

Company Number 3909555
Charity Number 1081199

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED
(a charitable company limited by guarantee)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009**

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THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED
(a charitable company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS 2009

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THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED
(a charitable company limited by guarantee)

REFERENCE AND ADMINISTRATIVE INFORMATION

Company Registered Number	3909555
Charity Number	1081199
Registered Office and Principal Address	Falmouth Arts Centre, Church Street, Falmouth
Directors	Mr H Wiekens – Interim Chairman Prof V C Roberts – Vice Chairman M Bradley C M Clarke C Davies B M Dilks H Gilchrist J E Howard M Jenks D Lansdowne R McGregor R McPhee W Scott J Tonkin P R Williams
Company Secretary	Vacant
Bankers	HSBC plc and National Westminster Bank plc Market Street, Falmouth.
Auditors	Winter Rule LLP, Registered Auditors, Chartered Accountants, Truro

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

DIRECTORS REPORT

The directors - who are the charity trustees for the purpose of the Charities Act 1993 - have pleasure in presenting their annual report in compliance with both that Act and the Companies Act 2006, together with the financial statements prepared under the latter Act, for the year ended 31 December 2009

Structure, Governance and Management

The company is a registered charity and a company limited by guarantee, registered in England and is governed by its memorandum and articles of association dated 19 January 2000 and amended 10 October 2000

The trustees administer the Charity in their capacity as directors of the company. Full details of the trustees, officers and advisors are shown on page 3

The directors meet monthly with the primary purpose of ensuring the operational and financial probity of the charity. Delegation of various activities of the company is given to specific committees which meet on a regular basis and report to the Directors at the monthly board meetings

Directors

The directors who held office during the year and since the year end are

Mr T Guy – resigned 14/4/2010	Mr R McGregor
Prof V C Roberts – appointed 18/5/2010	Mr K Hambly-Staite – resigned 18/5/2010
Mr C Mathison – resigned 29/12/2009	Mr J Tonkin
Mr B M Dilks	Mr R McPhee
Mrs G Wilson – resigned 14/4/2010	Sir M Lickiss – resigned 29/12/2009
Mr D Lansdowne	Mr A Watts – resigned 13/4/2010
Dr A Stanhope – resigned 28/4/2010	Mr M Bradley – appointed 11/6/2009
Mr G Aver – resigned 14/4/2010	Mr C M Clarke – appointed 18/5/2010
Mr C Davies – appointed 18/5/2010	Ms H Gilchrist – appointed 18/5/2010
Prof M Jenks – appointed 18/5/2010	Ms J Howard – appointed 18/5/2010
Mr W Scott – appointed 18/5/2010	Mr H Wiekens – appointed 18/5/2010
Mr P R Williams – appointed 18/5/2010	

Appointment of trustees

Trustees are appointed by the members at the annual general meeting. Candidates are invited to submit details of their background, their special interests relevant to the activities of the society and the areas where their expertise would be of benefit to the operation of the society

Policies and procedures for induction and training of trustees

New trustees are briefed on the activities, finances and policies of the society both before and after their appointment. Accounts and board minutes are made available to them as part of the induction process, as well as details of the regulatory regime relevant to the society's structure

Related Charities

The company controls the Royal Cornwall Polytechnic Society, a charity which formerly carried out some of the charitable activities now assumed by the company. This control is by virtue of the constitution of the Society, which requires that the members of the Society consist of the management committee of The Royal Cornwall Polytechnic Society Limited. Under the terms of a Uniting Direction issued by the Charity Commission dated 31 March 2006, the accounts of the Society have been incorporated into the accounts of the company from that date. The Royal Cornwall Polytechnic Society holds the designated and endowment funds shown within the accounts, together with unrestricted funds

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

DIRECTORS REPORT

Structure, Governance and Management - continued

Risk Management

The directors have conducted their own review of the major risks to which the charity is exposed and systems have been established to mitigate these risks. External risks to funding are negligible at present, as a result of the support provided by the connected charity, whilst internal risks are minimised by the implementation of procedures for authorisation of all transactions. These procedures are reviewed periodically to ensure that they still meet the needs of the charity.

