

**The Royal British Legion Attendants Company
Trust (By Guarantee)**

**Trustees' report and consolidated financial
statements**

Company Registered number 382493

Charity Registered number 206134

30 September 2006

FRIDAY



AD1DCQW

A07

29/06/2007

194

COMPANIES HOUSE

Contents

Trustees' Report	1
Independent auditor's report to the members of The Royal British Legion Attendants Company Trust (By Guarantee)	8
Consolidated statement of financial activities (incorporating the Income & Expenditure Account)	10
Consolidated balance sheet	11
Charitable company balance sheet	12
Consolidated cash flow statement	13
Notes	14

Trustees' Report

Report of the Trustees for the year ended 30th September 2006

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 30th September 2006

Reference and administrative details

Charity Number	206134
Company Number	382493
Principle & Registered Office	Room No 7205 Ground Floor Building No 7200 Cambridge Research Park Waterbeach Cambridge CB5 9TL
Trustees	BC Burrill RH Campbell-Smith CW Gates ER Jobson CBE HG Mackinlay LVO FRSA H Nicholson BSc DAW Pearson M Seabourne D Switzer FHCIMA
	Secretary Vice Chair Chair
Staff	The charity has no staff All administration and activities are conducted by the trustees
Bankers	Lloyds TSB Bank plc, 94 Fishergate, Preston, PR1 2JB
Solicitors	Wilsons' Solicitors, Steynings House, Fisherton Street, Salisbury, Wiltshire, SP2 7RJ
Auditors	KPMG LLP, Edward VII Quay, Navigation Way, Ashton-on- Ribble, Preston, PR2 2YF

Trustees' report (*continued*)

Structure, Governance and Management

Governing Document

The Royal British Legion Attendants Company Trust (By Guarantee) (formerly The Royal British Legion Attendants Company Limited (By Guarantee) (hereafter referred to as the 'charitable company' or "the RBLA" or "the Trust") is a registered company and is registered with the Charity Commissioners. The Trust is governed by its Memorandum and Articles of Association dated 9th December 2004 which were completely rewritten in conjunction with and agreement of the Charity Commission from the original Memorandum and Articles of Association as amended on 28th September 1962, 1st April 1978, 25th April 1995 and 28th October 1999. The charitable company was originally incorporated on 1st September 1943. In the event of the charity being wound up, the guarantee of each member is limited to £1.

Appointment of trustees

Trustees, who act as directors for the purposes of company law, are elected from the Trust membership at the Annual General Meeting. Members, (who have to enjoy current membership of the Royal British Legion) are upon application to the Trust admitted to membership by a majority vote of the trustees present at a meeting of the board.

No body or person is entitled to appoint trustees other than the members.

One third (or the number nearest one third) of the trustees must retire at each AGM, those longest in office retiring first and the choice between any of equal service being made by drawing lots.

Trustee induction and Training

New trustees undergo an orientation period to introduce them to their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee structure and process by which decisions are made. They are introduced to the current business plan and financial performance. Trustees are encouraged to undertake informal familiarisation training with the trusts wholly owned subsidiary Legion Group plc, to understand the business of that company.

Organisation

The members at the AGM elect trustee directors from their number to replace those who retire by rotation. The trustees in turn elect the members of two standing committees, the Audit committee and the Grants committee. They also elect two of their number to serve as non executive directors upon the board of Legion Group Plc the trusts wholly owned subsidiary.

The board meet formally three to four times each year to conduct business and receive reports. The audit committee oversee the routine expenditure of the charity as agreed by the Board and recorded in the minutes. This committee also meet regularly with the appointed auditors. The grant committee are empowered by the board to examine applications to the trust and make grants to institutions where individuals are to undertake training. Each year the board re-examines and sets the maximum expenditure for the year together with the maximum individual grant they are able to award. Grants above these sums are agenda items referred to the board at a formal meeting.

The trust does not solicit funding from the public or any other institution. The trusts income for its charitable activities is derived from the returns upon its cash upon deposit and other investments held with and managed by CCLA (COIF). In addition it receives gift aid payments from its wholly owned subsidiary as determined by that company at its financial year end. Legion Group plc's business is conducted by its own board of directors entirely independently from the trust, although two trustees of the trust are non-executive directors of the Legion Group plc.

