

**ROYAL OPERA HOUSE
ENTERPRISES LIMITED**

Financial Statements
Registered number 4112266
For the 52 week period ended
30 August 2015



Contents

Directors' report	1
Strategic report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditor's report to the shareholder of Royal Opera House Enterprises Limited	5
Profit and loss account	6
Balance sheet	7
Notes	8

Directors' report for the 52 week period ended 30 August 2015

The directors present their report together with the audited financial statements for the 52 week period ended 30 August 2015. The comparative period is the 53 week period ended 31 August 2014.

Principal activity

The principal activities of the Company are the provision of catering to customers and staff of the Royal Opera House, the sponsorship of Royal Opera House productions, multimedia production and distribution, hire of allocated spaces within the Royal Opera House, the sale of merchandise through the Royal Opera House shop, the sale of advertising through the Royal Opera House programmes and the licensing of the Royal Opera House brands.

Dividends

No dividends were paid in the period (*53 week period ended 31 August 2014: nil*). The directors do not recommend the payment of a dividend in respect of the period ended 30 August 2015 (*53 week period ended 31 August 2014: nil*).

Donations

The company donated profits for the period of £4.228m (*53 week period ended 31 August 2014: £4.937m*), under Gift Aid, to Royal Opera House Covent Garden Foundation.

Directors

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

Dame Heather Rabbatts DBE (Chairman)	Sir David Lees
Peter Alward	Sally O'Neill
Alex Beard CBE	Simon Robey

Company Secretary

Mindy Kilby

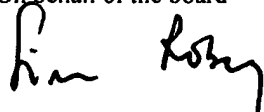
Auditors

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

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.

On behalf of the board



Simon Robey
Director

Covent Garden
London
WC2E 9DD

09 February 2016

Strategic Report for the 52 week period ended 30 August 2015

Business review

The results for the period and financial position of the company are as shown in the audited financial statements. These record an operating profit of £4.397m for the 52 week period ended 30 August 2015 period (*53 week period ended 31 August 2014: £4.965m*). The results show a decrease in turnover of £1.0m compared to the prior year.

Three main areas of business experienced a reduction in turnover compared to the prior year. In contrast to the previous year, there was no extended visit from a major visiting ballet company in the 2015 summer season. The programme scheduled, while drawing relatively high capacity audiences did so at a lower ticket yield for a lower number of performances leading to a reduction in turnover of £0.5m. The Bolshoi ballet is scheduled to return to the Royal Opera House in summer 2016. We also refocused our international cinema activity during the year resulting in a reduction in turnover of £0.5m. This forms one element of a long term strategy to address priority international markets and to improve the financial performance of this area of work. Finally, we continued to focus physical media production on a smaller number of production titles drawn from the Royal Opera House and other key partners with the strategic objective to reduce our exposure to this market.

Set against those reductions in turnover, we achieved growth in both our sponsorship activities (£0.2m) and the retail service charge (£0.4m). Other areas of the business performed broadly in line with the prior year.

Gross profit and operating profit for the period decreased by £0.5m and £0.6m respectively, with the decrease attributable to the reduced number of summer season performances (£0.5m) as noted above. All other areas of the business achieved profits comparable to the prior year.

The Board of Directors monitored the financial results on a regular basis, considering performance against budget, forecast and other key trading indicators.

Risks and uncertainties

The parent company, Royal Opera House Covent Garden Foundation, has a risk management strategy in place and its trustees receive regular reports. The risk management strategy for Royal Opera House Covent Garden Foundation includes addressing the risks for Royal Opera House Enterprises Limited as it is a wholly owned subsidiary. There are systems in place to mitigate identified risks.

Looking ahead to the next period we consider the most significant risk to be the impact of the Open Up project on short term revenues. The project aims to enhance the experience of coming to the Royal Opera House, for audiences, artists and guest companies by significantly improving public circulation, retail and foyer spaces alongside a complete refit of the Linbury Studio Theatre and Clore Studio Upstairs. However, we anticipate a reduction in turnover for many areas of the business during the construction phase which is scheduled to commence in 2016. We will seek to mitigate these risks by further developing our digital distribution and e-commerce capabilities and by continuing to apply downward pressure on a range of costs associated with our physical media business.

