basis over the life of the instruments. Any costs outstanding at the time of the group refinance, whereby the loans provided by Bank of Scotland were repaid, were written off to the profit and loss account.

2. Group turnover

An analysis of the group's turnover is shown by class of business below

| | 2013 £'000 | | 2012 £'000 | |
|---|---------------|--------------|---------------|----------------|
| | Continuing | Discontinued | Continuing | Discontinued |
| Theatre operations | - | 8,115 | 1,283 | 119,632 |
| Theatre productions | - | - | - | - |
| - Licence revenue | 24,390 | - | 21,698 | - |
| - Co-productions (non controlling interest) | 747 | - | 717 | - |
| | <u>25,137</u> | <u>8,115</u> | <u>23,698</u> | <u>119,632</u> |
| Stock and amateur and music publishing | 7,160 | - | 7,748 | - |
| Merchandising | 1,490 | - | 1,703 | - |
| Film production | 2,987 | - | 664 | - |
| | <u>36,774</u> | <u>8,115</u> | <u>33,813</u> | <u>119,632</u> |

An analysis of the group's turnover is shown by geographical origin below

| | 2013 £'000 | | 2012 £'000 | |
|-------------------------------|---------------|--------------|---------------|----------------|
| | Continuing | Discontinued | Continuing | Discontinued |
| Australia and South East Asia | 9,384 | - | 5,507 | - |
| USA and Canada | 8,029 | - | 7,013 | - |
| Europe | 7,956 | - | 7,195 | - |
| Japan | 6,166 | - | 6,166 | - |
| United Kingdom | 5,239 | 8,115 | 7,932 | 119,632 |
| | <u>36,774</u> | <u>8,115</u> | <u>33,813</u> | <u>119,632</u> |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

3. Cost of sales, gross profit and other operating expenses (net)

| | | 2013 | | | 2012 | | |
|-------------------------------|------|-----------------------------------|-------------------------------------|----------------|-----------------------------------|-------------------------------------|----------------|
| | Note | Continuing Operations £'000 | Discontinued Operations £'000 | Total £'000 | Continuing Operations £'000 | Discontinued Operations £'000 | Total £'000 |
| Cost of sales | | 27,358 | 7,040 | 34,398 | 22,418 | 106,213 | 128,631 |
| Gross profit | | 9,416 | 1,075 | 10,491 | 11,395 | 13,419 | 24,814 |
| Administrative expenses | | 8,922 | 326 | 9,248 | 8,973 | 426 | 9,399 |
| Exceptional items | 4 | 2,795 | - | 2,795 | 17 | 91 | 108 |
| Administrative expenses (net) | | 11,717 | 326 | 12,043 | 8,990 | 517 | 9,507 |

The discontinued operations for 2013 and the comparative year include the demerged interests of the Group in the ownership and management of theatres and related activities

4 Exceptional items within administration expenses

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Provision charge for onerous lease (note 22) | 2,460 | - |
| Impairment charge on theatre copyrights (note 11) | 335 | - |
| Internal group restructuring costs | - | 653 |
| Profit on sale of investments in the year | - | (330) |
| Net profit on disposal of Palace Theatre London Limited | - | (215) |
| | <u>2,795</u> | <u>108</u> |

As part of the annual impairment review of the theatre copyrights held, an impairment charge was raised against the value of the investments held. This charge was based on forecasts for the group which indicated that there would not be sufficient income earned to match the valuation. In the prior year, internal group restructuring costs included costs related to a group demerger. Also, an investment in an associate was sold during the prior year. This investment had been written off to nil in a prior year.

