

Registered number: 07374477

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

SATURDAY



A9Y93DØP

A03

13/02/2021

#334

COMPANIES HOUSE

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Edward Alexander Impey Hemantkumar Kiribhai Patel (resigned 29 November 2019) Ann Deborah Mills Joanna Prosser Jonathan Peter Sands Rodney Phillip Taylor Paul Charles Mancey (appointed 29 November 2019) Natalie Patricia Sykes (appointed 29 November 2019) Lee Wilkinson (appointed 26 November 2020)
Registered number	07374477
Registered office	Royal Armouries Museum Armouries Drive Leeds LS10 1LT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1 Whitehall Riverside Leeds LS1 4BN
Bankers	National Westminster Bank Plc Bishopgate Business Centre London EC2P 2AP

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditor's report	4 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 21

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Results

The profit for the year, after taxation, amounted to £1,158,945 (2019: £788,540).

Principal activity

The principal activities of the company during the year were the provision of catering and corporate event facilities at the main museum in Leeds and at Fort Nelson, a Victorian Fort near Portsmouth, the sale of informative material relating to arms and armour, souvenirs and other goods, firearms awareness training and other services for the public at the main museum and headquarters in Leeds, the White Tower within the Tower of London and Fort Nelson.

Directors

The directors who served during the year were:

Edward Alexander Impey
Hemantkumar Kiribhai Patel (resigned 29 November 2019)
Ann Deborah Mills
Joanna Prosser
Jonathan Peter Sands
Rodney Phillip Taylor
Paul Charles Mancey (appointed 29 November 2019)
Natalie Patricia Sykes (appointed 29 November 2019)

Directors' responsibilities statement

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 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 judgements and accounting 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 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 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.

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

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Future developments

During the current Covid-19 restrictions, the key focus is to maintain those business activities that are able to operate, such as online retail and specialist training, and to minimise costs. As the current restrictions are eased, the key focus will switch to the recovery of all business areas impacted by the COVID-19 restrictions. In particular, following the group restructure and the transfer of the Leeds catering and corporate event activity into the company from Royal Armouries (International) Ltd, the company will be working with the catering partner, Compass Contract Services (UK) Limited, to recover, develop, adapt and ultimately grow the catering and corporate event activity in Leeds.

Going concern

The company's business performance is closely aligned to the volume of museum visitors and corporate event customers at all three sites of the Royal Armouries. These have been adversely affected by COVID-19 since March 2020, continue to be impacted during the latest COVID-19 restrictions and the Directors of the company expect the impact to continue for many months after the current restrictions begin to be eased. No major restructuring of the company such as redundancies has been undertaken or is currently planned, although steps to minimise costs and utilise government support such as the Coronavirus Job Retention Scheme have been taken since March 2020 and will continue to be made.

The company has a history of profitable operations which are ultimately expected to continue and by retaining the current structure of the company, the Directors believe it will be well placed to benefit from the improved trading environment when the current COVID-19 restrictions are eased and as museum visitors and corporate customers return. This is supported by scenario forecasts for the period to March 2022 produced by management and reviewed by the Directors. In addition the company's parent has made a loan facility available to ensure that the company has adequate resources and cash to continue to operate.

As a result, whilst uncertainties remain in the wider economy which the directors continue to monitor, the directors have applied the going concern basis in the preparation of the financial statements.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the 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 auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 4/2/2021 and signed on its behalf.



Rodney Phillip Taylor
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

Opinion

We have audited the financial statements of Royal Armouries Trading and Enterprises Limited (the 'company') for the year ended 31 March 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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
- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED (CONTINUED)

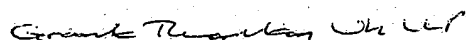
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Hobson BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
Date: 4/2/2021

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover		2,750,347	2,229,040
Cost of sales		(457,012)	(578,451)
Gross profit		2,293,335	1,650,589
Administrative expenses		(1,135,390)	(863,049)
Profit on ordinary activities before tax		1,157,945	787,540
Tax on profit	6	1,000	1,000
Profit for the financial year		1,158,945	788,540
Capital contribution received from parent undertaking		678,909	-
Other comprehensive income for the year		678,909	-
Total comprehensive income for the year		1,837,854	788,540

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of comprehensive income.