Future plans

The principal change to the company's future operations arises from the Open Up project. As noted above, in the short term management will focus on mitigating as far as possible the impact of the construction phase on catering and retail revenues. Alongside this effort, we will finalise the plans for a new and enlarged shop by the Piazza entrance and for improved catering facilities within the building including a new coffee shop in the main foyer, and improved catering and bar facilities in the Amphitheatre and Linbury foyers. We will also continue to explore new channels for the distribution and syndication of Royal Opera House content, and to grow the reach of our live cinema programme within the UK and internationally.

Key performance indicators

In monitoring the performance of the company, the Board of Directors have chosen a number of key performance indicators to monitor the progress and ensure the business is on track to deliver its strategy. These include: turnover; operating profit; and overall results against budget. During the period a reforecast was completed, and these three KPIs were monitored against the reforecast. Overall, while turnover achieved was lower than the target KPI, the KPIs for operating profit and results against forecast were achieved.

On behalf of the board



Simon Robey
Director

Covent Garden
London
WC2E 9DD

09 February 2016

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements for the 52 week period ended 30 August 2015

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws).

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 and 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 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 Royal Opera House Enterprises Limited

We have audited the financial statements of Royal Opera House Enterprises Limited for the 52 week period ended 30 August 2015 which comprise the profit and loss account, the balance sheet and the related notes. 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 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 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 at 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 30 August 2015 and of its profit for the 52 week period 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the 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.



Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
09 February 2016

Profit and loss account

for the 52 week period ended 30 August 2015

	<i>Note</i>	52 week period ended 30-Aug 2015 £'000	53 week period ended 31-Aug 2014 £'000
Turnover		18,880	19,882
Cost of sales		(12,734)	(13,224)
		<hr/>	<hr/>
Gross profit		6,146	6,658
Administration expenses		(1,699)	(1,638)
		<hr/>	<hr/>
Operating profit before interest		4,447	5,020
Interest payable and similar charges	5	(50)	(55)
		<hr/>	<hr/>
Operating profit		4,397	4,965
Gift aid	3	(4,228)	(4,937)
		<hr/>	<hr/>
Profit before taxation	2	169	28
Taxation	6	-	-
		<hr/>	<hr/>
Profit for the financial period		<hr/> <hr/> 169	<hr/> <hr/> 28

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

The revenue and profit 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 30 August 2015

	Note	30-Aug 2015 £'000	31-Aug 2014 £'000
Fixed assets			
Intangible fixed assets	7	336	350
Tangible fixed assets	8	-	-
		<hr/>	<hr/>
Total fixed assets		336	350
		<hr/>	<hr/>
Current assets			
Stocks	9	610	676
Debtors	10	3,645	3,699
Cash at bank and in hand		151	22
		<hr/>	<hr/>
		4,406	4,397
Creditors: amounts falling due within one year	11	(2,492)	(2,466)
		<hr/>	<hr/>
Net current assets		1,914	1,931
		<hr/>	<hr/>
Total assets less current liabilities		2,250	2,281
Creditors: amounts falling due after more than one year	12	(1,800)	(2,000)
		<hr/>	<hr/>
Net assets		450	281
		<hr/>	<hr/>
Shareholder's funds			
Share capital	13	126	126
Retained earnings	14	324	155
		<hr/>	<hr/>
Total shareholder's funds	14	450	281
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 09 February 2016 and were signed on its behalf by:



Simon Robey
Director

09 February 2016

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

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

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

As the company is a wholly owned subsidiary of Royal Opera House Covent Garden Foundation (formerly 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 Foundation, within which this company is included, can be obtained from the address given in note 15.

Turnover

Turnover represents the amounts derived from catering activities, multimedia production and distribution, sponsorship, venue hire, retail sales, concerts, advertising, licensing and other income. Revenue from venue hire, production sponsorship and concerts is recognised on the day of the event. Other commercial turnover is recognised when services are provided or goods are delivered. 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.

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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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.

Notes (continued)

1 Accounting policies (continued)

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.

Intangible fixed assets

Intangible fixed assets are investment in programming costs, which are capitalised and amortised over the expected useful life, which is up to two years depending on format and the terms of licenses acquired. The costs capitalised are third party costs that include capture costs, physical media production costs, rights clearances, acquisition costs and other directly attributable costs. 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 is stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Pension

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

Notes (continued)

2 Profit before taxation

The profit before taxation is stated after charging:

	52 week period ended 30-Aug 2015 £'000	53 week period ended 31-Aug 2014 £'000
Amortisation of investment in programming	540	564

None of the directors received any remuneration for their services as directors during the period (2014: nil). The auditors' remuneration for the 52 week period ended 30 August 2015 was £12,000 and has been borne by the parent company (for the 53 week period ended 31 August 2014: £12,000 borne by the parent company).