5 Group operating (loss)/ profit

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Operating (loss)/ profit is stated after charging/(crediting) | | |
| Depreciation of tangible fixed assets | 908 | 861 |
| Intangible asset impairment | 746 | 288 |
| Intangible asset amortisation written back | - | (35) |
| Operating lease rentals | 1,296 | 1,254 |
| Foreign exchange loss | 103 | 51 |
| | <u>2,053</u> | <u>2,419</u> |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

5. Group operating profit (continued)

The analysis of auditor s remuneration is as follows

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Fees payable to the company's auditor for the audit of the company's annual accounts | 3 | 3 |
| Fees payable to the company's auditor and their associates for other services to the group | | |
| - The audit of the company's subsidiaries | 126 | 262 |
| Total audit fees | 129 | 265 |
| - Tax services | 45 | 305 |
| - Advisory | 54 | 6 |
| - Corporate finance services | - | - |
| Total non-audit fees | 99 | 311 |

6. Directors' emoluments

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Emoluments | 1,428 | 1,500 |
| Sums paid to third parties in respect of directors' services | 297 | 952 |
| Company pension contributions | 85 | 40 |
| | 1,810 | 2,492 |
| | No. | No. |
| Members of personal pension schemes | 1 | 1 |
| Members of money purchase scheme | 2 | 2 |

The amounts in respect of the highest paid director are as follows

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Emoluments | 588 | 43 |
| Sums paid to third parties in respect of directors' services | - | 952 |
| Company contributions paid to personal pension scheme | 34 | - |
| | 622 | 995 |

In addition, the highest paid director is part of a long term incentive plan, the terms of which are not yet finalised at the date of signing these accounts. The payments of this plan are subject to completion of five years' continuous service.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

7 Staff costs

| | 2013 £'000 | 2012 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 3,613 | 17,009 |
| Social security costs | 358 | 1,433 |
| Other pension costs | 240 | 2,232 |
| | <u>4,211</u> | <u>20,674</u> |

The average monthly number of persons employed by the group (including directors) during the year was made up as follows

| | No | No |
|----------------------------------|-----------|------------|
| Theatre ownership and management | - | 458 |
| Theatre productions | 15 | 15 |
| Office and management | 30 | 37 |
| | <u>45</u> | <u>510</u> |

There were no employees of the company in either year

8 Interest receivable and similar income

| | 2013 £'000 | 2012 £'000 |
|------------------------|---------------|---------------|
| Bank interest | 27 | 49 |
| Finance lease interest | 219 | 218 |
| Other interest | 1 | - |
| | <u>247</u> | <u>267</u> |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

9 Interest payable and similar charges

| | 2013 £'000 | 2012 £'000 |
|---------------------------------|---------------|---------------|
| Bank interest | 2,114 | 6,025 |
| Swap break costs | 2,658 | - |
| Finance lease interest | 222 | 222 |
| Amortisation of borrowing costs | 588 | 471 |
| Other interest | 163 | 78 |
| Other finance charges | - | 300 |
| | <u>5,745</u> | <u>7,096</u> |

At the start of the year, the company had an interest rate swap contract with a principal amount of £85m (2012 £85m). Interest was payable at a fixed interest rate of 5.09% (2012 5.09%). The interest rate swap settled against the appropriate prevailing LIBOR rate. The swap was due to mature on 30 September 2013.

As part of a banking group refinance in February 2013, this swap was closed out early, at a cost to the company of £2.7m. The remaining unamortised prepaid borrowing costs were also written off at this time. An accrued financing charge was written off in the current year after the banking facility was closed out as part of the group refinance.

10 Tax on (loss)/profit on ordinary activities

| (a) Tax on (loss)/profit on ordinary activities | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Current year corporation tax | (104) | (503) |
| Prior year adjustment to corporation tax | - | (4) |
| Group relief receivable – prior year adjustment | - | - |
| Consortium relief receivable | - | 74 |
| Consortium relief receivable – prior year adjustment | - | 3 |
| Current year overseas tax | (242) | (242) |
| Overseas tax – prior year adjustment | 21 | - |
| Double tax relief | 104 | - |
| Total current year charge | <u>(221)</u> | <u>(672)</u> |
| Deferred taxation | | |
| Deferred taxation (charge)/credit | (10) | 2,357 |
| Effect of change in tax rate | (34) | - |
| Prior year adjustment to deferred tax | (379) | 2 |
| Total deferred tax (charge)/credit | <u>(423)</u> | <u>2,359</u> |
| Total profit and loss account tax (charge)/credit | <u>(644)</u> | <u>1,687</u> |

The group's tax expense for the period is based on a blended rate of the UK statutory rates of corporation tax for the year of 23.75% (2012 25.5%) and reflects the reduction in the UK corporation tax rate from 24% to 23% from 1 April 2013.