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

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED
REGISTERED NUMBER:07374477

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

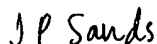
	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	2,000	4,000
Current assets			
Stocks	8	110,794	105,534
Debtors: amounts falling due within one year	9	286,557	538,380
Cash at bank and in hand	10	1,605,472	538,610
		<u>2,002,823</u>	<u>1,182,524</u>
Creditors: amounts falling due within one year	11	(1,854,431)	(1,029,333)
Net current assets		<u>148,392</u>	<u>153,191</u>
Total assets less current liabilities		<u>150,392</u>	<u>157,191</u>
Provisions for liabilities			
Deferred tax	12	-	(1,000)
		<u>-</u>	<u>(1,000)</u>
Net assets		<u><u>150,392</u></u>	<u><u>156,191</u></u>
Capital and reserves			
Called up share capital	13	150,000	150,000
Profit and loss account	14	392	6,191
		<u><u>150,392</u></u>	<u><u>156,191</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Rodney Phillip Taylor
Director



Jonathan Peter Sands
Director

Date: 4/2/2021

Date: 4/2/2021

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

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	150,000	6,191	156,191
Comprehensive income for the year			
Profit for the year	-	1,158,945	1,158,945
Capital contribution from parent undertaking	-	678,909	678,909
Total comprehensive income for the year	-	1,837,854	1,837,854
Gift aid payment	-	(1,843,653)	(1,843,653)
Total transactions with owners	-	(1,843,653)	(1,843,653)
At 31 March 2020	150,000	392	150,392

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	150,000	11,244	161,244
Comprehensive income for the year			
Profit for the year	-	788,540	788,540
Total comprehensive income for the year	-	788,540	788,540
Gift aid payment	-	(793,593)	(793,593)
Total transactions with owners	-	(793,593)	(793,593)
At 31 March 2019	150,000	6,191	156,191

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

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

Royal Armouries Trading and Enterprises Limited is a private company limited by shares & incorporated in England and Wales. Registered number 07374477. Its registered head office is located at Royal Armouries Museum, Armouries Drive, Leeds, LS10 1LT.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared these financial statements on the going concern basis. In reaching this conclusion the directors have considered forecasts for the period to March 2022 produced by management and the fact the company's parent has made a loan facility available to ensure that the company has adequate resources and cash to continue to operate.

The company's business performance is closely aligned to the volume of museum visitors and corporate event customers at all three sites of the Royal Armouries. These have been adversely affected by COVID-19 since March 2020 continue to be impacted during the latest COVID-19 restrictions and the Directors of the company expect the impact to continue for many months after the current restrictions begin to be eased. No major restructuring of the company such as redundancies has been undertaken or is currently planned, although steps to minimise costs and utilise government support such as the Coronavirus Job Retention Scheme have been taken since March 2020 and will continue to be made.

The company has a history of profitable operations which are ultimately expected to continue and by retaining the current structure of the company, the Directors believe it will be well placed to benefit from the improved trading environment when the current COVID-19 restrictions are eased and as museum visitors and corporate customers return. This is supported by scenario forecasts for the period to March 2022 produced by management and reviewed by the Directors. In addition the company's parent has made a loan facility available to ensure that the company has adequate resources and cash to continue to operate.

As a result, whilst uncertainties remain in the wider economy which the directors continue to monitor, the directors have applied the going concern basis in the preparation of the financial statements.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

IT systems	- 5 years
------------	-----------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.8 Financial instruments (continued)**

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Pensions**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty**Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the tangible fixed assets and note 2.4 for the useful economic lives for each class of assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 9 for the net carrying amount of debtors.