Trustees' report *(continued)*

Employees

The charitable company does not have any employees

Risk Review

The Trustees have examined the principle areas of the charitable company's operations and considered the major risks faced in each of these areas

The trustees consider the company's main risks to be

- the investment in Legion Group Plc the trustees consider that this investment is closely monitored by the fact that two trustees are appointed to the Legion Group plc Board albeit as non executive directors and are able to examine the day to day activities of that subsidiary
- volatility of returns on investments however, the charitable company's funds are managed by and within a recommended financial institution i.e. CCLA (COIF)
- in addition the charitable operation of an internal audit committee

In the opinion of the Trustees the charitable Company has established resources and review systems which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operations

Objectives and Activities

The objectives of the charitable company, which were redefined with the assistance of the Charity Commission and adopted in December 2004, remain

'to promote the rehabilitation and resettlement of men and women of Her Majesty's Armed Forces who are in need of assistance to re-establish themselves into civilian life by such charitable means as shall from time to time be thought fit' and, 'to relieve need amongst individuals in need of such assistance which arises by reason of sickness, financial need, disability or infirmity by such charitable means as shall from time to time be thought fit by the trustees'

They include

- the provision of bursaries to enhance employment prospects
- grants or loans to organisations supporting the ex service community
- grants to provide respite breaks for carers of individuals in need of assistance
- and assistance with rehabilitation of disabled persons to enhance their work prospects

The main objectives and activities for the year continued to focus upon the provision of grants for training individuals in new skills to enhance their employment prospects This was achieved by

- the provision of new grant literature
- the promotion of the availability of grants through the ex service community and resettlement services
- working in partnership with other agencies to identify those in need of assistance

Trustees' report *(continued)*

Objectives and Activities *(continued)*

Grants, normally to a maximum of £1,500 for any one individual in any one year, are made only to the training institutions, colleges and companies who are able to provide the individual with the new skills necessary to enhance their future employment opportunities

Applications are received from individuals and other agencies and directed to the grants committee. Each application is judged formally by the committee members against eligibility, need and the charitable objectives of the trust. The amount of grants made in any one year is determined by the Trusts Board, who establishes the total grants spend. The grant committee is able to bring exceptional matters before the board at a formal meeting.

The Trust also holds 100% ownership of Legion Group plc. This investment has been held since the trading company was hived down from the charity in 1998. The Charity has provided the opportunity for Legion Group plc to develop within the market place that it operates in order not only to develop and thereby enhance its worth to the Charity but in order to receive from time to time gift aid payments to enable the Charity to continue with its own charitable objectives. In addition, to the grants made by the Charity, Legion Group plc remains mindful of the numbers of ex-service individuals who through their employment by Legion Group plc, regardless of the length of that employment, have managed to re-establish themselves in civilian life.

The trustees consider that the continued investment within Legion Group plc should continue and whilst the board of Legion Group plc is separate from that of the charitable company it does include two trustees in its membership.

Achievements and Performance

The board agreed that it would only aim to allocate the income from its deposit account and investment interest upon grants to individuals during the year. It assumed that interest rates would remain more or less static for the year in question and by and large that was the case. To that extent the primary objective for the year was achieved.

As in other years charitable company identified one larger project to be the recipients of a grant, namely the provision of a disabled mini bus. Unfortunately the procurement process was delayed and this objective has not taken place. Funds were not designated and no constructive obligation existed. The project has moved to 2006/7.

Donations in support of The Royal British Legion Festival of Remembrance were also made. The trust agreed a maximum donation of £12,000 however only £9,378 was required.

The decision to continue to hold investment shares in COIF were vindicated as they have continued to grow now returning close to their procurement price of £400,000 which was made just before the incident in September 2001.

The trust made some 56 grants at a total of £47,001 during the year making the average grant some £839. Due to the majority of the grant requests arriving from professional institutions, there were only two rejected applications, due to the applicants already holding a degree level of education.

Clearly, each year the trust is dependent on maintaining the income stream from its investments and that market is beyond the control of the trust. However, the funds are held within approved institutions and are reviewed at each meeting of the trustees.

The performance of the wholly owned subsidiary of the trust, Legion Group plc, is discussed in the financial review section.

Trustees' report (*continued*)

Financial Review

The consolidated results are dominated by those for Legion Group plc which are summarised in note 4 and show a net deficit of £346,008 after the gift aid payment of £30,000 to the RBLA, compared to a surplus of £77,684 in the previous year. The result for the year includes a charge of £79,524 (2005 £79,524) for the full year in respect of amortisation of goodwill arising on consolidation of Legion Group plc's group.

The operational activity of the group for the year has seen

- A continuing emphasis on establishing the name of Legion Group plc in the market place,
- The regulation of the private sector security industry, effective from 20 March 2006, which has had a major impact on the industry,
- Pressure on margins across the parking sector, particularly in decriminalised parking enforcement.

Legion Group plc has, along with many other companies in the industry, borne significant costs in the run up to and the early months of the licensed environment, without yet seeing the benefits that strict enforcement of the legislation will ultimately bring to companies like Legion Group plc. As the market experiences statutory enforcement, Legion Group plc anticipates that they will start to see significant financial benefits from their ACS membership.