Objectives and Activities

The principal activities of the company are to educate and encourage the public in all aspects of the Arts Sciences Crafts and History with particular reference to the County of Cornwall and generally to carry on the activities of the Royal Cornwall Polytechnic Society and Falmouth Arts in succession to the Royal Cornwall Polytechnic Society and Falmouth Arts.

The strategic focus of the company is to fulfil the principal activities and objectives of the company, with the company seeking to build informal local partnerships to develop the deliverance of Arts and related services.

Achievement and performance

Review of activities in the period

The company ceased trading activities on 31 December 2006 and has continued to carry out its other charitable activities in a manner similar to the previous year.

In planning the activities for the year the trustees kept in mind the Charity Commission's guidance on public benefit at the trustee meetings.

Investment Policy

The investment policy has been to hold surplus funds on deposit to generate income and pending meeting its day to day expenditure.

In the case of the funds held within the subsidiary charity arising from the disposal of the Boulton Watts papers, the policy has been to invest those funds with the benefit of professional advice to generate income to support the charitable activities of the company. Details of the performance of these investments are disclosed in the Consolidated Financial Activities.

Financial Review

Principle funding sources

These are derived from investment income, charitable and trading income, together with a small amount of local authority support.

Reserves Policy

The company holds reserves as a result of donations and other funding over the years. The company needs to retain these reserves to generate income which can be used to support its charitable activities. At the date of the balance sheet, the unrestricted reserves, (excluding designated funds) amounted to £(107290).

Plans for Future Periods

The society will continue to carry out and expand its charitable activities and has borrowed from its bankers to finance capital expenditure for this purpose. The society plans further lectures in 2010 as well as other cultural and related events in furtherance of its objectives.

The directors regret to report that due to continuing losses incurred by the wholly owned trading subsidiary, it ceased trading in January 2010 and has been placed into liquidation. This decision was taken after taking independent professional advice from management consultants and insolvency experts. The directors are currently reviewing the future strategy and will report to the members at the forthcoming General Meeting.

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

DIRECTORS REPORT

Statement of Directors' Responsibilities

Company and charity 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 then apply them consistently,
- * make judgements and estimates that are reasonable and prudent;
- * comply with applicable accounting standards 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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

Statement of Disclosure to Auditors

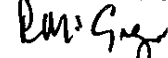
- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) The directors have taken all reasonable steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Winter Rule LLP have signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

This report is prepared in accordance with the special provisions of Part 15 of The Companies Act 2006 relating to small companies

By order of the Board



R McGregor

Director

Dated 17/12/10

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED**

We have audited the financial statements of The Royal Cornwall Polytechnic Society Limited for the year ended 31 December 2009 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's Members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's 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

As described in the statement of trustees' responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 2006. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if 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 trustees' remuneration and transactions with the charitable company is not disclosed.

We read the trustees' 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 United Kingdom 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 trustees 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 in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of the charitable company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 2006 and,
- the information given in the trustees' report is consistent with the financial statements.



Michael Bentley ACA & DChA
Senior Statutory Auditor
For and on behalf of Winter Rule LLP

Dated 17/5/10

Winter Rule LLP,
Chartered Accountants and
Statutory Auditors,
Truro

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Income and Expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Unrestricted Funds £	End. Funds	Restricted Funds £	2009 Total Funds £	2008 Total Funds £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	9916	-	-	9916	25748
Investment income		36052	4032	-	40084	32948
Incoming resources from charitable activities						
	3	841	-	21250	22091	36095
Total Incoming resources		46809	4032	21250	72091	94791
Resources expended						
Cost of generating funds						
Costs of generating voluntary income	4	27			27	307
Charitable activities	5	73944		18850	92794	148396
Governance costs	6	33154		-	33154	3300
Total charitable expenditure		107125	-	18850	125975	152003
Net (outgoing)/incoming resources before gains and transfers						
		(60316)	4032	2400	(53884)	(57212)
Losses/Gains on investments						
Realised and Unrealised (losses)/gains		7803		-	7803	(88319)
Transfer between funds		6432	(4032)	(2400)	-	-
Net movement in funds		(46081)	-	-	(46081)	(145531)
Total funds brought forward		381862		-	381862	527393
Total Funds carried forward	13	335781	-	-	335781	381862

The company's turnover and expenses all relate to continuing operations

The company has no recognised gains or losses other than the surplus for the period.

