

Royal Collection Enterprises Limited

Directors' report and financial statements

31 March 2000

Registered number 2778486



Royal Collection Enterprises Limited

Directors' report and financial statements

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Royal Collection Enterprises Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal activities

The principal activities of the company are the management of public access to occupied Royal Palaces 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 Royal Collection Enterprises Limited is to generate income for The Royal Collection Trust for the presentation, maintenance and conservation of the Royal Collection.

Income is raised from admission charges and shop sales at the following locations:

- Windsor Castle
- The Education Centre, Windsor Castle
- Frogmore House, Windsor Castle Home Park
- Buckingham Palace State Rooms (open for two months in the summer)
- The Queen's Gallery, Buckingham Palace (closed for re-development October 1999 – February 2002)
- The Royal Mews, Buckingham Palace
- The Palace of Holyroodhouse

In addition to the above, income is raised through fees for reproducing images of items in the Royal Collection.

Between 1993 and 1999 one of the principal objectives of the company was to generate income for the restoration of the fire-damaged areas of Windsor Castle. As the funding of the Windsor Castle fire restoration was complete at 31 March 2000, the surplus arising from the Buckingham Palace Summer Opening will be used to fund the presentation, maintenance and conservation of the Royal Collection. The surplus arising from the Windsor Castle Precincts admission charge will be used for maintenance and conservation at Windsor Castle.

This has been a challenging year for the company with the value of the pound remaining high against the Euro, and in the final quarter of the year increased competition from new visitor attractions, including the Millennium Dome. These pressures are likely to continue throughout the coming year as further lottery funded visitor attractions come on stream.

Royal Collection Enterprises Limited

Directors' report *(continued)*

Business review *(continued)*

Following the substantial interest in the Windsor Castle fire restoration last year, visitor numbers returned to normal levels. During the year visitor numbers decreased by 289,000 (13%) from 2,213,000 to 1,924,000 and turnover decreased by £1,249,000 (7%) from £18,258,000 to £17,009,000. Whilst most of the decrease in visitor numbers arose at Windsor Castle, the Buckingham Palace Summer Opening and the Palace of Holyroodhouse also experienced a reduction in visitor numbers. Lower turnover and an increase in the 'contribution to the maintenance of Windsor Castle' from £850,000 to £1,431,000 produced a reduction in the gross profit margin of £2,232,000 from £8,134,000 to £5,902,000. This resulted in £5,644,000 being contributed to the Trust, a reduction of £2,248,000 (28%) on the previous year.

Windsor Castle

Interest in the Castle, boosted by the Royal Wedding, continued at a high level although, as anticipated, the impact of the restoration on visitor numbers diminished. Closures, for Royal events (e.g. State Visits) and the Millennium holidays, were higher than in the previous year and contributed to visitor numbers reducing by 15% from 1,439,000 to 1,224,000. An acoustic guide to the Castle, including the Precincts and St. George's Chapel, was introduced in July 1999. The guide is offered in 6 languages and is also available in versions produced for people who are visually impaired and people with learning difficulties. It is particularly encouraging that 1 in 5 visitors either purchased an acoustic guide or a guidebook, compared with 1 in 8 visitors purchasing a guidebook in 1998-99, when that was the only guide available. The new Admissions Centre, which also opened in July 1999, has significantly improved ticketing and security arrangements for visitors to the Castle.

The former ticket office has been converted into a temporary gallery and opened in February 2000 with an exhibition of watercolours by Alexander Creswell. Ten of these paintings, which were commissioned for the Royal Collection, show views of the Castle in the aftermath of the fire of 1992, and the second set of ten show the same rooms restored. Later this year, the exhibition will be replaced by a permanent display to assist visitors in their understanding of the history and current use of the Castle. At the same time the Drawings Gallery at the entrance to the State Apartments has been completely refurbished and equipped to show a wide-ranging selection of drawings and watercolours.