Legion Group has achieved SIA Approved Contractor status and is committed to providing added value services to its customers in both security and parking. With liquidity remaining strong, the business is well placed to reap the benefits brought by the regulation of the private security industry.

Reserves policy

The trustees have reviewed the charity's policy in respect of the level of reserves (that is those funds that are freely available) and will continue to make grants and donations broadly in line with the income earned. Currently there are no committed future donations.

The charity will maintain the reserves of some £500,000 to £750,000 which it is anticipated will meet one year's running costs whilst maintaining the current level of annual grants together with a suitable contingency for any unforeseen expenditure to be incurred or any additional costs to be incurred on any wind up of the charity.

After deducting fixed asset investments, the actual level of uncommitted reserves freely available for current activities at 30 September 2006 were £593,000. The level of free reserves will be continued to be built up to the ideal level by continuing to review its investment holdings and the return the charity receives from those holdings.

Investment policy

The investment policy of the trust has continued in that it holds cash assets within COIF deposit accounts earning interest. It holds limited funds in a current banking account drawing down funds from deposit when necessary to meet payments.

It holds investment shares also with COIF which are continuing to show unrealised profit. This holding is reviewed at each meeting of the trustees.

The Trust also holds 100% ownership of Legion Group plc. This investment has been held since the trading company was hived down from the charity in 1998. The Charity has provided the opportunity for Legion Group plc to develop within the market place that it operates in order not only to develop and thereby enhance its worth to the Charity but in order to receive from time to time gift aid payments to enable the Charity to continue with its own charitable objectives. In addition, to the grants made by the Charity, Legion Group plc remains mindful of the numbers of ex-service individuals who through their employment by Legion Group plc, regardless of the length of that employment, have managed to re-establish themselves in civilian life.

Trustees' report *(continued)*

Financial Review *(continued)*

The trustees consider that the continued investment within Legion Group plc should continue and whilst the board of Legion Group plc is separate from that of the charitable company it does include two trustees in its membership

Legion Group plc will remain mindful of the charitable objectives of the charitable company in so far as permitted by law and regulations but will operate as a commercial company in the market place. In keeping with the aims and objectives of the trust, Legion Group plc has pledged within its formal mission statement to "provide employment in the service industry to ex-members of the Armed Forces where possible, building upon their core values of loyalty, reliability, discipline and professionalism. Provide the highest level of service to its customers by correctly resourcing and managing the business and to benchmark its performance against the other service providers". Over time this should enhance its value to the charitable company as regards an income stream and its inherent capital value.

The security industry by its very nature of providing services during unsocial hours employs a transient work force. Therefore in addition to it continuing to support the charitable objectives of the company, due to the nationwide direct employment opportunities it gives, it is able to provide unqualified servicemen and women attempting to re-establish themselves in civilian life their first rung on the ladder.

Plans for the future

There has been no evidence to suggest that the numbers of potential beneficiaries of the charity are likely to diminish in the foreseeable future. Indeed the current turnover of staff in the army alone was 14,000 individuals many of whom were on short engagements and have left the service with no transferable employment skills. The charity intends to continue its charitable objectives through the current structure whilst establishing wider links with both the established providers of resettlement training establishments and companies. It aims to broaden the knowledge of its activities by using those networks already established throughout the ex-service community. It particularly wishes to focus upon those homeless individuals who cannot gain employment and intends to work with and through organisations like the Ex-service Fellowship to target that group more specifically. It remains the trustees' intention to disburse annually sums which in total are equal to the investment income received for the previous year.

Political and charitable contributions

The company made no political contributions during the year. Donations to The Royal British Legion Charities and other charities amounted to £9,378 (2005 £20,427).

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' 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 Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the charitable company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of trustees on 23 May 2007 and signed on its behalf by



David Switzer
Trustee

23 May 2007

Statement of Responsibilities of the Trustees of The Royal British Legion Attendants Company Trust (By Guarantee) in respect of the Trustees' annual report and the financial statements

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

Company law requires the Trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of expenditure over income for that period

In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 group and the charitable company will continue its activities

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of The Royal British Legion Attendants Company Trust (By Guarantee)

We have audited the group and charity financial statements (the 'financial statements') of The Royal British Legion Attendants Company Trust (By Guarantee) Limited for the year ended 30 September 2006 which comprise the Statement of Financial Activities, the group and charitable company Balance Sheets, the group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditors

The responsibilities of the charitable company's Trustees, who are also the directors of The Royal British Legion Attendants Company Trust (By Guarantee) for the purposes of company law, for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 7.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatement within it. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

Independent auditor's report to the members of The Royal British Legion Attendants Company Trust (By Guarantee) *(continued)*

Basis of audit opinion *(continued)*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the charitable company's affairs as at 30 September 2006 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Annual Report is consistent with the financial statements