The deficit/surplus on ordinary activities and the retained surplus have been calculated on the historical cost basis

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009		2008	
		£	£	£	£
Fixed Assets					
Buildings	7		163309		163309
Equipment & Furniture	7		645		600
Donated asset	7		3980		-
			<hr/>		<hr/>
			167934		163909
Investments	8		445377		437574
Current Assets					
Debtors	9	-		9694	
Poly Trading Limited	10	-		-	
Bank Balances		9104		32797	
		<hr/>		<hr/>	
		9104		42491	
		<hr/>		<hr/>	
Creditors - amounts falling due within one year					
Creditors	11	61210		18080	
		<hr/>		<hr/>	
Net Current (Liabilities)/Assets			(52106)		24411
			<hr/>		<hr/>
Total Assets less Current Liabilities			561205		625894
Creditors - amounts falling due after more than one year	12		225424		244032
			<hr/>		<hr/>
Net assets			<u>335781</u>		<u>381862</u>
Funds					
Unrestricted	13		(107290)		(53297)
Designated			443071		435159
			<hr/>		<hr/>
			335781		381862
			<hr/>		<hr/>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements are approved by the Board and signed on its behalf by

RM Gagnon
RM: Gagnon

Date 8/7/2010
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THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and follow the recommendations in 'Accounting and Reporting by Charities' Statement of Recommended Practice 2005 and in accordance with the Companies Act 2006

The financial statements include the transactions of The Royal Cornwall Polytechnic Society (subsidiary charity), Charity Number 251650, a charity controlled by the company, under the terms of a Uniting Direction issued by the Charity Commissioners dated 31 March 2006.

Voluntary Income

Voluntary income is received by way of donations and fund raising events and is included in full in the income and expenditure account when received

Resources Expended

Resources expended are recognised in the period in which they are incurred

Governance costs are those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements

Charity Funds

The accounts of charities distinguish between unrestricted, restricted, endowment and designated funds

Unrestricted funds are those where there are no externally imposed restrictions. They include those freely available to the charity for expenditure or appropriation to reserves for internally designated purposes

Endowment funds are held by the subsidiary charity. Endowment funds are those where the charity must retain the property, investments or cash which it has been given and must not spend the capital. The charity can however utilise the income that the funds generate. In these accounts, the endowment funds represent the income received from the Toynbee Trust, which is available to form part of the general income of the charity without restrictions. Hence, it is transferred each year to unrestricted funds

Designated funds are held by the subsidiary charity. Designated funds are those which have been set aside by the Trustees from the unrestricted reserves of the charity for a particular purpose. In these accounts, the net sale proceeds of the Boulton Watts papers have been treated as designated funds, following the vote of the then members of the subsidiary charity at the 2000 Annual General Meeting.

Grants

Grants relating to unspecified revenue expenditure are credited to the income and expenditure account in the year of receipt

Royal Cornwall Polytechnic Lecture

The surplus on this event has been credited to unrestricted funds

Donated Assets

Donated assets are recorded on receipt at their market value.

Gains/losses on investments

Investments held as fixed assets are revalued at the balance sheet date and the gain or loss in the year is recognised in the Consolidated Statement of Financial Activities and in the designated funds in the balance sheet

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

Tangible Fixed Assets

Tangible fixed assets are included at cost, unless stated otherwise

(a) No depreciation is provided on freehold land

No depreciation is provided on freehold buildings

The company is in the course of maintaining the property on an ongoing basis. Consequently any depreciation on the property would in the opinion of the directors, be immaterial and no provision for depreciation has been made

(b) Equipment is stated at written down value with additions in the year stated at cost

The depreciation policy adopted is to write off the cost less estimated residual value of fixed assets over their estimated useful lives. Depreciation is provided at the following rates

Computer and office equipment - 4 years straight line

Depreciation on assets acquired in the period is calculated on a pro-rata time basis

(c) Donated assets are recorded on receipt at their market value

No depreciation is provided on donated assets.

