

**The Diana, Princess of Wales  
Memorial Fund (No 1) Limited**

Registered Number: 3408533

**Report and financial statements  
for the year ended 31 December 2006**



*Diana*

Princess of Wales Memorial Fund  
**THE WORK CONTINUES**

# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

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# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

## **Directors' report for the year ended 31 December 2006**

The directors of The Diana, Princess of Wales Memorial Fund (No 1) Limited ("No 1 Ltd") present their report and audited financial statements for the year ended 31 December 2006

### **Principal activity**

The principal activity of the company is to act as a trading subsidiary to raise funds exclusively for and on behalf of The Diana, Princess of Wales Memorial Fund ("the Fund")

### **Review of business and future developments**

The company has covenanted approximately £19 million to the Fund since its formation in 1997

During the year income directly linked to approved products was variable with some licences proving more productive and some underperforming against expectations. The profits generated from commercial activity at some distance from Diana, the Princess of Wales' death remained modest

As previously reported, in consultation with the Trustee of the Fund, the Trustees of the Estate and other stakeholders, the directors have ceased new commercial activity and new licensing arrangements during the year. The directors will continue to work with and support partners who have licences in place to maximise the income from those licenses

As a result of tax adjustments in previous years, the company had negative reserves at the start of the year. In the year under review, as a result of operating profits, the negative reserves have been reduced to nil. It is anticipated that the company will continue to trade profitably

At 31 December 2005 there was an amount owed to the Fund of £200,000 for which repayment was deferred until at least December 2008 (barring certain circumstances). As at 31 December 2006 this amount remained on the balance sheet. In addition there was an amount of £150,166 owed to the Fund that represents the profits payable under Deed of Covenant which will be settled before 30 September 2007

# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

## **Directors' report for the year ended 31 December 2006**

### **Results and dividends**

The profit and loss account for the year is set out on page 5. The directors are pleased to note that the company has achieved an increase in gross profit to over £250,000 whilst reducing administrative costs by a further £108,000 (80%). The company has executed a Deed of Covenant under which 100% of taxable profits for the period are payable to the Fund. The company has fully utilised available tax losses in the period and has made a Deed of Covenant payment to the Fund of approximately £150,000. The directors do not recommend the payment of a dividend.

### **Subsidiary undertaking**

The company has one subsidiary, The Diana, Princess of Wales Memorial Fund (Tribute Album) Ltd, which has ordinary shares of £1 each, is incorporated and operates in Great Britain, and is registered in England and Wales. It carries on trading activities in respect of the "Diana, Princess of Wales Tribute" compilation CD and album.

### **Directors and directors' interests**

During the year under review the directors held three meetings. The directors of the company during the year ended 31 December 2006 are listed below.

David Isaac	(Chair) (appointed 24 April 2006)
Brian Hutchinson	
Christopher Spence MBE	(Resigned 11 July 2006)
Caroline Whitfield	(Resigned 17 January 2006)

None of the directors had any direct interest in the share of the company or its subsidiary at 31 December 2006 or at any time during the year.

# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

## **Directors' report for the year ended 31 December 2006**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to 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,
- 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **INFORMATION MADE AVAILABLE TO AUDITORS**

Each of the directors has confirmed that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all reasonable steps as a director to make themselves aware of any relevant audit information and to establish that the company's auditors have been made aware of such information.

#### **Auditors**

The directors re-appointed PKF (UK) LLP as auditors, on

*22 May*

2007

**By order of the board**



**David Isaac**

# The Diana, Princess of Wales Memorial Fund (No 1) Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DIANA, PRINCESS OF WALES MEMORIAL FUND (NO 1) LIMITED

We have audited the financial statements of The Diana, Princess of Wales Memorial Fund (No 1) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the 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 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 auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### 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 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 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit 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 directors' report is consistent with the financial statements.