KPMG LLP
Chartered Accountants
Registered Auditor

22/6/2007

Consolidated statement of financial activities (incorporating the Income & Expenditure Account)

for the year ended 30 September 2006

	<i>Notes</i>	Unrestricted funds 2006 £	Unrestricted funds (restated) 2005 £
Incoming resources			
Incoming resources from generated funds			
Voluntary income		25	-
Activities for generating funds	4	26,738,094	28,069,793
Intangible income		1,500	1,500
Investment income	3	36,305	36,968
Total incoming resources		<u>26,775,924</u>	<u>28,108,261</u>
Resources expended			
Costs of generating funds			
Fundraising trading cost of goods sold and other costs	4	(27,073,757)	(27,928,533)
Charitable activities	5	(56,923)	(47,927)
Governance costs	6	(8,611)	(9,804)
Other resources expended		(407)	(284)
		<u>27,139,698</u>	<u>(27,986,548)</u>
Net outgoing/(incoming) resources for the year before other recognised gains and losses/net expenditure/income for the year		(363,774)	121,713
Taxation	7	19,656	(34,575)
Other recognised gains			
Unrealised gains on investment assets		32,152	51,219
Net movement in funds		<u>(311,966)</u>	<u>138,357</u>
Reconciliation of funds			
Total funds brought forward		2,677,286	2,538,929
Total funds carried forward		<u>2,365,320</u>	<u>2,677,286</u>

There is no material difference between the reported results and the historical results of the charitable company and charitable group

All amounts arise from continuing operations and relate to unrestricted funds

Consolidated balance sheet
as at 30 September 2006

	<i>Note</i>	2006		2005	
		£	£	£	£
Fixed assets					
Tangible assets	8	694,964		703,193	
Intangible assets	9	602,248		681,772	
Investments	10	377,399		345,247	
		<u>1,674,611</u>		<u>1,730,212</u>	
Current assets					
Debtors	11	4,458,547		4,747,886	
Cash at bank and in hand		614,229		589,646	
		<u>5,072,776</u>		<u>5,337,532</u>	
Creditors amounts falling due within one year	12	(4,369,696)		(4,311,292)	
Net current assets		<u>703,080</u>		<u>1,026,240</u>	
Total assets less current liabilities		<u>2,377,691</u>		<u>2,756,452</u>	
Creditors amounts falling due after more than one year	13	(12,371)		(79,166)	
Net assets		<u>2,365,320</u>		<u>2,677,286</u>	
Unrestricted funds	14	<u>2,365,320</u>		<u>2,677,286</u>	

Approved by the board of trustees on 23 May 2007 and signed on its behalf by

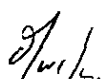


David Switzer
Chairman

Charitable company balance sheet
as at 30 September 2006

	Note	2006	2005
		£	£
Fixed assets			
Intangible assets		-	-
Tangible assets		-	-
Investments	10	1,756,635	1,724,483
		<u>1,756,635</u>	<u>1,724,483</u>
Current assets			
Stocks			
Debtors	11	50,000	70,000
Cash at bank and in hand		594,117	571,528
		<u>644,117</u>	<u>641,528</u>
Creditors: amounts falling due within one year	12	(700)	-
		<u>643,417</u>	<u>641,528</u>
Net current assets			
		<u>643,417</u>	<u>641,528</u>
Total assets less current liabilities		<u>2,400,052</u>	<u>2,366,011</u>
Creditors: amounts falling due after more than one year	13	-	-
		<u>2,400,052</u>	<u>2,366,011</u>
Net assets		<u>2,400,052</u>	<u>2,366,011</u>
Unrestricted funds	14	<u>2,400,052</u>	<u>2,366,011</u>

Approved by the board of trustees on 23 May 2007 and signed on its behalf by



David Switzer
 Chairman

Consolidated cash flow statement
for the year ended 30 September 2006

	<i>Note</i>	2006 £	2005 £
Net cash inflow from operating activities	18	355,193	19,379
Returns on investments and servicing of finance	20	(42,845)	(35,689)
Capital expenditure and financial investment	20	(153,945)	(80,204)
Taxation	20	(48,424)	(50,784)
Net cash inflow/(outflow) before financing		<u>109,979</u>	<u>(147,298)</u>
Financing	20	(99,558)	(105,694)
Increase/(decrease) in cash and cash equivalents	19	<u><u>10,421</u></u>	<u><u>(252,992)</u></u>

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 charitable group's financial statements

Basis of preparation

The financial statements have been prepared in accordance with the Charities Act 1993 Statement of Recommended Practice "Accounting and Reporting by Charities" issued in February 2005 ("SORP 2005") (applied for the first time this year) and applicable accounting standards and under the historic cost accounting rules in line with the Companies Act 1985 with the exception of investments which have been included at revalued amounts

