

**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 2007

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Trustees' Report

Report of the Trustees for the year ended 30th September 2007

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 30th September 2007

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 Burnill RH Campbell-Smith CW Gates ER Jobson CBE HG Mackinlay LVO FRSA H Nicholson BSc DAW Pearson FIH M Seabourne D Switzer FIH
	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 Commission. The Trust is governed by its Memorandum and Articles of Association dated 9th December 2005, 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 trustees 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 Grants 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 Trust's 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 principal 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, and
- 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 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 2005, 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 grants 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, and
- 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 £2,500 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 Trust's 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.

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 and 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 to 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 Trust, 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.

It is the policy of the Legion Group plc to give every consideration to candidates from all sectors of the community seeking employment and afford them full opportunity for appointment to and training for positions within their capabilities in order to achieve success on both personal and corporate levels.

Legion Group plc recognises that the contribution made by their staff is imperative to achieving the highest levels of service delivery demanded by our customers. We continue to invest in training and technology to support staff throughout the business in their day to day activities, helping them to improve and strengthen their skills and knowledge for the benefit of our customers.

The trustees consider that the investment within Legion Group plc should continue.

Trustees' report *(continued)*

Achievements and Performance

The board agreed that it would only aim to allocate the income from its deposit account and investment interest to grants to individuals during the year. During the year interest rates increased and we were therefore able to meet our objectives in relation to grants for the year.

The charitable company had agreed for one larger project to be recipient of a grant and the donation of a mini bus for the disabled, which was previously delayed, went ahead as planned and was delivered to the Royal British Legion Industries at a cost of £37,240.

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 £10,000 was required.

The decision to continue to hold investment shares in COIF were vindicated as they continued to grow and achieved their procurement price of £400,000 during the first half of the year. The trustees however, decided that as the shares market was still volatile, they would end the investment in COIF and place the £400,000 into a deposit account where interest rates were more stable and produced higher interest income.

The Trust made some 46 grants at a total of £54,624 during the year making the average grant £1,187. Due to the majority of grant requests arriving from professional institutions, there were only two rejected applications.

Clearly each year the Trust is dependent on maintaining the income stream from its investments and that was beyond the control of the Trust. However, these funds were held within approved institutions and reviewed on a regular basis by the trustees.

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

Financial Review

The consolidated results are dominated by those for Legion Group plc (the "group"), which are summarised in note 4 and show a deficit of £454,744 less the gift aid payment of £30,000 to the RBLA, compared to a deficit of £346,008 in the previous year. The result for the year includes a charge of £79,524 (2006 £79,524) in respect of amortisation of goodwill arising on consolidation of the group.

The operational activity of the group for the year has seen

- continued emphasis on establishing the name of Legion Group plc in the market place. In particular, Legion Group plc has had its status reaffirmed as a leading SIA Approved Contractor and remains committed to providing added value services to its customers in both security and car parking,
- with this in mind Legion Group plc have now formed a wholly owned subsidiary, Legion Technologies Limited, and invested in a larger National Control Centre which will provide the platform for the significant growth expected in the technology business, in particular with the remote monitoring of services in conjunction with Skyguard Limited. The trustees are of the opinion that with a new head of sales in post, the sales prospects are in better shape for the future and Legion Group plc are now a major player in the CCTV field. Legion Group plc have budgeted to return to profit in the second half of 2007/08 financial year. New business in excess of £2.5M has already been contracted in the first quarter, and
- the pressure on margins in the parking sector continuing to show its effect across this sector of sales.

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 the 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.

Trustees' report (continued)

Legion Group has maintained 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 Trust's policy in respect of the level of free 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 Trust 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 or any additional costs to be incurred on any wind up of the Trust.

The actual level of uncommitted reserves freely available for current activities at 30 September 2007, were £1,013,399.

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.

In addition, RBLA holds the investment in the Legion Group plc, as explained in the Objectives and Activities section above.

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 year's 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 Trust intends to continue its charitable objectives through the current structure whilst establishing wider links with both the established providers of resettlement training and other related establishments and companies. It aims to broaden the knowledge of its activities by using those networks already established throughout the ex-service community. The trustees have agreed that in the coming year we will again support the ex-service community and have agreed to provide £60,000 to the Ex-Service Fellowship to enable them to update the heating system at their hostel in Limehouse. Another ex-service charity on which we will focus during the year is Combat Stress and we have agreed to donate a significant sum towards their running costs. The Trust has again agreed a maximum donation of £12,000 to the Royal British Legion Festival of Remembrance. 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 Trust made no political contributions during the year. Donations to The Royal British Legion and other charities amounted to £47,240 (2006 £9,378).