*PKF (UK) LLP*

PKF (UK) LLP  
Registered Auditors  
London, UK

*30 May 2007*

# The Diana, Princess of Wales Memorial Fund (No 1) Limited

## Profit and loss account for the year ended 31 December 2006

	Notes	Year ended 31.12.2006 £	Year ended 31.12.2005 £
Turnover	2	505,742	138,723
Cost of sales		<u>(235,815)</u>	<u>-</u>
Gross profit		269,927	138,723
Administration costs	3	<u>( 25,919)</u>	<u>(132,781)</u>
Operating profit		244,008	5,942
Interest receivable and similar income	4	<u>5,143</u>	<u>11,900</u>
Profit on ordinary activities before covenant		249,151	17,842
Covenant	5	<u>(150,134)</u>	<u>(11,900)</u>
Retained profit for the year	13	99,017	5,942
Retained loss brought forward as at 1 January		<u>(99,017)</u>	<u>(104,959)</u>
Retained loss carried forward as at 31 December	13	<u>-</u>	<u>(99,017)</u>

None of the company's activities were acquired or discontinued during the two financial years

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before covenant and the retained loss stated above, and their historical cost equivalents

# The Diana, Princess of Wales Memorial Fund (No 1) Limited

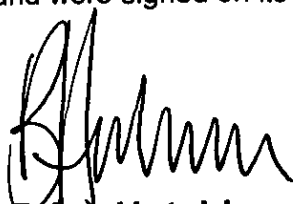
## Balance sheet as at 31 December 2006

	Notes	31.12.2006 £	31.12.2005 £
<b>Fixed assets</b>			
Investments	9 1	<u>1</u>	<u>1</u>
<b>Current assets</b>			
Investments	9 2	1,746	1,674
Debtors	10	406,870	11,164
Cash at bank and in hand		204,532	111,809
		<u>613,148</u>	<u>124,647</u>
<b>Creditors: amounts falling due within one year</b>	11 1	<u>(413,148)</u>	<u>(23,664)</u>
<b>Net current assets</b>		200,000	100,983
<b>Creditors: amounts falling due after more than one year</b>	11 2	<u>(200,000)</u>	<u>(200,000)</u>
<b>Net assets/(liabilities)</b>		<u><u>1</u></u>	<u><u>(99,016)</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	13	-	(99,017)
		<u>1</u>	<u>(99,016)</u>
<b>Equity shareholder's surplus</b>	14	<u><u>1</u></u>	<u><u>(99,016)</u></u>

The financial statements on pages 4 to 12 were approved and authorised for issue by the board of directors on 22 May 2007 and were signed on its behalf by



**David Isaac**  
Director



**Brian Hutchinson**  
Director



# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention.

#### **Turnover**

Turnover is accounted for on an accruals basis, excludes value added tax and represents royalties earned from sales.

#### **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All gains and losses as a result of exchange movements during the period are included in the profit and loss account.

#### **Group accounts**

Under S 228 of the Companies Act 1985 the company is exempt from the requirement to prepare group accounts as it is itself a wholly owned subsidiary of The Diana, Princess of Wales Memorial Fund ("the Fund").

#### **Cash flow statement**

The cash flows of the company are included in the consolidated group cash flow statement of The Fund. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

#### **Sub-Licence fee**

Payments for the licence royalty are accounted for as they are paid.

# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **1 Principal accounting policies (continued)**

#### **Investments**

Investments are stated at market value at the balance sheet date

#### **Deferred taxation**

Deferred tax is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay tax in future or a right to pay less tax in future, where the amount of tax concerned is material. The company has taxable losses available, but the directors consider it imprudent to account for any deferred tax asset so arising as the recovery of the tax losses is dependent on the future profitability of the company, which is susceptible to a degree of uncertainty.

### **2 Geographical analysis of turnover**

The geographical analysis of turnover by destination is stated below

	<b>Year Ended 31.12.2006</b>	<b>Year Ended 31.12.2005</b>
	<b>£</b>	<b>£</b>
United Kingdom	455,992	63,334
Rest of the world	49,750	75,389
	<u>505,742</u>	<u>138,723</u>

### **3 Administration costs**

	<b>Year Ended 31.12.2006</b>	<b>Year Ended 31.12.2005</b>
	<b>£</b>	<b>£</b>
Legal fees	2,000	22,288
Other administrative expenses	23,919	110,493
	<u>25,919</u>	<u>132,781</u>

# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **4 Interest receivable & similar income**

	<b>Year Ended 31.12.2006 £</b>	<b>Year Ended 31.12.2005 £</b>
Investment income	71	4,534
Bank interest	5,072	7,366
	<u>5,143</u>	<u>11,900</u>

### **5 Covenant**

	<b>Year Ended 31.12.2006 £</b>	<b>Year Ended 31.12.2005 £</b>
Deed of covenant paid for 2005	-	(11,900)
Deed of covenant payable for 2006	<u>(150,134)</u>	<u>-</u>