Royal Collection Enterprises Limited

Directors' report (*continued*)

Business review (*continued*)

Buckingham Palace

The introduction of more flexible arrangements for the travel trade and improved marketing, helped to stimulate visitor numbers to the Summer Opening of the State Rooms at Buckingham Palace even though the eventual figures were slightly disappointing at 5,000 visitors per day (1998-99: 5,500 per day). For the second year running, a publicity campaign was mounted with the London Underground using a newly commissioned painting of the East Front by Stephen Whatley.

It is reassuring to be able to confirm that visitors continued to enjoy their visits to the Palace. Independent market research, which has been undertaken since the State Rooms opened in 1993, revealed that 97% of all visitors said that the Palace exceeded or met their expectations, whilst 79% said that the admission charge reflected excellent or good value for money. The State Rooms at Buckingham Palace will be open again from 6 August to 1 October 2000.

The Queen's Gallery closed on 10 October 1999 for re-development and will reopen in the spring of 2002. The last exhibition *Raphael and his Circle. Drawings from Windsor Castle* attracted 34,261 visitors.

The Royal Mews extended its opening hours by an additional day (Monday) throughout the year (previously the Royal Mews had only been open on a Monday during the height of the tourist season in August and September, during the Buckingham Palace Summer Opening). This increased access has been accompanied by improvements to the presentation of this working department of the Royal Household. During the year, 87,544 people visited the Royal Mews, an increase of 2% on the previous year.

The Palace of Holyroodhouse

The Palace of Holyroodhouse continued to attract good numbers of visitors despite the disruption in the immediate area surrounding the Palace caused by a number of construction projects. When these are completed the area, (which includes the new Scottish Parliament), will be completely transformed. Taking into account increased closures of the Palace during the year for Royal events (e.g. the State Opening of the Scottish Parliament) and over the Millennium holidays, it is encouraging that average daily visitor numbers only fell from 855 per day to 830 per day, a decrease of 3%.

Work commenced on the planned re-development of buildings in the Mews. Phase I of the project, which is now complete, provides new lavatories for visitors and a series of exhibition rooms for the display of interpretative material and other information. The firm of Ben Tindall and Partners have been appointed architect for Phase II of the project, the establishment of a new graphic art gallery. Plans for this second phase are in their final stage and construction is due to start early in 2001.

Royal Collection Enterprises Limited

Directors' report *(continued)*

Business review *(continued)*

Retail

The recruitment of a new Retail Director in late 1998 has reinvigorated this area of the business. Significant changes to the displays and operation of the shop during the Summer Opening of the State Rooms at Buckingham Palace led to a 12% increase in spend per visitor and no reduction in margins. New merchandise, in particular a range commemorating the marriage of Prince Edward to Miss Sophie Rhys-Jones, proved extremely successful and contributed substantially to the retail performance at Windsor Castle, where spend per visitor increased by 8.4%.

Careful planning of the closure of The Queen's Gallery shop at the end of January 2000 ensured that stock levels were reduced without any significant loss of margin and the overall retail margin remained unchanged on the previous year.

Despite the absence of exhibitions in The Queen's Gallery since October 1999 and no shop sales in February and March 2000, spend per visitor for the whole business increased by 11% from £2.55 to £2.83.

Picture Library

Fees for the rights to use images from the Royal Collection in books, magazines, films and television income generated £179,000, a reduction of 9.6% on 1998-99, and which is attributable to slightly fewer large publishing projects during the year. The new library management system, which was implemented in September 1999 and is working well, is expected to assist the longer term development of this section.

The Royal Collection, together with some national institutions, has founded a consortium which brings together the picture libraries of the Tate Gallery, the National Gallery, the National Portrait Gallery and the Victoria & Albert Museum. The consortium, entitled *Images of Art and Culture*, exhibited in its own right at the Frankfurt Book Fair. The benefits of such an arrangement are for the longer term but a promising start has been made.

Year 2000

Plans for the upgrade of the Royal Collection's operating systems to counter potential year 2000 problems were implemented during the year. No year 2000 related problems have been identified in the period following 1 January 2000 to date. The cost of addressing year 2000 issues amounted to £185,000, of which £89,000 was incurred in the current year (1998-99: £96,000).

