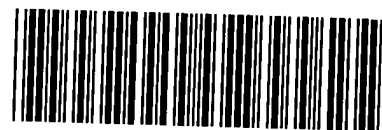


ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Edward Impey Hemantkumar Patel Ann Deborah Mills Joanna Prosser (appointed 15 September 2017) Jonathan Peter Sands (appointed 15 September 2017) Marc Rolfe Bryant (appointed 15 September 2017, resigned 24 January 2018) Rodney Phillip Taylor (appointed 16 March 2018)
Registered number	07374477
Registered office	Royal Armouries Museum Armouries Drive Leeds LS10 1LT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds LS1 4BN
Bankers	National Westminster Bank Plc Bishopgate Business Centre London EC2P 2AP

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

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ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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.

Principal activity

The principal activities of the company during the year were the sale of informative material relating to Arms and Armour, souvenirs and other goods, firearms awareness training courses 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, a Victorian Fort in Portsmouth. It also provided catering facilities at Fort Nelson.

Future developments

Since 1999, following a restructuring of the original arrangements for creating the Royal Armouries museum in Leeds, the catering and events business in the building and adjacent premises has been owned and operated by a private company, Royal Armouries (International) PLC. The company has developed a renowned and successful business, with a turnover of over £4.3m, but the model did not provide the Royal Armouries with any share of its profits, depriving it of an income stream enjoyed by most other national museums.

In January 2018, following the approval of a Royal Armouries generated Green Book Business case submission, and with the active support of both DCMS and HM Treasury, the company was bought by the government with the intention of passing it on to the Royal Armouries once a number of conditions have been met. Under Royal Armouries ownership it is intended to integrate the income streams of Royal Armouries (International) PLC within Royal Armouries Trading & Enterprises Limited and consequently it is anticipated that the company will see a significant growth in profitability.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Results

The profit for the year, after taxation, amounted to £36,650 (2017: £8,954).

Directors

The directors who served during the year were:

Edward Impey

Hemantkumar Patel

Ann Deborah Mills

Joanna Prosser (appointed 15 September 2017)

Jonathan Peter Sands (appointed 15 September 2017)

Marc Rolfe Bryant (appointed 15 September 2017, resigned 24 January 2018)

Rodney Phillip Taylor (appointed 16 March 2018)

Going concern

The directors have prepared these financial statements on the going concern basis. In reaching this conclusion the directors have considered the continued profitability in the last 12 months and the forecast for the next 12 months to June 2019.

During the year ended 31 March 2018 various measures were put in place with a view to increasing the profitability of the company.

These included:

- Approval of a new 5 year commercial strategy
- Recruitment of an experienced retail manager
- Appointment of 2 experienced non-executive Directors
- Securing additional specialist training work
- Installation of an additional medal machine at the Tower of London
- Continued challenge on performance from both the Board and the Trustees of the Royal Armouries.

Measures put in place have already had a positive impact on the profitability of the company and it is expected that this will continue during the next 12 months. In addition, the retail and catering operations at Fort Nelson are benefiting from the large number of people visiting the Poppy "Wave" exhibition during the first quarter of 2018/19.

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 2018**

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 28 June 2018 and signed on its behalf.



Edward Impey
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 for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 2018 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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.

Other information



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

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.

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 by 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.



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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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.

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.

Grant Thornton UK LLP

Richard Hobson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

28 June 2018

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover		1,217,931	1,139,141
Cost of sales		(392,061)	(353,520)
Gross profit		825,870	785,621
Administrative expenses		(789,220)	(774,667)
Profit on ordinary activities before tax		36,650	10,954
Tax charge	6	(7,111)	(2,000)
Tax relief in respect of gift aid	6	7,111	-
Profit for the financial year		36,650	8,954

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 10 to 19 form part of these financial statements.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED
REGISTERED NUMBER:07374477


STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	7	9,277	14,554
Current assets			
Stocks	8	96,821	95,778
Debtors: amounts falling due within one year	9	69,417	141,407
Cash at bank and in hand	10	180,071	93,757
		<u>346,309</u>	<u>330,942</u>
Creditors: amounts falling due within one year	11	(192,342)	(182,252)
Net current assets		<u>153,967</u>	<u>148,690</u>
Total assets less current liabilities		<u>163,244</u>	<u>163,244</u>
Provisions for liabilities			
Deferred tax	12	(2,000)	(2,000)
		<u>(2,000)</u>	<u>(2,000)</u>
Net assets		<u>161,244</u>	<u>161,244</u>
Capital and reserves			
Called up share capital	13	150,000	150,000
Profit and loss account		11,244	11,244
		<u>161,244</u>	<u>161,244</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 28 June 2018.