3 Gift Aid

The gift aid payment is made to the Royal Opera House Covent Garden Foundation (formerly Royal Opera House Covent Garden Limited). The gross amount payable for the period ended 30 August 2015 is £4.228m (2014: £4.937m).

Notes (continued)

4 Staff Costs

	52 week period ended 30-Aug 2015 £'000	53 week period ended 31-Aug 2014 £'000
Wages and salaries	206	191
Social security costs	21	21
Other pension costs	13	13
	<hr/> 240	<hr/> 225
	<hr/> <hr/>	<hr/> <hr/>

Some staff are directly employed by the company, whilst other staff are employed by Royal Opera House Covent Garden Foundation undertaking activities on behalf of Royal Opera House Enterprises Limited and are re-charged at full cost which forms part of administration expenses.

5 Interest payable and similar charges

	52 week period ended 30-Aug 2015 £'000	53 week period ended 31-Aug 2014 £'000
Interest payable to Royal Opera House Covent Garden Foundation	50	55
	<hr/> 50	<hr/> 55
	<hr/> <hr/>	<hr/> <hr/>

Interest payable to Royal Opera House Covent Garden Foundation 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 (*53 week period ended 31 August 2014: nil*). No deferred tax has arisen in the period (*53 week period ended 31 August 2014: nil*).

There is an unrecognised deferred tax asset of £301,875 (*31 August 2014: £349,570*) which has not been recognised due to uncertainty over the timing of its recoverability.

7 Intangible fixed assets

	30-Aug 2015 £'000
<i>Cost</i>	
At beginning of period	11,587
Capitalised costs	526
	<hr/>
At end of period	12,113
	<hr/>
<i>Amortisation</i>	
At beginning of period	11,237
Charge for period	540
	<hr/>
At end of period	11,777
	<hr/>
<i>Net book value at end of period</i>	
At 30 August 2015	336
	<hr/>
At 31 August 2014	350
	<hr/>

8 Tangible fixed assets

	Fixtures & Fittings	Computer Equipment	Total
	£'000	£'000	£'000
Cost at beginning and end of the period	32	128	160
	<hr/>	<hr/>	<hr/>
Accumulated depreciation at beginning and end of the period	32	128	160
	<hr/>	<hr/>	<hr/>
Net book value at 30 August 2015 and 31 August 2014	-	-	-
	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Stocks

	30-Aug 2015 £'000	31-Aug 2014 £'000
Stocks - finished goods for resale	610	676
	<u>610</u>	<u>676</u>

10 Debtors: amounts falling due within one year

	30-Aug 2015 £'000	31-Aug 2014 £'000
Trade debtors	1,888	1,314
Royal Opera House Covent Garden Foundation	1,397	1,786
Prepayments and accrued income	360	599
	<u>3,645</u>	<u>3,699</u>
	<u>3,645</u>	<u>3,699</u>

11 Creditors: amounts falling due within one year

	30-Aug 2015 £'000	31-Aug 2014 £'000
Trade creditors	574	515
Accruals and deferred income	1,918	1,951
	<u>2,492</u>	<u>2,466</u>
	<u>2,492</u>	<u>2,466</u>

Notes (continued)

12 Creditors: amounts falling due after more than one year

	30-Aug 2015 £'000	31-Aug 2014 £'000
Amount due to Royal Opera House Covent Garden Foundation	1,800	2,000
	<u>1,800</u>	<u>2,000</u>

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

13 Called up share capital

	30-Aug 2015 £'000	31-Aug 2014 £'000
<i>Allotted, issued and fully paid:</i>		
125,987 Ordinary shares of £1 each – fully paid up	<u>126</u>	<u>126</u>

14 Reconciliation of movement in shareholder's funds

	Share capital £'000s	Retained earnings £'000s	Total £'000s
At beginning of period	126	155	281
Net profit for the period	-	169	169
	<u>126</u>	<u>324</u>	<u>450</u>
At end of period	126	324	450

Notes *(continued)*

15 Ultimate parent undertaking

The company is a subsidiary undertaking of Royal Opera House Covent Garden Foundation, 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 Foundation, incorporated in the United Kingdom. The smallest group in which they are consolidated is that headed by Royal Opera House Covent Garden Foundation 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.