

Royal Collection Enterprises Limited
Directors' report and financial statements

31 March 2011

Company number 2778486

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Royal Collection Enterprises Limited

Directors' Report and Financial Statements

<i>Contents</i>	<i>Page</i>
Directors' Report	1 - 5
Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements	6
Independent Auditors' Report	7 - 8
Profit and Loss Account	9
Balance Sheet	10
Notes	11- 21

Royal Collection Enterprises Limited

Directors' Report

The Directors' present their annual report and the audited financial statements for the year ended 31 March 2011

Principal activities

The principal activities of the company are the management of public access to the official residences of The Queen and the official residence of The Prince of Wales and the sale of merchandise in shops at each location. Taxable profits are donated in full under deed of covenant to the holding company, The Royal Collection Trust, a company limited by guarantee and registered as a charity.

Business review

The purpose of the company is to generate income for The Royal Collection Trust for the presentation, maintenance and conservation of the Royal Collection.

Income is raised from fees for the management of public access and shop sales at the following locations:

The official residences of The Queen

Windsor Castle
Frogmore House, Windsor Home Park
Buckingham Palace State Rooms
The Queen's Gallery, Buckingham Palace
The Royal Mews, Buckingham Palace
The Palace of Holyroodhouse
The Queen's Gallery, Palace of Holyroodhouse

The official residence of The Prince of Wales

Clarence House

In addition to the above, income is raised through off-site retail activities (including the distribution of books and licensing deals involving Royal Collection publications), catering operations at The Palace of Holyroodhouse and the Buckingham Palace Summer Opening, and fees for reproducing images of items in the Royal Collection.

The Royal Collection Trust has responsibility for admitting visitors to the official residences of The Queen and the official residence of The Prince of Wales. The company acts as an agent of the Trust in managing the admission of visitors to the official residences.

Management Fees

Management fees amounted to £19,415,000, an increase of £2,040,000 (11.7%) on the previous year, which is primarily due to increased operating costs associated with higher levels of visitor numbers.

Interest in visiting the official residences remained strong and the exhibition at The Queen's Galleries and the Buckingham Palace Summer Opening contributed to the increase in visitor numbers of 86,000 (4.1%) from 2,074,000 to 2,160,000.

Retail

The Royal Collection's retail activities enjoyed an exceptionally good year, helped in part but not wholly by the Royal Wedding range that attracted great interest both domestically and overseas. The final figures showed a sales growth of 17.8% compared with a growth in visitor numbers of 4.1%. All shops experienced positive growth year on year but the most notable increase was the e-commerce site and the wholesale business. This reinforces the strategy to develop off-site business and the launch of the new e-commerce site in April 2011 should do much to deliver this objective.

Royal Collection Enterprises Limited

Directors' Report (continued)

Although all sites achieved year on year growth, Windsor achieved an 8.4% increase in spend per visitor, attributable in part to the middle ward shop refit which was completed in 2010. The Buckingham Palace Road shop achieved sales growth of 27.2% and benefited from being the only retail outlet with a shop window onto the high street.

The margin continued to improve from 59.5% last year to 62.0% this year thanks to strong china sales and very little markdown activity. This will however be difficult to maintain going forward with increasing production costs and the recent increase in the rate of VAT.

Photographic Services

A large proportion of the income for the Photographic Services Picture Library comes from the supply of photographic material for inclusion in television programmes and printed publications. Lower levels of activity during the year together with the waiver of charges for the use of Royal Collection images in academic publication, saw reproduction fee income decrease by £10,000 to £143,000 (2009-10 £153,000).

Further development of the on-line gallery, resulted in 1,766 items being added to the e-Gallery in 2010-11, bringing the total to 8,680 of which 3,500 items can be downloaded by users on-line. This included the addition of all of the Leonardo da Vinci drawings and the recent Victorian Miniatures catalogue. The Director of Publishing and New Media has produced a strategy for further development of the Collection-on-line in conjunction with the launch of the new website in 2011-12.

The photographers' projects during the year included photography for exhibition catalogues to accompany the exhibition programme, catalogues raisonnés, the Buckingham Palace Summer Opening display, the collection-on-line and PR & Marketing.