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 Trust'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 Trust's auditors are aware of that information.

Trustees' report *(continued)*

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 20 February 2008 and signed on its behalf by



David Switzer
Trustee

20th February 2008

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

ABCD

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 2007 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 8.

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 2007 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

21/4/ 2008

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

for the year ended 30 September 2007

	Votes	Unrestricted funds 2007 £	Unrestricted funds 2006 £
Incoming resources			
Incoming resources from generated funds			
Voluntary income		1,507	1 525
Activities for generating funds	4	25,859,056	26 738 094
Investment income	3	48,635	36 305
Total incoming resources		25,909,198	26 775 924
Resources expended			
Costs of generating funds			
Fundraising trading cost of goods sold and other costs	4	(26,276,243)	(27 073 757)
Charitable activities	5	(100,945)	(56 923)
Governance costs	6	(7,718)	(8 611)
Other resources expended		(1,511)	(407)
		(26,386,417)	27,139 698
Net (outgoing) resources for the year before other recognised gains and losses/net expenditure/income for the year		(477,219)	(363 774)
Taxation	7	(7,557)	19 656
Other recognised gains			
Gains on investment assets		22,615	32,152
Net movement in funds		(462,161)	(311 966)
Reconciliation of funds			
Total funds brought forward		2,365,320	2 677,286
Total funds carried forward		1,903,159	2,365 320

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 2007

	<i>Note</i>	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	8	751,014		694,964	
Intangible assets	9	522,724		602,248	
Investments	10	-		377,399	
		1,273,738		1,674,611	
Current assets					
Debtors	11	4,283,303		4,458,547	
Cash at bank and in hand		1,106,170		614,229	
		5,389,473		5,072,776	
Creditors amounts falling due within one year	12	(4,743,221)		(4,369,696)	
Net current assets		646,252		703,080	
Total assets less current liabilities		1,919,990		2,377,691	
Creditors amounts falling due after more than one year	13	(16,831)		(12,371)	
Net assets		1,903,159		2,365,320	
Unrestricted funds	14	1,903,159		2,365,320	

Approved by the board of trustees on 20th Feb 2008 and signed on its behalf by



David Switzer
 Chairman

Charitable company balance sheet
as at 30 September 2007

	<i>Note</i>	2007		2006	
		£	£	£	£
Fixed assets					
Intangible assets			-		-
Tangible assets			-		-
Investments	10	1,379,236		1,756,635	
		<u>1,379,236</u>		<u>1,756,635</u>	
Current assets					
Debtors	11	30,000		50,000	
Cash at bank and in hand		985,325		594,117	
		<u>1,015,325</u>		<u>644,117</u>	
Creditors: amounts falling due within one year	12	(1,926)		(700)	
		<u>1,013,399</u>		<u>643,417</u>	
Net current assets					
		<u>1,013,399</u>		<u>643,417</u>	
Total assets less current liabilities		<u>2,392,634</u>		<u>2,400,052</u>	
Creditors: amounts falling due after more than one year	13	-		-	
		<u>2,392,635</u>		<u>2,400,052</u>	
Net assets		<u>2,392,635</u>		<u>2,400,052</u>	
Unrestricted funds	14	<u>2,392,635</u>		<u>2,400,052</u>	

Approved by the board of trustees on 20th Feb 2008 and signed on its behalf by



David Switzer
 Chairman

Consolidated cash flow statement
for the year ended 30 September 2007

	<i>Note</i>	2007 £	2006 £
Net cash inflow from operating activities	18	339,815	367,896
Returns on investments and servicing of finance	20	(41,514)	(27,868)
Capital expenditure and financial investment	20	175,663	(166,650)
Taxation	20	45,843	(48,424)
Net cash inflow before financing		519,807	124,954
Financing	20	(47,213)	(114,534)
Increase in cash and cash equivalents	19	472,594	10,420

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 2006 ("SORP 2005") 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

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 2007 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 statement of financial activities (SOFA).

