
ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Edward Alexander Impey (resigned 31 January 2022) Ann Deborah Mills (resigned 10 June 2021) Joanna Prosser Jonathan Peter Sands Rodney Phillip Taylor Paul Charles Mancey Natalie Patricia Sykes Lee Wilkinson
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 250 Bishopsgate London EC2M 4AA

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

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ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report and the financial statements for the year ended 31 March 2022.

Results

The profit for the year, after taxation, amounted to £594,564 (2021: loss £163,091).

Principal activity

The principal activities of the company are 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.

Following the lifting of COVID-19 restrictions in the early part of the year, all areas of activity were able to recommence. Whilst all areas saw a steady recovery throughout the year, at the end of the year some were still operating below the pre COVID-19 trading levels. Recovering the trading levels to pre COVID-19 levels and beyond has been a key focus for 2022/23 and results in the year to date suggest this should be achievable.

Directors

The directors who served during the year and up to the date of this report were:

Edward Alexander Impey (resigned 31 January 2022)
Ann Deborah Mills (resigned 10 June 2021)
Joanna Prosser
Jonathan Peter Sands
Rodney Phillip Taylor
Paul Charles Mancey
Natalie Patricia Sykes
Lee Wilkinson

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.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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 may differ from legislation in other jurisdictions.

Future developments

The initial focus will be continuing to recover all trading levels to pre COVID-19 levels and then to develop and grow key areas such as catering and corporate events as well as identify new opportunities.

Going concern

The directors have prepared these financial statements on the going concern basis. The going concern period of assessment is the 24 months ending 31 March 2024.

In reaching this conclusion the directors have considered the steady recovery in profitability since the easing of COVID-19 restrictions from July 2021, the repayment of the loan from the parent company, the forecasts for the period to March 2023 produced by management and reviewed by Directors and initial budgets for the period to March 2024 produced by management. Sensitivity analysis has been carried out on the forecasts and there are no scenarios that result in a going concern issue.

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.

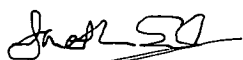
Auditor

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

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 2 December 2022 and signed on its behalf.



Jonathan Peter Sands
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 2022, 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 2022 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.



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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

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.



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

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, 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.



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we identified areas of laws and regulations where the consequence of non-compliance could reasonably be expected to have a material effect on the financial statements, from our general commercial and sector experience and through discussions with the company's management. We corroborated the results of our enquiries with those charged with governance and to supporting documentation such as board minute reviews and our legal and professional expenses review;
- we determined that the laws and regulations most directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', the Companies Act 2006) and relevant tax legislation in the UK;
- in addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material impact if non-compliance were to occur: health and safety regulations, employment law and anti-bribery legislation;
- these audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- we assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the company's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls;



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

- audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud, particularly around journal processing;
 - journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;
 - challenging assumptions and judgements made by management relating to its areas of significant estimation and judgement;
 - reviewing legal and professional expenditure in the year to assess for any indicators of non compliance with relevant laws and regulations; and
 - identifying and testing related party transactions.
- assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - knowledge of the industry in which the company operates and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
 - understanding of the legal and regulatory requirements specific to the company.

All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.

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.

A handwritten signature in dark ink, appearing to read "Richard Hobson".

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

2 December 2022

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover		2,051,585	767,731
Cost of sales		(363,130)	(85,817)
Gross profit		1,688,455	681,914
Administrative expenses		(1,114,191)	(1,062,185)
Other operating income	6	20,300	217,180
Profit/(loss) on ordinary activities before tax		594,564	(163,091)
Tax on profit/(loss)	7	-	-
Profit/(loss) for the financial year		594,564	(163,091)
Capital contribution received from parent undertaking		327,205	158,692
Other comprehensive income for the year		327,205	158,692
Total comprehensive income/(expenditure) for the year		921,769	(4,399)

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of comprehensive income.

The notes on pages 11 to 20 form part of these financial statements.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED
REGISTERED NUMBER:07374477

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Current assets			
Stocks	9	103,664	98,217
Debtors: amounts falling due within one year	10	424,229	21,915
Cash at bank and in hand	11	789,473	253,066
		<u>1,317,366</u>	<u>373,198</u>
Creditors: amounts falling due within one year	12	(1,173,141)	(228,973)
Net current assets		<u>144,225</u>	<u>144,225</u>
Total assets less current liabilities		<u>144,225</u>	<u>144,225</u>
Net assets		<u><u>144,225</u></u>	<u><u>144,225</u></u>
Capital and reserves			
Called up share capital	13	150,000	150,000
Profit and loss account	14	(5,775)	(5,775)
		<u>144,225</u>	<u>144,225</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 2 December 2022.