Distributions

Distributions payable under deed of covenant amount to £5,644,000 (1998-99: £7,892,000). After distributions, the loss for the year retained in the company is £114,000 (1998-99: (£68,000)).

Royal Collection Enterprises Limited

Directors' report *(continued)*

Directors and directors' interests

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

Sir Michael Peat (Chairman)
Hugh Roberts
Oliver Everett
Christopher Lloyd
Jonathan Marsden
Edward Hewlett
Michael Stevens
Richard Arbiter (resigned 8 March 2000)
Nuala McGourty
Gail Johnson (resigned 7 June 1999)
Frances Mossman - Non Executive Director (appointed 7 June 1999)
Joanna Oswin - Non Executive Director (appointed 7 June 1999)

None of the directors who held office at 31 March 2000 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.

Liability insurance

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

By order of the board


Sir Michael Peat
Chairman

Stable Yard House
St James's Palace
London
SW1A 1JR

8 June 2000

Royal Collection Enterprises Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

Royal Collection Enterprises Limited

Auditors' report to the members of Royal Collection Enterprises Limited

We have audited the financial statements on pages 8 to 19.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 of the state of the company's affairs as at 31 March 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

8 June 2000
London

Royal Collection Enterprises Limited

Profit and loss account

for the year ended 31 March 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	<i>1,2</i>	17,009	18,258
Direct costs, including cost of sales	<i>2</i>	(11,107)	(10,124)
		<hr/>	<hr/>
Gross profit	<i>2</i>	5,902	8,134
Administrative expenses		(546)	(554)
Other operating income		55	76
		<hr/>	<hr/>
Operating profit		5,411	7,656
Interest receivable and other similar income	<i>7</i>	119	175
Interest payable and other similar charges	<i>8</i>	-	(7)
		<hr/>	<hr/>
Profit on ordinary activities before and after taxation	<i>4</i>	5,530	7,824
Distributions by deed of covenant		(5,644)	(7,892)
		<hr/>	<hr/>
Retained loss for the financial year	<i>15</i>	(114)	(68)
		<hr/>	<hr/>

The results shown above relate to continuing activities.

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.

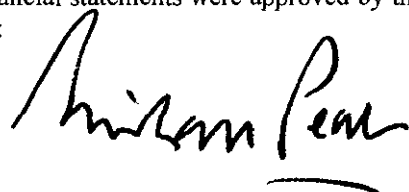
Royal Collection Enterprises Limited

Balance sheet

at 31 March 2000

	Note	2000		1999	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		1,576		1,401
Current assets					
Stocks		660		582	
Debtors	10	757		905	
Cash at bank and in hand		1,370		1,980	
		<u>2,787</u>		<u>3,467</u>	
Creditors: amounts falling due within one year	11	<u>(3,267)</u>		<u>(3,648)</u>	
Net current liabilities			<u>(480)</u>		<u>(181)</u>
Total assets less current liabilities			1,096		1,220
Creditors: amounts falling due after more than one year	12		-		(10)
Net assets			<u>1,096</u>		<u>1,210</u>
Capital and reserves					
Called up share capital	14		-		-
Capital reserve	15		296		367
Profit and loss account	15		800		843
Equity shareholders' funds			<u>1,096</u>		<u>1,210</u>

These financial statements were approved by the board of directors on 8 June 2000 and were signed on its behalf by:



Sir Michael Peat
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 accounting standards and under the historical cost accounting rules.

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 detail of related party transactions with its parent undertaking.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the collection of admission charges to occupied Royal Palaces and the sale of goods and reproduction rights.

Fixed assets and depreciation

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 as follows:

Property improvements	-	10 or 20 years
Shop fittings	-	5 to 10 years
Plant and machinery	-	10 years
Furniture and equipment	-	3 to 10 years

Capital Reserve

The assets and liabilities of the company, which were acquired from the Royal Collection on 31 March 1993 for no consideration, are recorded at their fair value on date of acquisition; the surplus arising on the acquisition has been credited to the Capital Reserve.