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 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

	2007 £	2006 £
Bank interest	41,992	24 615
COIF investment income	6,643	11 690
	<u>48,635</u>	<u>36 305</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 2007 £	Consolidated Legion Group plc 2006 £
Turnover	25,859,056	26 738 094
Cost of sales	(20,912,143)	(21 475 992)
Gross profit	4,946,913	5 262,102
Distribution costs	(964,771)	(1,037 095)
Administrative expenses	(4,224,436)	(4,401 997)
Amortisation of goodwill arising on consolidation	(79,524)	(79 524)
Operating loss	(321,818)	(256 514)
Investment income	1,959	347
Interest payable and similar charges	(97,328)	(79,497)
Loss on ordinary activities before taxation	(417,187)	(335 664)
Taxation	(7,557)	19 656
Loss on ordinary activities after taxation	(424,744)	(316 008)
Amount covenanted to The Royal British Legion Attendants Company Limited	(30,000)	(30 000)
Retained in subsidiaries	(454,744)	(346,008)

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

	2007 £	2006 £
Retained loss for the financial year	(454,744)	(346 008)
<i>Add back items cancelling on consolidation</i>		
Amount covenanted to The Royal British Legion Attendants Company Limited	30,000	30 000
Net loss of trading subsidiaries included in consolidated statement of financial activities	(424,744)	(316 008)
	2007 £	2006 £
The consolidated assets and liabilities of the Legion Group plc group are		
Fixed assets	1,273,738	1,297,212
Current assets	4,404,148	4,458,659
Creditors' amounts falling due within one year	(4,771,295)	(4,398,996)
Creditors' amounts falling due after more than one year	(16,831)	(12,371)
Total net assets	889,760	1,344,504
Aggregate share capital and reserves	889,760	1,344,504

5 Charitable activities

	Direct costs £	Support costs £	2007 £	2006 £
Cost of charitable activities				
Charitable donations	47,240	457	47,697	9,613
Charitable grants	52,737	511	53,248	47,310
	99,977	968	100,945	56,923
Governance costs	7,660	58	7,718	8,611
Other resources expended	1,406	105	1,511	407
	109,043	1,131	110,174	65,941

The details in relation to the type of charitable grants made are detailed within the Trustee's report

Notes (continued)

5 Charitable activities (continued)

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

	Group 2007 £	2006 £
Depreciation on owned fixed assets	121,460	117,079
Depreciation on leased assets	46,841	45,419
Amortisation of goodwill	79,524	79,524
Rentals under operating leases		
plant and machinery	152,617	137,637
Other	346,572	384,142
	<u> </u>	<u> </u>

	Group 2007 £	2006 £
<i>Auditors remuneration</i>		
Audit of these financial statements	16,500	16,000
	<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

	2007 Number	2006 Number
Administrative and management of the charitable company	-	-
Legion Group plc and its group		
Attendants	1,238	1,345
Staff	86	91
Charitable group total	<u>1,324</u>	<u>1,436</u>

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

	2007 £	2006 £
Wages and salaries	21,253,749	21,803,810
Social security costs	1,925,516	1,967,659
Other pension costs	48,073	50,739
Charitable group total	<u>23,227,338</u>	<u>23,822,208</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 £26,700 (2006 £27,175) in the capacity as directors of Legion Group plc. The total travel and subsistence expenses reimbursed to nine trustees during the year was £14,282 (2006 £12,904 to nine trustees) of which £11,742 was for expenses of two trustees in respect of their role as directors of Legion Group plc (2006 £9,641 to two trustees).

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

6 Governance costs

	2007 £	2006 £
Trustee meeting costs	4,928	5,631
Trust indemnity insurance	698	1,075
Office costs	58	405
Audit fees	1,500	1,500
Legal costs	534	-
	<u>7,718</u>	<u>8,611</u>

Notes (continued)

7 Taxation

	2007 £	2006 £
UK corporation tax at [19]% (2006 19%)	-	(43 700)
(Over)/under provision relating to previous years	(2,143)	-
Deferred tax movement	9,700	24 044
	<u>7,557</u>	<u>(19 656)</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (2006 19%). The differences are explained below