The Royal Collection exhibited again at the Picture Buyers' Fair in London.

Publishing

In 2010-11 an illustrated book was published to accompany the display at the Buckingham Palace Summer Opening entitled *The Queen's Year*. Published in July 2010 and sold at a retail price of £4.95, the publication proved to be popular, selling 6,800 copies, of which 5,600 were sold through the Royal Collection's shops and 1,200 were sold through book distributors. In addition, the publishing section published *The Queen's Dolls House*, *The Royal Portrait Image and Impact*, *Faberge's Animals A Royal Fair in Miniature* and *Roger Fenton Julia Margaret Cameron Early British Photographs from the Royal Collection*. Work has continued on the extensive catalogues raisonnés publishing programme and the two volume Victorian Miniatures Catalogue was published in November 2010.

The Royal Collection again exhibited at both the Frankfurt Book Fair and the London Book Fair. Further licensing and co-edition deals were identified as a result of contacts made and established at the Fairs.

Royal Collection Enterprises Limited

Directors' Report (continued)

Payments under Deed of Covenant

During the year amounts payable to The Royal Collection Trust under deed of covenant were £7,954,000 (2009-10 £2,812,000)

After payments under deed of covenant, the loss retained for the year in the company is £79,000, (2009-10 profit £7,000)

Directors and directors' interests

The directors who held office during the year were as follows

Sir Alan Reid, KCVO (Chairman)
Sir Hugh Roberts, KCVO (retired 30 April 2010)
Mr Jonathan Marsden, LVO
Mr Rufus Bird (appointed 7 June 2010)
Miss Kerry Bishop, MVO
Miss Frances Dunkels, LVO
Mrs Nuala McGourty, LVO
Ms Jemima Rellie (appointed 11 May 2010)
The Hon Lady Roberts, CVO
Mr Desmond Shawe-Taylor
Mr Michael Stevens, CVO
Mr Edward Griffiths, LVO - Non Executive Director
Mr Thomas Jenkins – Non Executive Director
Mrs Fiona Sale – Non Executive Director

None of the directors who held office at 31 March 2011 had any disclosable interest in the shares of the company. According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the year.

Risk Management

The Management Committee of the Royal Collection in conjunction with senior management in the Royal Household is responsible to the Trustees for the management of the risk process. Departmental Heads and senior managers are responsible for identifying, assessing and managing risk in their areas of responsibility and all Royal Collection staff are encouraged to identify operational risks in the performance of their duties.

The Management Committee assesses risks and opportunities as part of the review of annual budgets and in the preparation of longer term operating plans and, where appropriate, mitigates risks as far as possible.

The Audit Committee is a sub-committee of the Board of Trustees of the Royal Collection Trust. It is responsible for assessing the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks and is supported in this role by the internal audit function. The Chair of the Audit Committee reports to the Board of Trustees at each meeting of the Trustees on the Audit Committee's activities and responsibilities. During the year the following Director served on the Audit Committee: Sir Alan Reid.

Specialist risk managers in the Royal Household include the Fire Safety Managers in Windsor and London, the Health and Safety Manager and the Director of Security Liaison. These specialists provide advice on the management of the risks falling within their areas of responsibility and provide annual reports which are available to the Management Committee.

Royal Collection Enterprises Limited

Directors' Report (continued)

The risk and control framework

The company's management of risk is facilitated in the following ways

- There is a consolidated strategic risk register for the Royal Collection Trust and the company which has been developed with reference to the company's objectives. This is reviewed by the Management Committee and senior managers on a regular basis.
- The Audit Committee meets three times annually and reviews the risk registers at least annually. The Audit Committee regularly requires members of the Management Committee and senior managers to present an outline of the activities in their area of responsibility to ensure that key risks are appropriately identified and being managed.
- The internal audit function takes a risk-based approach to audits and operates to a plan of work agreed by the Audit Committee that is aligned to the risk register and the company's objectives. Evaluation of the company's exposure to risk includes consideration of governance, operations and information systems with regard to the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with laws, regulations and contracts. The findings of reviews are reported to the Audit Committee.
- The Audit Committee monitors management's progress with the implementation of agreed internal audit recommendations ensuring that management establish appropriate priorities.
- Assurance on specialist areas such as property maintenance, health and safety and security is provided by suitably qualified senior managers in the Royal Household and where appropriate, external professionals.
- New activities and changes to existing processes are routinely reviewed to ensure that controls are in place.
- Ongoing budgetary control is monitored by the production of regular and timely financial management reports.