Where the net assets acquired are realised during the year, a transfer is made from the Capital Reserve to the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Royal Collection Enterprises Limited

Notes (continued)

1 Accounting policies (continued)

Leases (continued)

Where the company enters into a sale and leaseback agreement of existing assets any profit or loss is spread over the life of the relevant assets.

Pensions and other post-retirement benefits

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

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

Deferred taxation

Deferred tax is the tax attributable to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is considered probable that an actual liability will crystallise in the foreseeable future.

2 Turnover and gross profit

Turnover and gross profit from each of the company's main activities may be analysed as follows:

	Admissions £000	Shops £000	Other £000	Total £000
Turnover	11,329	5,393	287	17,009
Direct costs, including cost of sales	(6,814)	(4,055)	(238)	(11,107)
Gross profit	4,515	1,338	49	5,902

Admission numbers at each location were as follows:

	2000	1999
Windsor Castle	1,211,734	1,427,145
Frogmore House	9,170	8,849
Buckingham Palace State Rooms	300,500	328,686
The Queen's Gallery, Buckingham Palace	34,261	58,568
The Royal Mews, Buckingham Palace	87,544	85,670
The Palace of Holyroodhouse	268,731	291,404
Windsor Castle Education Centre	11,879	12,260
	1,923,819	2,212,582

Royal Collection Enterprises Limited

Notes (continued)

3. 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 figures in brackets represent the amounts due to related parties at the balance sheet date.

Related Party	2000 £000	1999 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	1,431 (nil)	850 (nil)	Contribution to maintenance and general upkeep	Contribution to the maintenance and general upkeep of Windsor Castle, included in cost of sales.
Property Services Grant-in-aid	164 (68)	189 (50)	Maintenance services	Costs of property refurbishment, maintenance services and utilities, included in cost of sales.
Property Services Grant-in-aid	4 (nil)	8 (3)	Accommodation costs	Accommodation charges in respect of Royal Collection employees included in payroll costs.
Property Services Grant-in-aid	5 (3)	6 (6)	Reimbursement of staff costs	Reimbursement of costs of internal auditors, included in administrative expenses.
Civil List	255 (1)	208 (2)	Management charge	Various services including personnel, payroll and pensions administration and other staff related expenses included in payroll costs.
Privy Purse Charitable Trust	281 (71)	281 (80)	Cost of sales	Payment to the Privy Purse Charitable Trust in respect of the right to charge for admission to Queen Mary's Dolls' House, Windsor Castle included in cost of sales.
St George's Chapel	859 (11)	897 (71)	Cost of sales	Payment in respect of the right to charge for admission to St. George's Chapel, Windsor Castle included in cost of sales.
Historic Royal Palaces	6 (nil)	7 (nil)	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.

Royal Collection Enterprises Limited

Notes (continued)

4 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	17	17
Other services	5	4
Depreciation and other amounts written off tangible fixed assets:		
Owned	417	273
Leased	46	58
Finance charges in respect of finance leases	-	7
	<hr/>	<hr/>

5 Remuneration of directors

	2000 £000	1999 £000
Directors' emoluments including pension contributions	224	241
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of the Chairman during the year were £226 (1999: £218) in respect of the cost of directors' liability insurance and those of the highest paid director were £68,113.

Contributions to provide defined pension benefits were made for five directors (1999: five). The accrued benefits due to the highest paid director at 31 March 2000 amounted to an annual pension of £22,100 and a lump sum of £42,900.

Royal Collection Enterprises Limited

Notes (continued)

6 Staff numbers and costs

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

	Number of employees	
	2000	1999
Buckingham Palace	53	51
Windsor Castle	79	73
Palace of Holyroodhouse	21	21
Central retail and warehousing	8	7
Central marketing	2	2
Photographic services	8	8
Administration (including directors)	10	12
	<hr/>	<hr/>
	181	174
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£000	£000
Wages and salaries	3,380	3,133
Social security costs	182	199
Other pension costs (see note 18)	280	239
	<hr/>	<hr/>
	3,842	3,571
	<hr/>	<hr/>