	2007 £	2006 £
Current tax reconciliation		
(Loss) on ordinary activities before tax	(454,604)	(331 623)
Add back amortisation on consolidation	79,524	79,524
Other adjustments on consolidation	-	20 000
	<u>(375,080)</u>	<u>(232 099)</u>
 Current tax at 19% (2006 19%)	 (71,265)	 (44 099)
Effects of		
Income/expenses not deductible for tax purposes	11,930	(16,566)
Depreciation in excess of capital allowances	31,977	3,665
Losses carried forward	27,358	-
Movement on short term timing differences	-	13 300
	<u>-</u>	<u>(43,700)</u>
Total tax (repayments)/charge for the year	-	(43,700)

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	14,041	15,630	995,252	512,062	2,010,248
Additions	-	-	-	196,373	27,978	224,351
Disposals	-	-	-	(7,427)	-	(7,427)
At end of year	473,263	14,041	15,630	1,184,198	540,040	2,227,172
Depreciation						
At beginning of year	164,365	239	6,246	803,126	341,308	1,315,284
Charge for year	8,930	3,455	3,712	94,080	58,124	168,301
Disposals	-	-	-	(7,427)	-	(7,427)
At end of year	173,295	3,694	9,958	889,779	399,432	1,476,158
Net book value						
At 30 September 2007	299,968	10,347	5,672	294,419	140,608	751,014
At 30 September 2006	308,898	13,802	9,384	192,126	170,754	694,964

Included in the total net book value of fixed assets is £70,886 (2006 £86,030) in respect of assets held under finance leases. Depreciation for the year on these assets was £46,841 (2006 £45,419).

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	590,670
Charge for the year	79,524
At end of year	670,194
Net book value	
At 30 September 2007	522,724
At 30 September 2006	602,248

Notes (continued)

10 Investments

Charitable group	COIF Charities Investment Fund £
<i>Valuation</i>	
At beginning of year	400,000
Disposal	(400,000)
	<hr/>
At end of year	-
	<hr/>
<i>Provisions for change in market value</i>	
At beginning of year	22,601
Disposal	(22,601)
	<hr/>
At end of year	-
	<hr/>
<i>Net book value</i>	
At 30 September 2007	-
	<hr/>
At 30 September 2006	377,399
	<hr/>

Charitable company	COIF Charities Investment Fund £	Shares in group undertakings £	Total £
<i>Cost or valuation</i>			
At beginning	400,000	1,379,236	1,779,236
Disposal	(400,000)	-	(400,000)
	<hr/>	<hr/>	<hr/>
At end of year	-	1,379,236	1,379,236
	<hr/>	<hr/>	<hr/>
<i>Provisions for change in market value</i>			
At beginning of year	22,601	-	22,601
Disposal	(22,601)	-	(22,601)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2007	-	1,379,236	1,379,236
	<hr/>	<hr/>	<hr/>
At 30 September 2006	377,399	1,379,236	1,756,635
	<hr/>	<hr/>	<hr/>

The shares in group undertakings are 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 related to listed investments held within the COIF Charities Investment Fund. The fund has been disposed of in the year.

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	Non-trading	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 Service (Scotland) Limited	Scotland	Dormant	Ordinary 100%
<i>Indirect</i>			
Centaur guarding Limited	England	Dormant	Ordinary 100%

11 Debtors

	Charitable group		Charitable company	
	2007	2006	2007	2006
	£	£	£	£
<i>Due within one year</i>				
Trade debtors	3,964,969	4 049 704	-	-
Other debtors	50,378	103 110	-	-
Amounts owed by subsidiary undertakings	-	-	30,000	30,000
Prepayments and accrued income	267,956	232,333	-	-
Deferred tax asset	-	9 700	-	-
Corporation tax debtor	-	43 700	-	-
<i>Due after one year</i>				
Loan	-	20 000	-	20,000
	<u>4,283,303</u>	<u>4,458 547</u>	<u>30,000</u>	<u>50,000</u>

Notes (continued)