The UK government has indicated that it intends to enact further reductions in the main corporation tax rate to 20% by 1 April 2015. The Directors estimate that the future tax rate changes would reduce further the UK deferred tax asset recognised but the actual impact will be dependent on the deferred tax position at that time.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

10. Tax on (loss)/profit on ordinary activities (continued)

(b) Factors affecting current tax (charge)/credit

The tax assessed on the profit (loss) on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 23.75% (2012: 25.5%). The differences are reconciled below:

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| (Loss)/profit on ordinary activities before taxation | (3,660) | 9,059 |
| UK corporation tax charge at 23.75% (2012: 25.5%) thereon | 869 | (2,310) |
| Effects of: | | |
| Expenses not deductible for tax purposes | (131) | (608) |
| Capital allowances in excess of depreciation | - | 165 |
| Depreciation in excess of capital allowances | (228) | - |
| Movement in other timing differences | 8 | (8) |
| Reversal of impairment of investments | - | (11) |
| Losses not utilised in the year | (951) | - |
| Utilisation of brought forward losses | 327 | 370 |
| Losses surrendered for no consideration | (107) | - |
| Income not subjected to corporation tax | - | 650 |
| Chargeable gain | - | (42) |
| Un-relievable foreign tax | (3) | (46) |
| Land remediation relief claimed | - | 10 |
| Pension timing difference | - | 1,159 |
| Overseas tax rate differences | (26) | - |
| Prior year adjustments | 21 | (1) |
| Total tax charge | (221) | (672) |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

11. Intangible fixed assets

| Group | Theatre and film productions £'000 | Copyrights £'000 | Total £'000 |
|------------------------|---------------------------------------|---------------------|----------------|
| Cost: | | | |
| At 1 July 2012 | 2,141 | 1,182 | 3,323 |
| Additions | 1,223 | - | 1,223 |
| Repayment | (2,858) | - | (2,858) |
| Amounts written off | (411) | - | (411) |
| At 30 June 2013 | 95 | 1,182 | 1,277 |
| Amortisation: | | | |
| At 1 July 2012 | - | - | - |
| Impairment | - | (335) | (335) |
| At 30 June 2013 | - | (335) | (335) |
| Net book value: | | | |
| At 30 June 2013 | 95 | 847 | 942 |
| At 30 June 2012 | 2,141 | 1,182 | 3,323 |

12. Tangible fixed assets

| Group | Leasehold properties £'000 | Plant and equipment £'000 | Theatre refurbish-ments £'000 | Theatre Sets £'000 | Total £'000 |
|---------------------------|-------------------------------|------------------------------|----------------------------------|-----------------------|----------------|
| Cost or valuation: | | | | | |
| At 1 July 2012 | 144,897 | 5,311 | 3,322 | 3,604 | 157,134 |
| Additions | 624 | 303 | - | 1,078 | 2,005 |
| Disposals | (144,897) | (4,970) | (3,322) | (78) | (153,267) |
| At 30 June 2013 | 624 | 644 | - | 4,604 | 5,872 |
| Depreciation: | | | | | |
| At 1 July 2012 | (5,348) | (4,551) | (155) | (2,932) | (12,986) |
| Charge for year | (65) | (242) | - | (601) | (908) |
| Disposals | 5,396 | 4,493 | 155 | - | 10,044 |
| At 30 June 2013 | (17) | (300) | - | (3,533) | 3,850 |
| Net book value: | | | | | |
| At 30 June 2013 | 607 | 344 | - | 1,071 | 2,022 |
| At 30 June 2012 | 139,549 | 760 | 3,167 | 672 | 144,148 |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