The group has adopted FRS 5 Application note G (Revenue recognition) and has excluded amounts paid or due to principal from turnover

The charitable group's financial statements have been restated for the prior year comparatives to reflect the implementation of SORP 2005 in the current year

Basis of consolidation

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary Legion Group plc on a line by line basis. The acquisition method of accounting has been adopted

These accounts are made up to 30 September 2006 and are based on the accounts of subsidiary undertakings which are coterminous with those of the charitable company

Related party transactions

Transactions with those subsidiary undertakings with whose voting rights are 90% or more controlled within the charitable group are not disclosed as provided for in FRS 8

Voluntary income

Voluntary income is included in the statement of financial activities as it is receivable

Activities for generating funds

This represents the turnover of the subsidiary companies and is in relation to the amounts (excluding value added tax) derived from total parking charges and the provision of services of uniformed personnel to customers in the year

Investment income

Investment income relates to income earned on the charity's investments and interest receivable on bank deposits and is credited to the statement of financial activities as it becomes due

Resources expended

Resources expended are charged to the statement of financial activities on an accruals basis. Costs of generating funds relates to the costs incurred in the subsidiary, Legion Group plc. Expenditure relating directly to the objectives of the charity is shown as charitable activities. All costs have been directly attributed to one of the functional categories of resources expended in the statement of financial activities

Notes (continued)

1 Accounting policies (continued)

Irrecoverable VAT

Irrecoverable VAT is accounted for in the expenditure category under which the cost is incurred

Intangible fixed assets and amortisation

Positive goodwill is amortised to nil by equal annual instalments over estimated useful life of fifteen years

Fixed assets and depreciation

No fixed assets are held within the charitable company

Depreciation is provided by the subsidiary to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	2% per annum
Leasehold buildings	-	straight line over the life of the lease
Motor vehicles (new)	-	25% per annum
Motor vehicles (second hand)	-	50% per annum
Fixtures and fittings and operational equipment	-	10-50% per annum

No depreciation is provided on freehold land

Taxation

The Inland Revenue considers The Royal British Legion Attendants Company Limited to be a charity, and therefore entitled to exemption from tax afforded by section 505(1) Income and Corporation Taxes Act 1988 on charitable activities. Subject to the continuing fulfilment of the requirements of that section, that income be applicable and applied to charitable purposes only, the financial statements do not reflect any provisions, reserves or adjustments for such taxation

The taxation charge included within the consolidated statement of financial activities relates to the taxation on the result for the year for Legion Group plc, which takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date

Pensions

The charitable group pays contributions to personal money purchase schemes for eligible employees, and accounts for the amount in the profit and loss account

Leases

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

Investments

Investments held in quoted securities/funds are stated at market value. The investment held in the subsidiary undertaking, Legion Group plc, is stated at the nominal value of the shareholding in Legion Group plc. Unrealised gains are recognised in the SOFA on the revaluation of the investment (excluding subsidiary investments) to its market value at year end

Notes (continued)

1 Accounting policies (continued)

Unrestricted funds

Unrestricted funds are funds which can be used in accordance with the charitable objects at the discretion of the trustees

2 Analysis of turnover and loss on ordinary activities before taxation

The trustees are of the opinion that the trading operations of the subsidiary companies represent one class of business being the provision of personnel for various duties

3 Investment income

	2006	2005 (restated)
	£	£
Bank interest	24,615	26,153
COIF investment income	11,690	10,815
	<u>36,305</u>	<u>36,968</u>

4 Incoming/outgoing resources from activities for generating funds

The Royal British Legion Attendants Company Trust (By Guarantee) owns the entire share capital of 750,002 ordinary shares of £1 each of the Legion Group plc. A summary of the trading results is shown below

	Consolidated Legion Group plc	Consolidated Legion Group plc
	2006 £	2005 £
Turnover	26,738,094	28,069,793
Cost of sales	(21,475,992)	(22,657,265)
Gross profit	<u>5,262,102</u>	<u>5,412,528</u>
Distribution costs	(1,037,095)	(966,454)
Administrative expenses	(4,401,997)	(4,142,633)
Amortisation of goodwill arising on consolidation	(79,524)	(79,524)
Operating (loss)/profit	<u>(256,514)</u>	<u>213,917</u>
Investment income	347	999
Interest payable and similar charges	(79,497)	(72,657)
(Loss)/profit on ordinary activities before taxation	<u>(335,664)</u>	<u>142,259</u>
Taxation	19,656	(34,575)
(Loss)/profit on ordinary activities after taxation	<u>(316,008)</u>	<u>107,684</u>
Amount covenanted to The Royal British Legion Attendants Company Limited	<u>(30,000)</u>	<u>(30,000)</u>
Retained in subsidiaries	<u>(346,008)</u>	<u>77,684</u>