Some of the improvements and initiatives that have been made during the year include

- The consolidated 3 year plan for the Royal Collection Trust and the company for the period to 31 March 2014 was reviewed and updated for key risks and opportunities.
- The implementation of new credit card authorisation systems for on-line ticket sales ensures the Royal Collection continues to address the requirements of the Payment Card Industry Data Security Standard for its retail and ticketing activities.
- Implementation of a new retail e-commerce system has enhanced the capture and fulfilment of on-line orders.
- A contracts database which will enhance the management and review of the Company's contracts was introduced in February 2011 as a pilot. Full implementation is anticipated in 2011-12.
- As part of the Royal Household Energy Management Strategy, SMART meters have been installed in order to facilitate the monitoring of electricity and gas usage and assisting in the setting of targets for reductions in consumption.
- Business Continuity Plans were developed further during the year based on a number of scenarios. Co-ordination and testing of the plans will continue during 2011-12.
- The Royal Household Security Risk Management Board met twice during 2010-11 to consider reports from the Information, Personnel and Physical Security Working Groups. A programme of information security awareness training has been developed and is being rolled out across the Royal Household. Guidance on the use of blackberries and mobile phones whilst overseas was also updated.

Royal Collection Enterprises Limited

Directors' Report (continued)

- All staff were required to undertake Display Screen Self Assessments and attend a Health & Safety Awareness update

Review of effectiveness

The Directors' have responsibility for ensuring the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is supported by the work of the internal auditors and the Royal Collection Management Committee who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors and other qualified professionals in their management letters and reports. The Directors have considered the results of the reviews of the system of internal control by the Management Committee and the Audit Committee, and have agreed a plan to address weaknesses and ensure continuous improvement of the system is in place.

No significant internal control issues have arisen during the period covered by this report.

Liability insurance

During the year the company purchased liability insurance for its officers.

Employment policies

The company is an equal opportunities employer and every effort is made to give employment to disabled applicants. The company would endeavour to re-train any employee who developed a disability while in its employment. All staff receive an annual appraisal to assess performance and to identify career development opportunities and training requirements. Regular meetings with staff are held to keep employees informed of the activities and objectives of the company and to discuss other matters of interest or concern.

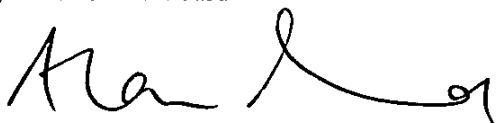
Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Board



Sir Alan Reid

Chairman

York House

St James's Palace

London SW1A 1BQ

28 June 2011

Royal Collection Enterprises Limited

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Royal Collection Enterprises Limited

Independent Auditors' Report to the members of Royal Collection Enterprises Limited

We have audited the financial statements of Royal Collection Enterprises Limited for the year ended 31 March 2011 set out on pages 11 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or

Royal Collection Enterprises Limited

Independent Auditors' Report to the members of Royal Collection Enterprises Limited (continued)

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



*MG Fallon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
15 Canada Square
London
E14 5GL*

12 July 2011

Royal Collection Enterprises Limited

Profit and Loss Account

for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover	1,2	31,737	27,951
Direct costs, including cost of sales	2	(25,776)	(23,669)
Gross profit	2	5,961	4,282
Administrative expenses		(1,677)	(1,319)
Donation to Privy Purse Charitable Trust	19	(480)	(357)
Other operating income	6	4,071	213
Operating profit		7,875	2,819
Interest receivable and other similar income	7	-	-
Profit on ordinary activities before and after taxation	3	7,875	2,819
Deed of covenant		(7,954)	(2,812)
Retained (loss) / profit for the financial year	13,14	(79)	7