13. Investments in joint venture and subsidiaries

(a) Investment in joint venture

| | Group £'000 |
|--------------------------------|----------------|
| Share of net assets | |
| At 1 July 2012 | 2,511 |
| Disposal | (2,511) |
| Investment in joint venture | 1,445 |
| | <hr/> |
| At 30 June 2013 | 1,445 |
| | <hr/> |
| Goodwill | |
| At 1 July 2012 | 116 |
| Amortisation | (116) |
| | <hr/> |
| At 30 June 2013 | - |
| | <hr/> |
| Net book value at 30 June 2013 | 1,445 |
| | <hr/> |

(b) Investments in subsidiaries

| | Company £'000 |
|----------------------|------------------|
| Net book value. | |
| At 30 June 2012 | - |
| Group reconstruction | 444 |
| | <hr/> |
| At 30 June 2013 | 444 |
| | <hr/> |

As part of the group reconstruction the ownership of Really Useful Group Holdings Limited was transferred from Really Useful Theatres Group Limited and subsidiaries. A list of principal subsidiaries as at 30 June 2013 is given in note 34.

14. Stocks

| | 2013 £'000 | Group 2012 £'000 |
|--------------------------|---------------|------------------------|
| Project work-in-progress | 1,407 | 1,517 |
| Goods for resale | 30 | 211 |
| | <hr/> | <hr/> |
| | 1,437 | 1,728 |
| | <hr/> | <hr/> |

There is no material difference between cost and replacement value

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

15 Debtors

| | Group | |
|--|--------------|---------------|
| | 2013 | 2012 |
| | £'000 | £'000 |
| Trade debtors | 4,152 | 6,890 |
| Other debtors | 34 | 2,045 |
| Amortisation of borrowing costs | - | 471 |
| VAT | 351 | 669 |
| Deferred tax asset (note 23) | 762 | 2,357 |
| Consortium relief receivable by related party undertakings | - | 324 |
| Foreign tax | 105 | 55 |
| Prepayments and accrued income | 1,918 | 4,722 |
| | <u>7,322</u> | <u>17,533</u> |

| | Company | |
|---------------|----------|----------|
| | 2013 | 2012 |
| | £' | £' |
| Trade debtors | <u>1</u> | <u>-</u> |
| | <u>1</u> | <u>-</u> |

16. Cash at bank and in hand

The group has sold and leased back rights to a completed film project. A portion of the cash proceeds was required to be placed on deposit and used to provide a guarantee to the lessor to the value of the future lease repayments. As a result of this transaction £3,535,045 (2012 £3,538,935) of the cash balance is reserved solely to repay the lease liabilities as they fall due.

17 Creditors amounts falling due within one year

| | Group | |
|------------------------------------|---------------|---------------|
| | 2013 | 2012 |
| | £'000 | £'000 |
| Payments received on account | - | 12,233 |
| Trade creditors | 6,277 | 7,498 |
| Corporation tax | 3 | 138 |
| Other taxation and social security | 297 | 1,758 |
| Amounts due under finance leases | 3,555 | - |
| Other creditors | 77 | 144 |
| Accruals and deferred income | 13,225 | 14,805 |
| | <u>23,434</u> | <u>36,576</u> |

There are no creditors' amounts falling due within one year for the company.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

18 Creditors' amounts falling due after more than one year

| | Group | |
|--|----------|---------------|
| | 2013 | 2012 |
| | £'000 | £'000 |
| Bank loans and borrowing costs (note 19) | - | 70,467 |
| Amounts due under finance leases | - | 3,555 |
| | <u>-</u> | <u>74,022</u> |

There are no creditors' amounts falling due after more than one year for the company

19 Bank Loans

| | Group | |
|----------------------------|----------|---------------|
| | 2013 | 2012 |
| | £'000 | £'000 |
| Between one and two years | - | 70,467 |
| Between two and five years | - | - |
| After five years | - | - |
| | <u>-</u> | <u>70,467</u> |

The bank loan in the prior year related to the Really Useful Theatres Group Limited which has been demerged from the Really Useful Group Investments Limited as part of the group reconstruction on 27 July 2012. Really Useful Group Investments Limited is free of any external debt since the group reconstruction.