Notes (continued)

4 Incoming/outgoing resources from activities for generating funds (continued)

The result for the year has been recognised in the consolidated statement of financial activities as follows

	2006 £	2005 £
Retained (loss)/profit for the financial year	(346,008)	77,684
<i>Add back items cancelling on consolidation</i>		
Amount covenanted to The Royal British Legion Attendants Company Limited	30,000	30,000
Net (loss)/income of trading subsidiaries included in consolidated statement of financial activities	(316,008)	107,684
	2006 £	2005 £
The consolidated assets and liabilities of the Legion Group plc group are		
Fixed assets	1,297,212	1,384,965
Current assets	4,458,659	4,726,005
Creditors amounts falling due within one year	(4,398,996)	(4,341,292)
Creditors amounts falling due after more than one year	12,371	(79,166)
Total net assets	1,344,504	1,690,512
Aggregate share capital and reserves	1,344,504	1,690,512

5 Charitable activities

	Direct costs £	Support costs £	2006 £	2005 £
Cost of charitable activities				
Charitable donations	9,378	235	9,613	20,935
Charitable grants	46,151	1,159	47,310	26,992
	55,529	1,394	56,923	47,927
Governance costs	8,437	174	8,611	9,804
Other resources expended	-	407	407	284
	63,966	1,975	65,941	58,015

The details in relation to the type of charitable grants made are detailed within the Trustees report

Notes (continued)

5 Charitable activities (continued)

The following costs are included in the administrative expenses of the Royal British Legion Attendants Company Trust and the group of Legion Group plc

	Group 2006 £	2005 £
Audit of these financial statements	16,000	16,000
Depreciation on owned fixed assets	117,079	102,378
Depreciation on leased assets	45,419	64,490
Amortisation of goodwill	79,524	79,524
Rentals under operating leases		
plant and machinery	137,637	161,363
other	384,142	384,154
	<u> </u>	<u> </u>

Staff numbers and costs

The average number of employees during the year (including directors of the subsidiary company who are trustees of the charitable company), analysed by function is as follows

	2006 Number	2005 Number
Administrative and management of the charitable company	-	-
Legion Group plc and its group		
Attendants	1,345	1,439
Staff	91	96
Charitable group total	<u>1,436</u>	<u>1,535</u>

The total wages and salaries costs for the charitable group were as follows

	2006 £	2005 £
Wages and salaries	21,803,810	22,823,589
Social security costs	1,967,659	2,040,755
Other pension costs	50,739	52,886
Charitable group total	<u>23,822,208</u>	<u>24,917,230</u>

Notes (continued)

5 Charitable activities (continued)

The trustees received no remuneration during the year in respect of services rendered to the charity. Two trustees received remuneration of £27,175 (2005 £31,297) in the capacity as directors of Legion Group plc. The total travel and subsistence expenses reimbursed to 9 trustees during the year was £12,904 (2005 £14,029 to 9 trustees) of which £9,641 was for expenses of two trustees in respect of their role as directors of Legion Group plc (2005 £9,239 to two trustees).

The remuneration of the directors of the trading subsidiaries is disclosed within the individual accounts of those companies.

6 Governance costs

	2006	2005 (restated)
	£	£
Trustee meeting costs	5,631	6,077
Trust indemnity insurance	1,075	1,075
Office costs	405	725
Audit fees	1,500	1,500
Legal costs	-	427
	<u>8,611</u>	<u>9,804</u>

Notes (continued)

7 Taxation

	2006 £	2005 £
UK corporation tax at 19% (2005 19%)	(43,700)	48,424
Over provision relating to previous years	-	(26,041)
Deferred tax movement	24,044	12,192
	<u>(19,656)</u>	<u>34,575</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (2005 19%). The differences are explained below

	2006 £	2005 £
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(331,623)	172,932
Add back amortisation on consolidation	79,524	79,527
Other adjustments on consolidation	20,000	-
	<u>(232,099)</u>	<u>252,459</u>
Current tax at 19% (2005 19%)	(44,099)	47,967
Effects of		
Income/expenses not deductible for tax purposes	(16,566)	(5,401)
Depreciation in excess of capital allowances	3,665	5,858
Movement on short term timing differences	13,300	-
	<u>(43,700)</u>	<u>48,424</u>
Total tax (repayments)/charge for the year		

Notes (continued)