Stock provisioning

At each reporting date the company makes an estimate of the realisable value of stocks. An impairment provision is made to allow for stock that proves to be slow moving or becomes obsolete. See note 8 for the net carrying amount of stock.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	19,750	12,000
	19,750	12,000
Fees payable to the company's auditor in respect of:		
Services relating to corporation tax compliance	1,800	1,800
Other accounting services	850	800
	2,650	2,600
	2,650	2,600

5. Employees

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	468,281	242,412
Social security costs	36,136	14,966
Cost of defined contribution scheme	21,760	7,008
	526,177	264,386
	526,177	264,386

The average monthly number of employees, including directors, during the year was 30 (2019: 16).

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. Taxation

	2020 £	2019 £
Current tax on profits for the year	221,302	150,635
Tax relief in respect of gift aid	(221,302)	(150,635)
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences (note 12)	(1,000)	(1,000)
Total deferred tax	(1,000)	(1,000)
Taxation on profit on ordinary activities	(1,000)	(1,000)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	1,157,945	787,540
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	220,010	149,633
Effects of:		
Rate difference - Deferred tax	-	2
Deferred tax not recognised	292	-
Gift aid relief	(221,302)	(150,635)
Total tax credit for the year	(1,000)	(1,000)

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Tangible fixed assets

	IT systems £
Cost	
At 1 April 2019	26,385
At 31 March 2020	26,385
Depreciation	
At 1 April 2019	22,385
Charge for the year on owned assets	2,000
At 31 March 2020	24,385
Net book value	
At 31 March 2020	2,000
At 31 March 2019	4,000

8. Stocks

	2020 £	2019 £
Finished goods and goods for resale	110,794	105,534

9. Debtors

	2020 £	2019 £
Trade debtors	179,214	390,841
Other debtors	-	6,212
Prepayments and accrued income	107,343	141,327
	286,557	538,380

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>1,605,472</u>	<u>538,610</u>

11. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	-	20,859
Amounts owed to parent undertaking	1,656,183	851,796
Other taxation and social security	107,244	91,758
Other creditors	38,543	33,024
Accruals and deferred income	52,461	31,896
	<u>1,854,431</u>	<u>1,029,333</u>

12. Deferred taxation

	2020 £	2019 £
At beginning of year	(1,000)	(2,000)
Credited to profit or loss (note 6)	1,000	1,000
At end of year	<u>-</u>	<u>(1,000)</u>

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	-	2,000
Short term timing differences	-	(1,000)
	<u>-</u>	<u>1,000</u>

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
150,000 (2019: 150,000) Ordinary shares of £1 each	150,000	150,000

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

14. Reserves**Profit and loss account**

Represents accumulated retained profits and losses.

15. Pension commitments

The company 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 pension cost charge represents contributions payable by the company to the fund and amounted to £21,760 (2019: £7,008). Contributions totalling £4,526 (2019: £1,768) were payable to the fund at the reporting date and are included in creditors.

16. Related party transactions

The company is a wholly owned trading subsidiary of the Royal Armouries which is therefore regarded as a related party.

The company has taken advantage of the exemptions available under paragraph 33.1a of FRS 102 from disclosing transactions with other group entities.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

17. Contingent asset

As of 1 April 2019 the company entered into a non-cancellable contract with Royal Armouries which is not a lease or other service concession arrangement. The benefit of this agreement was transferred from Royal Armouries (International) Ltd. The contract has an element of contingent capital contribution. The future minimum payments receivable under the contract are as follows:

	2020	2019
	£	£
Not later than one year	100	-
Later than one year and not later than five years	400	-
Later than five years	3,200	-
	<hr/> 3,700 <hr/>	<hr/> - <hr/>

Contingent receipts recognised as capital contributions during the period amounted to £678,909.

18. Ultimate parent undertaking and Controlling party

By virtue of owning 100% of the share capital of the company, the Royal Armouries is the company's parent undertaking and controlling party.

The Royal Armouries has the status of a non-departmental public body, operating in the public sector but at arm's length from its sponsor department, the Department for Digital, Culture, Media and Sport. The Royal Armouries is an exempt charity under the Charities Act 2011.

The only undertaking preparing consolidated accounts, which include the company, is the Royal Armouries. These accounts can be obtained from the Royal Armouries, Armouries Drive, Leeds, LS10 1LT and can be viewed on the Royal Armouries website (www.royalarmouries.org).