20. Maturity profile of financial liabilities

| Group | 2013 | | 2012 | |
|----------------------------|---------------------|----------------------------|---------------------|----------------------------|
| | Bank loans £'000 | Finance leases £'000 | Bank loans £'000 | Finance leases £'000 |
| Within one year | - | 3,555 | - | - |
| Between one and two years | - | - | 70,467 | 3,555 |
| Between two and five years | - | - | - | - |
| After 5 years | - | - | - | - |
| | <u>-</u> | <u>3,555</u> | <u>70,467</u> | <u>3,555</u> |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

21 Fair values of financial assets and liabilities

At 30 June 2013 the group had closed out interest rate swap contract with a principal amount of £85m (2012 £85m) At the start of the year, the company had an interest rate swap contract with a principal amount of £85m (2012 £85m) Interest was payable at a fixed interest rate of 5.09% (2012 5.09%) The interest rate swap settled against the appropriate prevailing LIBOR rate The swap was due to mature on 30 September 2013

As part of a banking group refinance in February 2013, this swap was closed out early, at a cost to the company of £2.7m The remaining unamortised prepaid borrowing costs were also written off at this time An accrued financing charge was written off in the current year after the banking facility was closed out as part of the group refinance

22. Provisions for liabilities

| Group | Note | Defined benefit pension liability £'000 | Onerous lease provision £'000 |
|--|------|--|----------------------------------|
| At 1 July 2012 | | 10,100 | - |
| Charged to the profit and loss account | (4) | - | 2,460 |
| Disposal | | (10,100) | - |
| At 30 June 2013 | | - | 2,460 |

The prior year pension liability related to the defined benefit scheme operated within the Really Useful Theatres Group Limited and the Really Useful Theatres Limited Both the companies were demerged from the Really Useful Group Investments Limited group as part of the group reconstruction on 27 July 2012 The Really Useful Group Investments Limited group has no future pension liability in relation to the defined benefit scheme

The group has a lease over a property that is now surplus to the requirements of the group The group has vacated this property The lease has 33 months to run with an associated expense of £864,000 per year As the property has been vacated, and the group has been unable to sublease the property, a provision for the expenditure required to settle the outstanding lease liability has been recognised

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

23 Deferred taxation

A deferred tax asset has been recognised in debtors as it is regarded as more likely than not that the asset will be recovered

| | 2013 £'000 | 2012 £'000 |
|----------------------------------|---------------|---------------|
| At 1 July 2012 | 2,357 | - |
| Disposal | (1,172) | |
| (Charge)/credit to tax (note 10) | (423) | 2,357 |
| At 30 June 2013 | <u>762</u> | <u>2,357</u> |

The directors are of the opinion that based on recent and forecast trading, it is more likely than not that the level of profits in future years will be sufficient to enable the deferred tax asset to be recovered. An analysis of the deferred tax balance is shown below

Deferred tax is recognised at a rate of 23% (2012 24%), being the headline rate of corporation tax substantially enacted at the balance sheet date. The UK government has indicated that it intends to enact future reductions in the main corporation tax rate to 20% by 1 April 2015. The directors' estimate that the future rate changes would reduce further the UK deferred tax asset recognised but the actual impact will be dependent on the deferred tax position at that time.