Lee Wilkinson
Director

Lee Wilkinson

Jonathan Peter Sands
Director

Jonathan Peter Sands

Date: 2/12/2022

Date: 2/12/2022

The notes on pages 11 to 20 form part of these financial statements.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2021	150,000	(5,775)	144,225
Comprehensive income for the year			
Profit for the year	-	594,564	594,564
Capital contribution from parent undertaking	-	327,205	327,205
Total comprehensive income for the year	-	921,769	921,769
Gift aid payment	-	(921,769)	(921,769)
Total transactions with owners	-	(921,769)	(921,769)
At 31 March 2022	150,000	(5,775)	144,225

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2020	150,000	392	150,392
Comprehensive income for the year			
Loss for the year	-	(163,091)	(163,091)
Capital contribution from parent undertaking	-	158,692	158,692
Total comprehensive income for the year	-	(4,399)	(4,399)
Gift aid payment	-	(1,768)	(1,768)
Total transactions with owners	-	(1,768)	(1,768)
At 31 March 2021	150,000	(5,775)	144,225

The notes on pages 11 to 20 form part of these financial statements.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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. The going concern period of assessment is the 24 months ending 31 March 2024.

In reaching this conclusion the directors have considered the steady recovery in profitability since the easing of COVID-19 restrictions from July 2021, the repayment of the loan from the parent company, the forecasts for the period to March 2023 produced by management and reviewed by Directors and initial budgets for the period to March 2024 produced by management. Sensitivity analysis has been carried out on the forecasts and there are no scenarios that result in a going concern issue.

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 2022**

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 line with the stage of completion of services under that contract, provided the amount of revenue can be measured reliably and it is probable that the company will receive the consideration due under the contract.

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 profit or loss.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022**

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,

2.12 Government grants

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure. This includes income received under the government's Coronavirus Job Retention Scheme.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty
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 10 for the net carrying amount of debtors. The provision at the year end is £267 (2021: £1,221).

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 9 for the net carrying amount of stock.

4. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	18,000	15,000
Fees payable to the company's auditor in respect of:		
Services relating to corporation tax compliance	2,100	2,000
Other accounting services	1,200	950
Tax advisory services	-	4,500
	3,300	7,450

5. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	508,220	566,291
Social security costs	41,294	45,641
Cost of defined contribution scheme	30,983	32,994
	580,497	644,926

The average monthly number of employees, including directors, during the year was 31 (2021: 34).

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Other operating income

	2022 £	2021 £
Income from Coronavirus Job Retention Scheme	20,300	217,180

7. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	174,745	-
Tax relief in respect of gift aid	(174,745)	-
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	594,564	(163,091)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	112,967	(30,987)
Effects of:		
Deferred tax not recognised	(391)	836
Taxable capital contribution	62,169	30,151
Gift aid relief	(174,745)	-
Total tax charge for the year	-	-

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Tangible fixed assets

	IT systems £
Cost	
At 1 April 2021	26,385
At 31 March 2022	<u>26,385</u>
Depreciation	
At 1 April 2021	26,385
At 31 March 2022	<u>26,385</u>
Net book value	
At 31 March 2022	<u><u>-</u></u>
At 31 March 2021	<u><u>-</u></u>

9. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>103,664</u>	<u>98,217</u>

10. Debtors

	2022 £	2021 £
Trade debtors	357,143	5,511
Prepayments and accrued income	67,086	16,404
	<u>424,229</u>	<u>21,915</u>

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	789,473	253,066

12. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	2,707	5,436
Amounts owed to group undertakings	959,596	150,396
Other taxation and social security	107,872	13,869
Other creditors	26,415	25,261
Accruals and deferred income	76,551	34,011
	1,173,141	228,973

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Share capital

	2022	2021
	£	£
Authorised, allotted, called up and fully paid		
150,000 (2021: 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 £30,983 (2021: £32,994). Contributions totalling £3,721 (2021: £4,317) 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.

There are no transactions with any other related parties that require disclosure.

ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. Contingent asset

As of 1 April 2021 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:

	2022	2021
	£	£
Not later than one year	100	100
Later than one year and not later than five years	400	400
Later than five years	3,000	3,200
	3,500	3,700

Contingent receipts recognised as capital contributions during the period amounted to £327,205 (2021: £158,692).

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).