There are no recognised gains or losses other than those included above

The profit on ordinary activities before and after taxation is measured under the historical cost convention

The notes on pages 11 to 21 form part of these financial statements

Royal Collection Enterprises Limited

Balance Sheet

at 31 March 2011

		2011		2010	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		496		737
Current assets					
Stock and work in progress	9	2,710		1,949	
Debtors	10	843		806	
Cash at bank and in hand		4,336		279	
		<u>7,889</u>		<u>3,034</u>	
Creditors: amounts falling due within one year	11	<u>(8,004)</u>		<u>(3,311)</u>	
Net current liabilities			<u>(115)</u>		<u>(277)</u>
Total assets less current liabilities			<u>381</u>		<u>460</u>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		381		460
Shareholder's funds			<u>381</u>		<u>460</u>

The notes on pages 11 to 21 form part of these financial statements

These financial statements were approved by the Board of Directors on 28 June 2011 and were signed on its behalf by



Sir Alan Reid
Chairman

Royal Collection Enterprises Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

The directors have reviewed cash flow forecasts for twelve months from the date of approval of the accounts, and consider that it is appropriate to prepare these accounts under the going concern basis. The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of the Royal Collection Trust (limited by guarantee) and its cash flows are included within the consolidated cash flow statement of that company

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose the details of related party transactions with its parent undertaking

Turnover

Turnover, which excludes Value Added Tax, includes management fees for managing the admission of visitors to the official residences of The Queen and the official residence of The Prince of Wales, the publication of books on the Royal Collection and the granting of rights for the use of images from the Royal Collection in books and other media, and sales of merchandise. Management fees comprise both direct and indirect costs related to these activities and a contribution to central management and administrative costs

Other income includes sponsorship and other income

Fixed assets and depreciation

The buildings comprising Windsor Castle, Buckingham Palace (including The Queen's Gallery and the Royal Mews) and the Palace of Holyroodhouse (including The Queen's Gallery) are owned by The Queen as Sovereign and maintained by the Royal Household Property Section and Historic Scotland and are therefore not capitalised in these financial statements. However, where improvements are made to these buildings by the company, in order to increase revenues, the expenditure is capitalised and depreciation is charged over the estimated useful lives of the assets

Royal Collection Enterprises Limited

Notes (continued)

1 Accounting policies (continued)

Fixed assets and depreciation (continued)

No depreciation is charged on assets in the course of construction until the assets have been successfully commissioned and are available for use. Finance costs incurred in connection with the construction of tangible assets are not capitalised and are charged to the profit and loss account as incurred.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives which are determined on an individual asset basis as follows:

Property improvements	-	10 to 20 years
Plant and machinery	-	3 to 10 years
Furniture, fittings and equipment	-	2 to 10 years

Individual assets costing less than £2,000 are not capitalised.

Publishing

The cost of producing each Royal Collection book is carried forward in work in progress until publication. Where, however, it is envisaged that a book will make a loss, the loss is recognised immediately. Published books are included in stock at the lower of cost and net realisable value. Publishing royalties are recognised when earned.

Stock and work in progress

Stock is stated at the lower of cost and net realisable value. Work in progress relates to the component cost of publishing stock, food and china products. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Royal Collection Enterprises Limited

Notes (*continued*)

1 **Accounting policies** (*continued*)

Pensions

The company participates in a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The scheme which provides benefits based on final pensionable salary are part of a group scheme, the contributions to which are determined by a qualified actuary based on the triennial valuations. The company is unable to identify its share of the assets and liabilities of this pension scheme. Accordingly the funding deficit in respect of this pension scheme is disclosed in the financial statements of the parent undertaking.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Taxation

The company fully provides for both current and deferred tax to the extent that it has any liability to tax. However, it is bound by a deed of covenant to transfer all of its taxable profit to the Royal Collection Trust and consequently has no liability to tax.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Liabilities

Liabilities are recognised when a constructive obligation arises.