An analysis of the deferred tax asset account is shown below

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Capital allowances in excess of depreciation | 731 | 1,791 |
| Losses | - | 541 |
| Short-term timing differences | 31 | 25 |
| | <u>762</u> | <u>2,357</u> |

Deferred tax assets as detailed below have not been recognised, as the directors of the companies in which they arise do not anticipate that these assets will crystallise within the foreseeable future. The estimated values of the assets not recognised, measured at the standard rate of 23% (2012 24%), are

| | 2013 £'000 | 2012 £'000 |
|--|---------------|-----------------|
| Losses | 2,425 | 4,458 |
| Pension deficit | - | 2,424 |
| Overseas tax losses | 517 | 761 |
| Revaluation of property disposal not foreseeable | - | (22,714) |
| Closing balance deferred tax asset | <u>2,942</u> | <u>(15,071)</u> |

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

24. Called up share capital

| | Group | | Company | |
|-------------------------------------|-------|------|---------|------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Allotted, called up and fully paid: | | | | |
| 2 ordinary shares of £1 each | 2 | 2 | 2 | - |

25 Merger reserve

| | Note | Group | | Company | |
|--|------|----------|--------|---------|-------|
| | | 2013 | 2012 | 2013 | 2012 |
| | | £'000 | £'000 | £'000 | £'000 |
| At 1 July 2012 | | 19,037 | 19,037 | - | - |
| Merger reserve on group reconstruction | | - | - | 444 | - |
| Transferred to profit and loss account | 28 | (19,037) | - | - | - |
| At end of year | | - | 19,037 | 444 | - |

£19,037,000 from the prior year related to the Really Useful Theatres Group Limited and its subsidiaries (demerged 27 July 2012), and has therefore been transferred to the profit and loss account

26 Revaluation reserve

| | Note | Group | |
|---|------|-------|--------|
| | | 2013 | 2012 |
| | | £'000 | £'000 |
| £21,159,000 of the reserve disclosed in the prior year related to the Really Useful Theatres Group Limited and its subsidiaries (demerged on 27 July 2012), and has therefore been transferred to the profit and loss account reserve | 28 | - | 21,159 |

27. Pension reserve

| | Note | Group | |
|-------------------------------------|------|----------|----------|
| | | 2013 | 2012 |
| | | £'000 | £'000 |
| At start of year | | (12,288) | (6,636) |
| Transfer to profit and loss account | 28 | 12,288 | (5,652) |
| At end of year | | - | (12,288) |

The prior year pension reserve related to the defined benefit scheme operated within the Really Useful Theatres Group Limited and the Really Useful Theatres Limited. Both the companies were demerged out of the ownership of the Really Useful Group Investments Limited as part of the group reconstruction on 27 July 2012. Really Useful Group Investments Limited has no pension reserve in relation to the defined benefit scheme going forward.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

28. Profit and loss account

| | Group £'000 | Company £'000 |
|--------------------------------------|----------------|------------------|
| At 1 July 2012 | 31,121 | - |
| Retained loss for the year | (4,304) | - |
| Transferred from merger reserve | 19,037 | - |
| Transferred from revaluation reserve | 21,159 | - |
| Capital distribution | (16,358) | - |
| Dividends | (38,355) | - |
| Transferred to pension reserve | (12,288) | - |
| Exchange translation differences | 49 | - |
| | <hr/> | <hr/> |
| At 30 June 2013 | 61 | - |

During the current year, as part of the demerger of the group, Really Useful Group Investments Limited made a distribution of the shares in the Really Useful Theatres Group Limited and subsidiaries. As such, in the year the net assets of Really Useful Theatres Group Limited and its subsidiaries have been distributed from the group. The book value of net assets of the Really Useful Theatres Group Limited subgroup that left the group at the date of transfer was £38,355,000. No dividends were paid in 2013. As a consequence of the current year demerger the group was left with a net receivable from a former group company. Board resolutions were subsequently passed on both sides to cancel this debt, resulting in a capital distribution of £16,358,000.