2. Voluntary Income	Unrestricted funds £	Restricted funds £	2009 £	2008 £
<u>Grants</u>				
Cornwall County Council grant	-		-	7200
Tuke project income	2124		2124	1986
<u>Other</u>				
Subscriptions	3812		3812	5140
Sale of books	-		-	11422
Donated asset	3980		3980	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9916	-	9916	25748
	<hr/>	<hr/>	<hr/>	<hr/>

3. Incoming resources from charitable activities	Unrestricted funds £	Restricted funds £	2009 £	2008 £
Sundry income	836		836	3236
Chasing Clouds – grants and donations			-	29500
- sundry income			-	3359
Royal Cornwall Polytechnic Lecture grants and donations		21250	21250	-
sundry income	5		5	-
	<hr/>	<hr/>	<hr/>	<hr/>
	841	21250	22091	36095
	<hr/>	<hr/>	<hr/>	<hr/>

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2009

4. Costs of generating voluntary income

	Unrestricted funds £	Restricted funds £	2009 £	2008 £
Other costs	27		27	307
	<u>27</u>	<u>-</u>	<u>27</u>	<u>307</u>

5. Resources expended on charitable activities

	Unrestricted funds £	Restricted funds £	2009 £	2008 £
Tuke project costs	311	-	311	22114
Chasing Clouds costs	-	-	-	24566
Royal Cornwall Polytechnic Lecture	-	18850	18850	-
Depreciation	215	-	215	-
Equipment and building repairs	3847	-	3847	1324
Sundry Expenses	6338	-	6338	9927
Interest Payable	5468	-	5468	13709
Bank charges	189	-	189	974
Service Level Agreement – Poly Trading Ltd	31250	-	31250	25000
Bad debt provision – Poly Trading Ltd	26326	-	26326	50782
	<u>73944</u>	<u>18850</u>	<u>92794</u>	<u>148396</u>

6. Governance costs

	2009 £	2008 £
Auditors Remuneration	7399	3000
Legal & professional	500	300
Consultancy fees	25255	-
	<u>33154</u>	<u>3300</u>

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

	Donated Asset £	Buildings £	Equipment £
7. Fixed Assets			
Cost or valuation			
At 1 January 2009 - company		125120	600
- subsidiary charity	-	38189	
Additions at cost - company	-	-	260
- subsidiary charity	3980	-	-
At 31 December 2009	<u>3980</u>	<u>163309</u>	<u>860</u>
Depreciation			
At 1 January 2009	-	-	-
Provision for the year	-	-	215
At 31 December 2009	<u>-</u>	<u>-</u>	<u>215</u>
Net Book Value			
At 31 December 2009			
- company	-	125120	-
- subsidiary charity	3980	38189	-
	<u>3980</u>	<u>163309</u>	<u>645</u>
At 31 December 2008	<u>-</u>	<u>163309</u>	<u>600</u>

8. Investments – held by subsidiary charity

	Unrestricted	Unrestricted Designated	Total
At 1 January 2009	3332	434242	437574
Revaluation	(526)	8329	7803
At 31 December 2009	<u>2806</u>	<u>442571</u>	<u>445377</u>

Unrestricted investments comprise a holding in Government securities. Unrestricted designated investments comprise holdings in a common investment scheme within the meaning of section 75 of the Financial Services Act 1986.

Included above are the following investments, representing over 5% of the portfolio

M&G Charibond	£254558
M&G Charifund	£54667
CCLA COIF Charities Property Inc	£133346

The investments of the charity are held to the order of HSBC plc in respect of the bank loan taken out by the company.