8 Tangible fixed assets

Charitable group	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Operational equipment £	Total £
Cost						
At beginning of year	473,263	30,309	10,221	930,250	431,209	1,875,252
Additions	-	14,041	7,249	65,002	80,853	167,145
Disposals	-	(30,309)	(1,840)	-	-	(32,149)
At end of year	473,263	14,041	15,630	995,252	512,062	2,010,248
Depreciation						
At beginning of year	155,435	12,321	3,658	699,704	300,941	1,172,059
Charge for year	8,930	6,501	3,279	103,423	40,368	162,498
Disposals	-	(18,583)	(690)	-	-	(19,273)
At end of year	164,365	239	6,246	803,126	348,308	1,315,284
Net book value						
At 30 September 2006	308,898	13,802	9,384	192,126	170,754	694,964
At 30 September 2005	317,828	17,988	6,563	230,546	130,268	703,193

The total of non depreciable assets included in freehold property at the year end was £12,749

Included in the total net book value of fixed assets is £86,030 (2005 £133,602) in respect of assets held under finance leases. Depreciation for the year on these assets was £45,419 (2005 £64,490)

All tangible fixed assets are held by Legion Group plc

9 Intangible assets

Charitable group	Goodwill on consolidation £
Cost	
At beginning and end of year	1,192,918
Amortisation	
At beginning of year	511,146
Charge for the year	79,524
At end of year	590,670
Net book value	
At 30 September 2006	602,248
At 30 September 2005	681,772

Notes (continued)

10 Investments

Charitable group	COIF Charities Investment Fund £
<i>Cost or valuation</i>	
At beginning and end of year	400,000
<i>Provisions for change in market value</i>	
At beginning of year	54,753
Movement in the year	(32,152)
At end of year	22,601
<i>Net book value</i>	
At 30 September 2006	377,399
At 30 September 2005	345,247

Charitable company	COIF Charities Investment Fund £	Shares in group undertakings £	Total £
<i>Cost or valuation</i>			
At beginning and end of year	400,000	1,379,236	1,779,236
<i>Provisions for change in market value</i>			
At beginning of year	54,753	-	54,753
Movement in the year	(32,152)	-	(32,152)
At end of year	22,601	-	22,601
<i>Net book value</i>			
At 30 September 2006	377,399	1,379,236	1,756,635
At 30 September 2005	345,247	1,379,236	1,724,483

The shares in group undertakings is the charitable company's investment in the trading subsidiary, Legion Group plc (incorporated in England and Wales) The investment represents the holding of 100% of the ordinary shares of £1 each

The investment fund relates to listed investments held within the COIF Charities Investment Fund At 30 September 2006, the market value of these investments was £377,399 (2005 £345,247), therefore the value of the investment has been adjusted to reflect the change in the market value

Notes (continued)

10 Investments (continued)

The companies in which Legion Group plc's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Direct</i>			
Legion Security Services Limited (formerly Legion Security (London) Limited)	England	Dormant	Ordinary 100%
Executive Protection Limited	England	Dormant	Ordinary 100%
Universal Car Park Services Limited	England	Dormant	Ordinary 100%
Legion Car Parks Limited	England	Dormant	Ordinary 100%
Legion Car Park Services Limited	England	Dormant	Ordinary 100%
Legion Parking Services Limited	England	Dormant	Ordinary 100%
Legion Security (Scotland) Limited	England	Dormant	Ordinary 100%
<i>Indirect</i>			
Centaur guarding Limited	England	Dormant	Ordinary 100%

11 Debtors

	Charitable group		Charitable company	
	2006	2005	2006	2005
	£	£	£	£
<i>Due within one year</i>				
Trade debtors	4,049,704	4,482,008	-	-
Other debtors	103,110	31,873	-	-
Amounts owed by subsidiary undertakings	-	-	30,000	30,000
Prepayments and accrued income	232,333	160,261	-	-
Deferred tax asset	9,700	33,744	-	-
Corporation tax debtor	43,700	-	-	-
<i>Due after one year</i>				
Loan	20,000	40,000	20,000	40,000
	<u>4,458,547</u>	<u>4,747,886</u>	<u>50,000</u>	<u>70,000</u>

Notes (continued)

12 Creditors: amounts falling due within one year

	Charitable group		Charitable company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdraft	122,251	105,294	-	-
Trade creditors	436,611	330,861	-	-
Other taxes and social security	1,281,328	1,398,267	-	-
Corporation tax	-	48,424	-	-
Obligations under finance leases	38,430	73,986	-	-
Other creditors	2,020,722	1,846,784	700	-
Accruals and deferred income	470,354	507,676	-	-
	<u>4,369,696</u>	<u>4,311,292</u>	<u>700</u>	<u>-</u>

The bank overdraft is secured by a fixed and floating charge on the assets of the trading subsidiary, Legion Group plc

Other creditors includes £798,288 (2005 £561,551) of discounted trade debtors. This balance is secured on the trade debtors to which it relates which are held within Legion Group plc