12 Creditors: amounts falling due within one year

	Charitable group		Charitable company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdraft	117,661	122,251	-	-
Trade creditors	259,058	436,611	-	-
Other taxes and social security	1,425,354	1,281,328	-	-
Corporation tax	-	-	-	-
Obligations under finance leases	15,913	38,430	-	-
Other creditors	2,506,890	2,020,722	-	(700)
Accruals and deferred income	418,345	470,354	(1,926)	-
	<u>4,743,221</u>	<u>4,369,696</u>	<u>(1,926)</u>	<u>(700)</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 £1,341,994 (2006 £798,288) 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	
	2007	2006	2007	2006
	£	£	£	£
Bank loans	-	3,537	-	-
Obligations under finance leases and hire purchase contracts	16,831	8,834	-	-
	<u>16,831</u>	<u>12,371</u>	<u>-</u>	<u>-</u>

	Charitable group		Charitable company	
	2007	2006	2007	2006
	£	£	£	£
Obligations under finance leases comprise:				
Instalments falling due				
Within one year	18,403	41,232	-	-
Within two to five years	18,367	10,365	-	-
	<u>36,770</u>	<u>51,597</u>	<u>-</u>	<u>-</u>
Less future finance charges	(4,026)	(4,333)	-	-
	<u>32,744</u>	<u>47,264</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 1.25% above the bank's base rate. The bank loan is secured over freehold property included in the accounts of Legion Group plc at its book value of £300,267.

Notes (continued)

14 Reconciliation of movement in funds

	2007 £	2006 £
Charitable group		
Unrestricted funds at beginning of year	2,365,320	2 677 287
Net movement in funds	(462,161)	(311 967)
Unrestricted funds at end of year	<u>1,903,159</u>	<u>2 365 320</u>
Charitable company		
Unrestricted funds at beginning of year	2,400,052	2 366,011
Net movement in funds	(7,417)	34 041
Unrestricted funds at end of year	<u>2,392,635</u>	<u>2,400 052</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 £1.

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	2007		2006	
	Land and buildings	Vehicles and equipment	Land and buildings	Vehicles and equipment
	£	£	£	£
Operating leases which expire				
Within one year	7,860	80,587	11,960	51 516
In the second to fifth years inclusive	85,010	232,801	115 509	277 966
Over five years	37,350	508	31,850	-
	<u>130,220</u>	<u>313,896</u>	<u>159,319</u>	<u>329 482</u>

The charitable company is committed to make payments amounting to £nil (2006 £nil).

17 Pensions

The principal subsidiary operates a defined contribution pension scheme for the Legion Group plc. The pension cost charge for the year represents contributions payable by the trading subsidiaries to the fund and amounted to £48,073 (2006 £50,739), of which £7,134 (2006 £7 240) 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

	2007 £	2006 £
Net cash inflow from activities		
Net (outgoing)/incoming resources before other recognised gains and losses (before interest and tax)	(407,870)	(288,777)
Depreciation	168,301	130,346
(Profit)/loss on disposal of investments/fixed assets	(22,615)	12,381
Amortisation of goodwill	79,524	79,524
Decrease in debtors	121,844	308,995
Increase in creditors	400,631	125,429
	<u>339,815</u>	<u>367,398</u>

19 Reconciliation of net cash flow to movement in net funds

	£
Increase in cash in year	472,594
Net funds at 30 September 2006	519,452
Net funds at 30 September 2007	<u><u>992,046</u></u>

20 Gross cash flows

	2007 £	2006 £
Returns on investment and servicing of finance		
Interest received	41,992	24,615
Investment income	8,602	12,037
Interest paid	(88,094)	(52,220)
Interest element of finance lease repayments	(4,014)	(12,300)
	<u>(41,514)</u>	<u>(27,868)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(224,351)	(167,145)
Receipts from sales of investments	400,014	495
	<u>175,663</u>	<u>(166,650)</u>
Taxation		
Corporation tax received/(paid)	45,843	(48,424)
	<u>45,843</u>	<u>(48,424)</u>
Financing		
Repayments of amounts borrowed	(28,680)	(28,680)
Capital element of finance lease rental payments	(49,251)	(85,854)
New finance leases	30,718	-
	<u>(47,213)</u>	<u>(114,534)</u>

Notes *(continued)*

21 Analysis of changes in net funds

	At 30 Sept 2006 £	Cash flows £	Other changes £	At 30 Sept 2007 £
Cash at bank and in hand	614,229	491,941	-	1,106,170
Overdrafts	(94,777)	(19,347)	-	(114,124)
	<u>519,452</u>	<u>472,594</u>	<u>-</u>	<u>992,046</u>

22 Related party transactions

There were no related party transactions