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

8. Investments – continued

The charity controls The Poly Trading Company Limited (registered in England and Wales) by virtue of holding 100% of the ordinary share capital. The subsidiary is set up to operate the arts facility.

Summary of results for the period ended 31 December 2009 (draft)

Turnover	264908
Expenditure	<u>(420162)</u>
Net loss for the year	<u>(155254)</u>

Assets	17678
Liabilities	<u>(393294)</u>
Funds	<u>(375616)</u>

9. Debtors

	2009 £	2008 £
Other debtors - company	-	9694
- subsidiary charity	-	-
	<u> </u>	<u> </u>
		<u>9694</u>

10. Investment in subsidiary

The company holds the one issued share in its subsidiary, The Poly Trading Company Limited. At the date of the balance sheet, the subsidiary company owed the parent company £286437 by way of an interest-free loan. However, since the year end the subsidiary has gone into liquidation and therefore this balance has been provided against in full.

11. Creditors - amounts falling due within one year

	2009 £	2008 £
Company		
Other creditors	-	-
Trade creditors	37325	5530
Accruals	<u>5466</u>	<u>5377</u>
	42791	10907
Subsidiary charity		
Accruals	5	1205
Bank loan	18414	5968
	<u>61210</u>	<u>18080</u>

12. Creditors – amounts falling due after more than one year

	2009 £	2008 £
Subsidiary charity		
Loan – HSBC bank plc	<u>225424</u>	<u>244032</u>
Due in over five years	<u>151768</u>	<u>147223</u>

THE ROYAL CORNWALL POLYTECHNIC SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

13. Movement on funds

	Opening Funds	Incoming Resources £	Resources Expended £	Transfers £	Closing Funds £
Company					
Unrestricted funds	(80640)	13752	63133	2400	(127621)
Restricted funds	-	21250	18850	(2400)	-
	<u>(80640)</u>	<u>35002</u>	<u>81983</u>		<u>(127621)</u>
Subsidiary charity					
Unrestricted funds	27343	32531	43992	4449	20331
Designated funds	435159	8329		(417)	443071
Endowment funds		4032		(4032)	
	<u>381862</u>	<u>79894</u>	<u>125975</u>		<u>335781</u>

Explanation of transfers between funds to unrestricted funds:

£2400 from Restricted funds – surplus on Royal Cornwall Polytechnic Lecture

£417 from Designated funds – investment valuation adjustment

£4032 from Endowment funds – income applied to general income of the charity

14. Analysis of net assets between funds

	Fixed Assets £	Bank Deposits £	Other Current Assets £	Current & long term Liabilities £	Fund Total £
Unrestricted	170740	8604	-	286634	(107290)
Designated	442571	500			443071
	<u>613311</u>	<u>9104</u>	<u>-</u>	<u>286634</u>	<u>335781</u>

15. Transactions with trustees

No trustees were remunerated for their role as trustees of the company.

A trustee, Mr K Hambly-Stalite, was paid a total of £5000 for services provided to the company in respect of the organisation of the Royal Cornwall Polytechnic Lecture. The payment was authorised by a resolution of the board.

Two trustees were paid a total of £401 in respect of travelling expenses incurred in the performance of their duties on behalf of the company.

16. Related party transactions

During the year The Poly Trading Company Limited charged the company £31250 under a service level agreement. In addition RCPS Limited made numerous payments on behalf of the trading subsidiary. At 31 December 2009 The Poly Trading Company Limited owed RCPS Limited £286437 (2008 - £265025).

Full provision for the amount of £265025 has been made in previous financial statements and for £26326 in these financial statements in the light of the cessation of trading of the company in 2010 as it is considered that the debt will be irrecoverable. The figure of £26326 includes £4914 of residual costs relating to the subsidiary and which were paid in 2010.

17. Post balance sheet events

1 The wholly-owned subsidiary company, The Poly Trading Company Limited, ceased trading in January 2010 and has been placed into liquidation.

2 The company has obtained a mortgage loan of £50000 in February 2010 for three years with interest payable at 5% pa. The loan is repayable at the end of the three year term.