Royal Collection Enterprises Limited

Notes (continued)

2 Turnover and gross profit

Turnover and gross profit from each of the company's main activities may be analysed as set out below

	Management fees £'000	Retail and publishing £'000	Other £'000	2011 Total £'000	2010 Total £'000
Turnover	19,415	12,040	282	31,737	27,951
Direct costs, including cost of sales	(15,476)	(9,862)	(438)	(25,776)	(23,669)
Gross profit/(loss)	<u>3,939</u>	<u>2,178</u>	<u>(156)</u>	<u>5,961</u>	<u>4,282</u>

Admission numbers at each location were as follows

	2011 '000	2010 '000
Windsor Castle	1,047	987
Windsor Castle Education Centre	20	23
Frogmore House	6	4
Buckingham Palace State Rooms	422	402
Clarence House	12	19
The Queen's Gallery, Buckingham Palace	174	175
The Royal Mews, Buckingham Palace	196	164
The Palace of Holyroodhouse	234	237
The Queen's Gallery, Palace of Holyroodhouse	43	60
The Palace of Holyroodhouse Education Centre	6	3
	<u>2,160</u>	<u>2,074</u>

Royal Collection Enterprises Limited

Notes (continued)

3 Profit on ordinary activities before and after taxation

	2011	2010
	£'000	£'000
Profit on ordinary activities before and after taxation is stated after charging		
Auditors' remuneration		
Audit of these financial statements	8	8
Other services - taxation	3	3
Depreciation and other amounts written off owned tangible fixed assets	353	351
Operating lease charges	92	77
	<u> </u>	<u> </u>

4 Remuneration of directors

	2011	2010
	£'000	£'000
Directors' emoluments including pension contributions	360	358
	<u> </u>	<u> </u>

The Chairman received no emoluments during the year in connection with services to the company, other than £158 (2009-10 £175) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £89,631 (2009-10 £89,631)

Contributions to provide defined pension benefits were made for four directors (2009-10 four). The accrued benefits due to the highest paid director at 31 March 2011 amounted to an annual pension of £17,570 and a lump sum of £83,340 (2009-10 £16,290 and £76,025)

Royal Collection Enterprises Limited

Notes (continued)

5 Staff numbers and costs

The average number of full time equivalent staff employed by the company or on permanent secondment from the Royal Household (including directors) analysed by category, was as follows

	Number of employees	
	2011	2010
Windsor Castle	147	146
Buckingham Palace	158	154
Palace of Holyroodhouse	45	48
Central Retail & Warehousing	20	19
Public Relations & Marketing	8	9
Publishing	4	3
Learning	6	6
Photographic Services	8	8
Finance & Administration (including directors)	14	13
Royal Household Staff directly supporting Royal Collection Enterprises	27	18
	<u>437</u>	<u>424</u>

The aggregate payroll costs of these persons were as follows

	2011	2010
	£'000	£'000
Wages and salaries	8,661	8,304
Social security costs	682	644
Other pension costs (see note 16)	1,169	1,245
	<u>10,512</u>	<u>10,193</u>

6 Other operating income

	2011	2010
	£'000	£'000
VAT refund	3,806	-
Other income	265	213
	<u>4,071</u>	<u>213</u>

The VAT refund of £3,806,000 was received from HMRC in relation to previous years

Royal Collection Enterprises Limited

Notes (continued)

7 Interest receivable and other similar income

	2011	2010
	£'000	£'000
Bank interest	-	-

8 Tangible fixed assets

	Property improvements	Plant and machinery	Furniture, fittings and equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2010	46	287	2,712	-	3,045
Additions	12	13	73	35	133
Transfers	-	-	-	-	-
Disposals /write-offs	-	(134)	(248)	-	(382)
At 31 March 2011	58	166	2,537	35	2,796
Depreciation					
At 1 April 2010	23	230	2,055	-	2,308
Charge for the year	9	13	331	-	353
Disposals /write-offs	-	(117)	(244)	-	(361)
At 31 March 2011	32	126	2,142	-	2,300
Net book value					
At 31 March 2011	26	40	395	35	496
At 31 March 2010	23	57	657	-	737

9 Stock and work in progress

	2011	2010
	£'000	£'000
Finished goods	2,278	1,705
Work in progress	432	244
	2,710	1,949

Royal Collection Enterprises Limited

Notes (continued)