29. Reconciliation of movements in shareholder's funds

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Opening shareholder's funds | 59,029 | 58,129 | - | - |
| Merger reserve on reconstruction | - | - | 444 | - |
| (Loss)/profit attributable to members of the group | (4,304) | 10,746 | - | - |
| Capital Contribution | (16,358) | - | - | - |
| Dividends | (38,355) | - | - | - |
| Exchange translation differences | 49 | 77 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 61 | 68,952 | 444 | - |
| Actuarial (loss)/gain recognised in STRGL | - | (5,652) | - | - |
| Revaluation charge on fixed assets | - | (4,271) | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Closing shareholders' funds | 61 | 59,029 | 444 | - |

30. Immediate and ultimate controlling party

The immediate and ultimate controlling party is The Lord Lloyd Webber who owns 100% of the ordinary share capital of the company.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

31. Related party transactions

| | Income | | Amount due from related party | |
|------------------------------------|---------------|---------------|-------------------------------|---------------|
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Theatre Productions (note a) | 26,351 | 21,547 | 3,650 | 2,017 |
| | Expenditure | | Amount due to related party | |
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Theatre Productions (note a) | - | 3,360 | - | - |
| The Lord Lloyd Webber (note b) | 9,405 | 10,797 | 1,275 | 1,535 |
| | Expenditure | | Unrecouped balance | |
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Royalty advances (note c) | - | - | 2,288 | 2,955 |
| | Expenditure | | Amount due to related party | |
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Payments to third parties (note d) | 1,799 | 1,458 | 1,166 | 414 |

a) Theatre Productions

Theatre Productions represent the shows licensed by the group and performed at various venues around the world, over which The Lord Lloyd Webber retains certain creative rights. The turnover arising from the productions is accounted for as set out in note 1. The transactions represent royalties receivable from the exploitation of the following copyrights and other rights and hence have been shown on an aggregated basis:

| | |
|--|----------------------------|
| Aspects of Love | Starlight Express |
| Bombay Dreams | Sunset Boulevard |
| By Jeeves | The Boys in the Photograph |
| Cats | The Phantom of the Opera |
| Evita | The Sound of Music |
| Jesus Christ Superstar | The Wizard of Oz |
| Joseph and The Amazing Technicolor Dreamcoat | The Woman in White |
| Love Never Dies | Whistle Down the Wind |

Expenditure represents investments in certain productions

b) The Lord Lloyd Webber

The Lord Lloyd Webber is a director and controlling shareholder of the company and the group. The transactions relate to royalties paid to him.

The directors consider these transactions have been entered into at arm's length on normal commercial terms.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

31. Related party transactions (continued)

c) *Royalty advances*

In a prior year, The Lord Lloyd Webber was paid royalty advances amounting to £11,494,000. The advances are non refundable but recoupable against music publishing record and other royalties due to him in the future. Royalties of £667,000 (2012 £838,000) were recouped against these advances during the year and are included in the royalties payable figure disclosed above, leaving an unrecouped balance at year-end of £2,288,000 (2012 £2,955,000) which is included in prepayments.

The directors consider these transactions have been entered into at arm's length on normal commercial terms.

d) *Payments to third parties*

During the year, royalties of £1,799,000 (2012 £1,458,000) were paid to Two Knights Rights Limited, a company of which The Lord Lloyd Webber is a director and shareholder.

The directors consider these transactions have been entered into at arm's length on normal commercial terms.

At the balance sheet date, debtors includes £14,142 (2012 £8,526) owed by Really Useful Theatres Limited, a related party. Debtors also includes £38,431 (2012 £20,041) owed by Really Useful Theatres Group Limited, also a related party. Creditors includes £10,930 (2012 £nil) owed to Really Useful Theatres Group Limited.

The company has taken advantage of exemptions from disclosure granted by FRS 8 *Related Party Disclosures* not to disclose transactions with other group companies. The exemptions taken relate to the disclosure of intra-company transactions only.

32. Operating lease commitments

At 30 June 2013 the group was committed to making the following payments during the next year in respect of operating leases:

| | Land and buildings | |
|----------------------------|--------------------|--------------|
| | 2013 | 2012 |
| | £'000 | £'000 |
| Leases which expire | | |
| Between two and five years | 864 | 864 |
| After more than five years | 260 | 328 |
| | <u>1,124</u> | <u>1,192</u> |

The group has signed a property lease for a period of ten years, starting in November 2012. The group also has a lease for another property, which is now surplus to the group's needs. An onerous lease provision has been raised to cover the remaining lease costs of this property (note 22).