Edward Impey
Director



Hemantkumar Patel
Director



Date: 28 JUNE 2018

Date: 28 JUNE 2018

The notes on pages 10 to 19 form part of these financial statements.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2017	150,000	11,244	161,244
Comprehensive income for the year			
Profit for the year	-	36,650	36,650
Total comprehensive income for the year	-	36,650	36,650
Gift aid payment	-	(36,650)	(36,650)
Total transactions with owners	-	(36,650)	(36,650)
At 31 March 2018	150,000	11,244	161,244

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2016	150,000	2,290	152,290
Comprehensive income for the year			
Profit for the year	-	8,954	8,954
Total comprehensive income for the year	-	8,954	8,954
At 31 March 2017	150,000	11,244	161,244

The notes on pages 10 to 19 form part of these financial statements.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Royal Armouries Trading and Enterprises Limited is a private company limited by shares and registered 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 financial statements have been prepared on the going concern basis: The directors consider that the steps taken to improve profitability which are detailed in the Directors' report on page 1 mean that the going concern basis is appropriate.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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
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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 the Statement of comprehensive income.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 income statement.

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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 2018

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 the Statement of comprehensive income 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 the Statement of comprehensive income 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 2018

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 the Statement of comprehensive income, 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. A general 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 2018**

4. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>10,500</u>	<u>10,000</u>
Fees payable to the company's auditor in respect of:		
Services relating to corporation tax compliance	1,350	1,300
Other accounting services	750	700
	<u>2,100</u>	<u>2,000</u>

5. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	61,650	-
Social security costs	5,318	-
Cost of defined contribution scheme	3,063	-
	<u>70,031</u>	<u>-</u>

In the prior year all salary costs were incurred by the Royal Armouries, the parent entity of Royal Armouries Trading and Enterprises Limited.

The average number of employees for the year was 3 (2017: 0).

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Taxation

	2018 £	2017 £
Current tax on profits for the year	7,111	-
Tax relief in respect of gift aid	(7,111)	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences (note 12)	-	2,000
Total deferred tax	<u>-</u>	<u>2,000</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>2,000</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: *lower than*) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>36,650</u>	<u>10,954</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	6,964	2,191
Effects of:		
Rate difference - Deferred tax	147	(191)
Gift aid relief on tax	(7,111)	-
Total tax charge for the year	<u>-</u>	<u>2,000</u>

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Tangible fixed assets

	IT systems £
Cost	
At 1 April 2017	26,385
At 31 March 2018	<u>26,385</u>
Depreciation	
At 1 April 2017	11,831
Charge for the year on owned assets	5,277
At 31 March 2018	<u>17,108</u>
Net book value	
At 31 March 2018	<u>9,277</u>
At 31 March 2017	<u>14,554</u>

8. Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>96,821</u>	<u>95,778</u>

9. Debtors

	2018 £	2017 £
Trade debtors	54,896	116,057
Prepayments and accrued income	14,521	25,350
	<u>69,417</u>	<u>141,407</u>

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>180,071</u>	<u>93,757</u>

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	23,984	9,279
Amounts owed to group undertakings	90,273	73,331
Other taxation and social security	24,659	39,645
Other creditors	26,366	-
Accruals and deferred income	27,060	59,997
	<u>192,342</u>	<u>182,252</u>

12. Deferred taxation

	2018 £	2017 £
At beginning of year	2,000	-
Charged to profit or loss (note 6)	-	2,000
At end of year	<u>2,000</u>	<u>2,000</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	3,000	3,000
Short term timing differences	(1,000)	(1,000)
	<u>2,000</u>	<u>2,000</u>

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

13. Share capital

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
150,000 Ordinary shares of £1 each	150,000	150,000

14. Pension commitments

The company operates a defined contributions 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 £3,063 (2017: £Nil). Contributions totalling £808 (2017: £Nil) were payable to the fund at the reporting date and are included in creditors.

15. 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.

16. 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).

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Turnover	1,217,931	1,139,141
Cost of sales	(392,061)	(353,520)
Gross profit	825,870	785,621
Gross profit %	67.8 %	69.0 %
Less: overheads		
Administration expenses	(789,220)	(774,667)
Operating profit	36,650	10,954
Tax on profit on ordinary activities	-	(2,000)
Profit for the year	36,650	8,954

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Turnover		
Sales - Domestic	1,217,931	1,139,141
	2018 £	2017 £
Cost of sales		
Opening stocks - finished goods	95,778	76,981
Closing stocks - finished goods	(96,821)	(95,779)
Purchases - finished goods	308,824	303,684
Consumables	8,804	7,736
Commissions payable	-	515
Maintenance	19,794	12,156
Marketing costs	55,682	48,227
	392,061	353,520
	2018 £	2017 £
Administration expenses		
Staff salaries	61,650	-
Staff national insurance	5,318	-
Staff pension costs - defined contribution schemes	3,063	-
Staff training	181	300
Hotels, travel and subsistence	4,270	5,566
Computer costs	6,560	5,458
General office expenses	37,408	43,062
Auditor's remuneration	12,600	12,000
Internal audit costs	-	(750)
Accountancy fees	(735)	1,369
Bank charges	3,785	4,533
Bad debts	2,996	1,302
Service charge payable	645,163	693,578
Repairs and maintenance	-	2,265
Depreciation - IT systems	5,277	5,277
Admin - other	1,684	707
	789,220	774,667