7 Interest receivable and other similar income

	2000	1999
	£000	£000
Bank interest	119	175
	<hr/>	<hr/>

8 Interest payable and other similar charges

	2000	1999
	£000	£000
Finance charges in respect of finance leases	-	7
	<hr/>	<hr/>
	-	7
	<hr/>	<hr/>

Royal Collection Enterprises Limited

Notes (continued)

9 Tangible fixed assets

	Property improvements and shop fittings	Plant and machinery	Fixtures fittings and equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 1999	1,488	121	1,863	40	3,512
Additions	7	74	501	56	638
Transfers	-	-	40	(40)	-
Disposals/write-offs	(282)	(107)	(378)	-	(767)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	1,213	88	2,026	56	3,383
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 1999	741	115	1,255	-	2,111
Charge for year	118	12	333	-	463
Disposals/write-offs	(282)	(107)	(378)	-	(767)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	577	20	1,210	-	1,807
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2000	636	68	816	56	1,576
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	747	6	608	40	1,401
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in tangible fixed assets at 31 March 2000 are the following amounts in respect of assets held under finance leases:

	2000 Net book value £000	1999 Net book value £000
Fixtures and fittings	51	97

No proceeds were receivable on the disposal/write-off of fully depreciated assets during the year. Assets with an historical cost of £525,000 were written off as a result of the closure of The Queen's Gallery and the re-presentation projects in The Royal Mews and the Gallery at Windsor Castle. The balance of assets written off arise from the replacement of ticketing systems and other operational assets.

Royal Collection Enterprises Limited

Notes (continued)

10 Debtors: due within one year

	2000 £000	1999 £000
Trade debtors	184	185
Other debtors	312	383
Prepayments and accrued income	261	337
	<u>757</u>	<u>905</u>

11 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Obligations under finance leases (note 12)	5	5
Trade creditors	425	284
Other creditors including taxation and social security		
Income tax on deed of covenant	-	1,404
Other creditors	-	190
Accruals and deferred income	526	433
Amount due to parent undertaking	2,311	1,332
	<u>3,267</u>	<u>3,648</u>

12 Creditors: amounts falling due after more than one year

	2000 £000	1999 £000
Obligations under finance leases	-	10
Accruals and deferred income	-	-
	<u>-</u>	<u>10</u>

Royal Collection Enterprises Limited

Notes (continued)

12 Creditors: amounts falling due after more than one year (continued)

The maturity of obligations under finance leases is as follows:

	2000 £000	1999 £000
Within one year	5	5
In the second to fifth years	-	10
	<hr/>	<hr/>
	5	15
	<hr/>	<hr/>

13 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000		1999	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and capital allowances	-	11	-	14
Other timing differences	-	-	-	2
	<hr/>	<hr/>	<hr/>	<hr/>
	-	11	-	16
	<hr/>	<hr/>	<hr/>	<hr/>

14 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

Royal Collection Enterprises Limited

Notes (continued)

15 Reserves

	Capital reserve £000	Profit and loss account £000
At beginning of year	367	843
Transfer to profit and loss account	(71)	71
Retained loss for the year		(114)
	<hr/>	<hr/>
At end of year	296	800
	<hr/>	<hr/>

16 Movement on shareholders' funds

	2000 £000	1999 £000
Retained loss for the year	(114)	(68)
Opening shareholders' funds	1,210	1,278
	<hr/>	<hr/>
Closing shareholders' funds	1,096	1,210
	<hr/>	<hr/>

17 Commitments

Capital commitments at 31 March 2000 for which no provision has been made were as follows:

	2000 £000	1999 £000
Contracted	114	168
Authorised but not contracted	983	2,209
	<hr/>	<hr/>

18 Pension scheme

As explained in the accounting policies set out on page 11 the company participates in pension schemes providing benefits based on final pensionable pay. Details of the most recent valuations of the schemes, together with the assumptions which have the most significant effect on the results of the valuations, are given in the financial statements of the parent company, The Royal Collection Trust.

Royal Collection Enterprises Limited

Notes *(continued)*

19 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 Secretary, St James's Palace, London, SW1A 1JR.