33. Retirement benefit schemes

Defined contribution schemes

The group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of these schemes are held separately from those of the group in funds under the control of trustees. The group is required to contribute a specified percentage of payroll costs to these schemes to fund the benefits. The only obligation of the group with respect to these defined contribution schemes is to make the specified contributions.

The total cost charged to income of £240,000 (2012 £260,000) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. The contributions outstanding at 30 June 2013 were £10,238 (2012 £14,841). The liability was settled in July of the subsequent year.

Really Useful Group Investments Limited

Notes to the financial statements Year ended 30 June 2013

34 Additional information on principal subsidiaries

The company's principal subsidiaries at the year end are shown below. All holdings are of ordinary shares. To avoid a statement of excessive length, details of investments which are not significant have been omitted. All companies are incorporated in the United Kingdom, except as noted.

| Principal subsidiary undertakings | Company Number | Proportion of voting rights and shares held | Nature of Business |
|--|----------------|---|--------------------------------|
| Really Useful Group Holdings Limited | 6348609 | 100% | Holding company |
| * Really Useful Holdings Limited | 2353266 | 100% | Holding company |
| * The Really Useful Group Limited | 1240524 | 100% | Develop and exploit copyrights |
| * The Really Useful Theatre Company Limited | 1604830 | 100% | Theatre production |
| * Company on Stage Limited | 4126564 | 100% | Theatre production |
| * Really Useful Films Limited | 1929720 | 100% | Film production |
| * Jacob & Sons Limited | 3672918 | 100% | Film production |
| * The Opera Ghost Limited | 4139726 | 100% | Film production |
| * The Really Useful Company Inc (a) | 13-3309942 | 100% | Theatre production |
| * The Really Useful Theatre Company Inc (a) | 13-3309237 | 100% | Theatre production |
| * The Really Useful North Company Inc (a) | 13-3635989 | 100% | Theatre production |
| * Really Useful Theatre Co (Canada) Limited (b) | 125062141 | 100% | Theatre production |
| * The Really Useful Company (Asia Pacific) Pty Limited (c) | 054187227 | 100% | Theatre production |
| * The Really Useful Company (Asia) Limited (d) | 397937 | 100% | Theatre production |
| * Ruby Holdings Limited (e) | MC - 138852 | 100% | Holding company |
| * Ruby Limited (e) | MC - 138846 | 100% | Financing company |
| * Way Ahead Holdings Limited | 4413528 | 100% | Holding company |
| * Way Ahead Finance Limited | 4366815 | 100% | Financing company |
| * Stoll Moss Group Holdings Limited | 3839574 | 100% | Holding company |
| * SMT Leisure Limited | 2378092 | 100% | Holding company |
| * Pridealpha Limited | 3887666 | 100% | Investment company |
| * Erik Productions Limited | 6958107 | 100% | Holding company |
| * Really Useful Love Never Dies Limited | 6958163 | 100% | Theatre production |
| * Oz Dorothy Limited | 5748577 | 100% | Theatre production |
| * Love Never Dies Pty Limited (c) | 139861153 | 100% | Theatre production |

* Held by a subsidiary undertaking

- (a) Incorporated in the USA
- (b) Incorporated in Canada
- (c) Incorporated in Australia
- (d) Incorporated in Hong Kong
- (e) Incorporated in the Cayman Islands

Really Useful Group Investments Limited

Notes to the financial statements **Year ended 30 June 2013**

34 Additional information on principal subsidiaries (continued)

✓ The following companies are exempt from the requirements relating to the audit of individual accounts for the year ended 30 June 2013 by virtue of Section 479A of the Companies Act 2006: Company On Stage Limited (4126564), Erik Productions Limited (06958107), Jacob & Sons Limited (3672918), Oz Dorothy Limited (5748577), Pridealpha Limited (3887666), Really Useful Films Limited (1929720), Really Useful Group Holdings Limited (6348609), Really Useful Love Never Dies Limited (06958163), Stoll Moss Group Holdings Limited (3839574), The Opera Ghost Limited (4139726)

✓