10 Debtors

	2011	2010
	£'000	£'000
Trade debtors	646	328
Other debtors	56	78
Amounts due from parent undertaking	-	256
Prepayments and accrued income	141	144
	843	806

11 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Bank overdraft	-	31
Trade creditors	1,578	1,057
Amounts due to parent undertaking	2,840	-
Other creditors including taxation	99	139
Accruals and deferred income	3,487	2,084
	8,004	3,311

12 Called up share capital

	2011	2010
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2

Royal Collection Enterprises Limited

Notes (continued)

13 Reserves

	Profit and loss account £'000
At beginning of year	460
Retained loss for the year	(79)
At end of year	381

14 Movement on shareholder's funds

	2011 £'000	2010 £'000
Retained (loss) / profit for the year	(79)	7
Opening shareholder's funds	460	453
Closing shareholder's funds	381	460

15 Commitments

Capital commitments at 31 March 2011 for which no provision has been made were as follows

	2011 £'000	2010 £'000
Contracted	60	40
Authorised but not contracted	353	527

Operating lease commitments

	2011 £'000	2010 £'000
Amounts payable within one year of the balance sheet date in respect of operating leases expiring		
- within one year	2	2
- in the second to fifth year	26	17
- more than five years	64	65
	92	84

Royal Collection Enterprises Limited

Notes *(continued)*

16 Pension scheme

As explained in the accounting policies set out on pages 13 the company participates in a pension scheme providing benefits based on final pensionable pay. Details of the most recent valuation of the scheme, together with the assumptions which have the most significant effect on the results of the valuation, are given in the financial statements of the parent company, The Royal Collection Trust.

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of The Royal Collection Trust, a company limited by guarantee registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by its ultimate parent company, The Royal Collection Trust, registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from the Director of the Royal Collection, The Royal Collection Trust, York House, St James's Palace, London, SW1A 1BQ.

18 Guarantee

On 12 February 1997 the company provided a guarantee to Coutts & Co. in consideration for the granting of an overdraft and loan facility in favour of its parent company, The Royal Collection Trust. At 31 March 2011, the group's deposit and loan balances amounted to a net cash balance of £2,597,000 (2009-10 net borrowings £4,185,000).

Royal Collection Enterprises Limited

Notes (continued)

19 Related Party Transactions

Material transactions during the year with other entities controlled by officials, Trustees or other appointees on behalf of The Queen are set out below. The figure in italics represent the amounts due (to) or from related parties at the balance sheet date.

Related Party	2011 £000	2010 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	4,787 <i>(3,300)</i>	3,679 <i>(1,274)</i>	Maintenance services	Costs of property refurbishments, maintenance services, facilities management, utilities and staff costs, included in cost of sales and administrative expenses
Civil List	1,654 <i>(70)</i>	1,562 <i>(2)</i>	Management charge, reimbursement of staff costs and IT services	Reimbursement of staff costs for various services including personnel, payroll and pensions administration, internal audit, records management, carriage conservation, IT infrastructure, network services and other staff related expenses, included in direct costs and administrative expenses
Privy Purse Charitable Trust	480 <i>(1)</i>	357 -	Donation	Donation to the Privy Purse Charitable Trust in lieu of its right to charge for admission to Queen Mary's Dolls' House, Windsor Castle
Privy Purse & Private Estates	1 -	29 <i>1</i>	Turnover	Sales of Royal Collection retail stock.
St George's Chapel	1,299 -	1,268 -	Admissions income collected as agent	Income in respect of admissions to St George's Chapel, Windsor Castle collected by Royal Collection Enterprises as agent and therefore excluded from Admissions income
St George's Chapel	18 -	17 -	Commission on sales	Compensation for loss of retail income included in Retail and Publishing direct costs
Historic Royal Palaces	86 <i>31</i>	23 <i>9</i>	Turnover	Charges made to Historic Royal Palaces for the right to reproduce images in the Royal Collection and goods for re-sale

None of the Directors or other related parties except as referred to above or as otherwise disclosed in the financial statements has undertaken any material transactions with Royal Collection Enterprises Limited during the year.