13 Creditors: amounts falling due after more than one year

	Charitable group		Charitable company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans	3,537	32,334	-	-
Obligations under finance leases and hire purchase contracts	8,834	46,832	-	-
	<u>12,371</u>	<u>79,166</u>	<u>-</u>	<u>-</u>

	Charitable group		Charitable company	
	2006	2005	2006	2005
	£	£	£	£
<i>Obligations under finance leases comprise</i>				
Instalments falling due				
Within one year	41,232	86,390	-	-
Within two to five years	10,365	51,011	-	-
	<u>51,597</u>	<u>137,401</u>	<u>-</u>	<u>-</u>
Less future finance charges	(4,332)	(16,583)	-	-
	<u>47,264</u>	<u>120,818</u>	<u>-</u>	<u>-</u>

The bank loan is held within Legion Group plc and is repayable by instalments over 15 years. Interest is charged at 2% above the banks base rate. The bank loan is secured over freehold property included in the accounts of Legion Group plc at its book value of £308,898

Notes (continued)

14 Reconciliation of movement in funds

	2006 £	2005 £
Charitable group		
Unrestricted funds at beginning of year	2,667,286	2,538,929
Net movement in funds	(311,967)	138,357
Unrestricted funds at end of year	<u>2,365,320</u>	<u>2,677,286</u>
Charitable company		
Unrestricted funds at beginning of year	2,366,011	2,305,338
Net movement in funds	34,041	60,673
Unrestricted funds at end of year	<u>2,400,052</u>	<u>2,366,011</u>

15 Share capital

The charitable company is limited by guarantee and as such, has no share capital. In the event of the charitable company being wound up, the guarantee of each member is limited to 5p.

16 Commitments

- (a) There were no capital commitments at the end of the financial year for which a provision has been made.
- (b) Annual commitments under non-cancellable operating leases are as follows:

Group	2006	Vehicles and equipment	2005	Vehicles and equipment
	Land and buildings £	£	Land and buildings £	£
Operating leases which expire				
Within one year	11,960	51,516	48,500	73,713
In the second to fifth years inclusive	115,509	277,966	86,285	119,294
Over five years	31,850	-	14,000	-
	<u>159,319</u>	<u>329,482</u>	<u>148,785</u>	<u>193,006</u>

The charitable company is committed to make payments amounting to £nil (2005 £nil).

17 Pensions

The principal subsidiary operates a defined contribution pension scheme for the Legion group. The pension cost charge for the year represents contributions payable by the trading subsidiaries to the fund and amounted to £50,739 (2005 £52,886), of which £7,240 (2005 £11,708) was accrued at the balance sheet date.

Notes (continued)

18 Reconciliation of net outgoing resources before other recognised gains and losses to net cash inflow from activities

	2006 £	2005 £
Net cash inflow from activities		
Net (outgoing)/incoming resources before other recognised gains and losses (before interest and tax)	(320,929)	157,402
Depreciation	162,498	166,868
(Profit)/loss on disposal of fixed asset	(324)	19,691
Amortisation of goodwill	79,524	79,524
Decrease/(increase) in debtors	308,995	(716,076)
Increase in creditors	125,429	311,970
	<u>355,193</u>	<u>19,379</u>

19 Reconciliation of net cash flow to movement in net funds

	£
Decrease in cash in year	10,421
Cash used to decrease liquid resources	99,558
Change in net funds	<u>109,979</u>
Net funds at 30 September 2005	331,200
Net funds at 30 September 2006	<u>441,179</u>

20 Gross cash flows

	2006 £	20045 £
Returns on investment and servicing of finance		
Interest received	24,615	26,153
Investment income	12,037	10,815
Interest paid	(67,205)	(57,601)
Interest element of finance lease repayments	(12,292)	(15,056)
	<u>(42,845)</u>	<u>(35,689)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(167,145)	(84,721)
Receipts from sales of tangible fixed assets	13,200	4,518
	<u>(153,945)</u>	<u>(80,204)</u>
Taxation		
Corporation tax paid	(48,424)	(50,784)
Financing		
Repayments of amounts borrowed	(26,004)	(23,981)
Capital element of finance lease rental payments	(73,554)	(81,713)
	<u>(99,558)</u>	<u>(105,694)</u>

Notes *(continued)*

21 Analysis of changes in net funds

	At 30 Sept 2005 £	Cash flows £	Other changes £	At 30 Sept 2006 £
Cash at bank and in hand	589,646	24,583	-	614,229
Overdrafts	(80,614)	(14,162)	-	(94,716)
Debt due within one year	(98,666)	32,763	-	(65,903)
Debt due after one year	(79,166)	66,795	-	(12,371)
	<u>331,200</u>	<u>109,979</u>	<u>-</u>	<u>441,179</u>

22 Related party transactions

There were no related party transactions