The company has executed a Deed of Covenant under which 100% of taxable profits for the accounting period are payable to the Fund

### **6 Profit on ordinary activities**

The profit on ordinary activities is stated after charging

	<b>Year Ended 31.12.2006 £</b>	<b>Year Ended 31.12.2005 £</b>
Management charge from the Fund	4,000	44,464
Auditors' remuneration - audit	<u>1,050</u>	<u>1,000</u>

# The Diana, Princess of Wales Memorial Fund (No 1) Limited

## Notes to the financial statements for the year ended 31 December 2006

### 7 Tax losses

	Year Ended 31.12.2006	Year Ended 31.12.2005
	£	£
Tax losses available to the company	<u>-</u>	<u>99,017</u>

### 8 Staff costs and directors' remuneration

The company employed no staff directly during the two financial years. The management charge from the Fund shown in Note 6 includes £4,000 (2005 £44,464) in respect of staff and other costs.

The directors received no remuneration in respect of their services to the company during the two financial years.

### 9 Investments

#### 9.1 Fixed asset investments

	2006	2005
	£	£
Subsidiary undertakings	<u>1</u>	<u>1</u>

#### Subsidiary undertaking

The company has one subsidiary - The Diana, Princess of Wales Memorial Fund (Tribute Album) Ltd. The subsidiary company, which has ordinary shares of £1 each, is incorporated and operates in Great Britain, and is registered in England and Wales. It carries on trading activities in respect of the "Diana, Princess of Wales Tribute" compilation CD and album.

#### 9.2 Current asset investments

	2006	2005
	£	£
Cost and market value at 1 January	1,674	221,254
Additions	72	5,420
Disposals	-	(225,000)
Cost and market value at 31 December	<u>1,746</u>	<u>1,674</u>

The investments comprise a collective investment in transferable securities with the aim of maintaining capital value and producing a return. That investment consists of shares in the Sterling Fund of Royal Bank of Scotland's Global Treasury Funds Plc.

The shares in the Sterling Fund are listed on the Irish Stock Exchange.

# The Diana, Princess of Wales Memorial Fund (No 1) Limited

## Notes to the financial statements for the year ended 31 December 2006

### 10 Debtors

	2006	2005
	£	£
Amounts falling due within one year		
VAT recoverable	-	7,100
Amounts owed by subsidiary undertakings	6,876	1
Prepayments and accrued income	399,994	4,063
	<u>406,870</u>	<u>11,164</u>

### 11.1 Creditors: Amounts falling due within one year

	2006	2005
	£	£
VAT liability	7,863	-
Amounts owed to the Fund	150,166	13,436
Accruals	255,119	10,228
	<u>413,148</u>	<u>23,664</u>

### 11.2 Creditors: Amounts falling due after more than one year

	2006	2005
	£	£
Amount owed to the Fund	<u>200,000</u>	<u>200,000</u>

### 12 Called up share capital

	2006	2005
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

# **The Diana, Princess of Wales Memorial Fund (No 1) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **13 Profit and loss account**

	<b>Year ended 31.12.2006</b>
	<b>£</b>
Retained profit for the year	99,017
Loss brought forward	(99,017)
<b>At 31 December 2006</b>	<b>-</b>

### **14 Reconciliation of shareholder's surplus/(deficit)**

	<b>Year ended 31.12.2006</b>	<b>Year ended 31.12.2005</b>
	<b>£</b>	<b>£</b>
Opening shareholder's deficit	(99,016)	(104,958)
Retained profit for the year	99,017	5,942
<b>Closing shareholder's surplus/(deficit)</b>	<b>1</b>	<b>(99,016)</b>

### **15 Related party transactions**

The company, being a wholly owned subsidiary undertaking of the Diana, Princess of Wales Memorial Fund, has taken advantage of the exemption within Financial Reporting Standard 8 from disclosure of transactions with group undertakings

There were no other related party transactions during the year

### **16 Parent undertaking**

The Diana, Princess of Wales Memorial Fund, a charity registered in the United Kingdom, is the parent undertaking of the company. Copies of the consolidated financial statements of The Diana, Princess of Wales Memorial Fund can be obtained from the Chief Executive, The Diana, Princess of Wales Memorial Fund, The County Hall, Westminster Bridge Road, London SE1 7PB