

**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**



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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Edward Alexander Impey Ann Deborah Mills (resigned 10 June 2021) Joanna Prosser Jonathan Peter Sands Rodney Phillip Taylor Paul Charles Mancey Natalie Patricia Sykes Lee Wilkinson (appointed 26 November 2020)
<b>Registered number</b>	07374477
<b>Registered office</b>	Royal Armouries Museum Armouries Drive Leeds LS10 1LT
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1 Whitehall Riverside Leeds LS1 4BN
<b>Bankers</b>	National Westminster Bank Plc Bishopgate Business Centre London EC2P 2AP

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**CONTENTS**

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	Page
<b>Directors' report</b>	<b>1 - 3</b>
<b>Independent auditor's report</b>	<b>4 - 8</b>
<b>Statement of comprehensive income</b>	<b>9</b>
<b>Statement of financial position</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12 - 22</b>

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## ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The directors present their report and the financial statements for the year ended 31 March 2021.

#### Results

The loss for the year, after taxation, amounted to £163,091 (2020: *profit* £1,158,945).

#### 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.

COVID-19 and the related restrictions severely impacted the level and range of activities that were able to take place during the year and up to summer 2021. Online sales and the firearms awareness training were the main activities that were able to operate during the restrictions.

#### Directors

The directors who served during the year were:

Edward Alexander Impey  
Ann Deborah Mills  
Joanna Prosser  
Jonathan Peter Sands  
Rodney Phillip Taylor  
Paul Charles Mancey  
Natalie Patricia Sykes  
Lee Wilkinson (appointed 26 November 2020)

#### 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.

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Directors responsibilities statement (continued)**

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**

With the lifting of the COVID-19 restrictions in summer 2021, the key focus initially is to recover those business activities that were unable to operate, such as catering and corporate events and on site sales. In particular, the company will be working closely with the catering partner, Compass Contract Services (UK) Limited, to recover, develop, identify new opportunities 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 were adversely affected by COVID-19 from March 2020 through to July 2021 when the COVID-19 restrictions were lifted.

As the company had a history of profitable operations which were ultimately expected to continue, the directors chose to retain the structure of the company so that it was well placed to benefit from the improved trading environment as the COVID-19 restrictions were eased and as museum visitors and corporate customers returned. No major restructuring of the company such as redundancies was undertaken or is currently planned, although steps were taken to minimise costs during the year and the Coronavirus Job Retention Scheme was utilised throughout the year to help offset some of the salary costs incurred during the year.

In addition, £150,000 of the loan facility made available by the company's parent was drawn down in January 2021 to provide working capital. The loan is repayable in 12 equal monthly instalments and repayments started in July 2021.

With the lifting of restrictions, the museum sites have been able to reopen and corporate events recommence. Whilst still below the pre COVID-19 levels, Museum visitor numbers have recovered well and the level of bookings for corporate events has been strong. As such the directors are anticipating a return to profitability in the year ending 31 March 2022 and beyond. This is supported by scenario forecasts for the period to March 2023 produced by management and reviewed by the directors. It is also anticipated that this return to profitability will support the repayments of the loan from the parent and provide sufficient working capital for the company.

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.

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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

22/10/2021

and signed on its behalf.



**Rodney Phillip Taylor**  
Director



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

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### Opinion

We have audited the financial statements of Royal Armouries Trading and Enterprises Limited (the 'company') for the year ended 31 March 2021, 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 2021 and of its loss 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 the provisions available for small entities, in the circumstances set out in note to the financial statements, 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.



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

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**Conclusions relating to going concern (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.





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

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**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.



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

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**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;
- 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;
- 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.



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

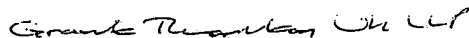
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- assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - knowledge of the industry in which the company operates and understanding of, and practical 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.



Richard Hobson  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
Date: 22/10/2021

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**


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	Note	2021 £	2020 £
Turnover		767,731	2,750,347
Cost of sales		(85,817)	(457,012)
<b>Gross profit</b>		<b>681,914</b>	<b>2,293,335</b>
Administrative expenses		(1,062,185)	(1,135,390)
Other operating income	6	217,180	-
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(163,091)</b>	<b>1,157,945</b>
Tax on (loss)/profit	7	-	1,000
<b>(Loss)/profit for the financial year</b>		<b>(163,091)</b>	<b>1,158,945</b>
Capital contribution received from parent undertaking		158,692	678,909
<b>Other comprehensive income for the year</b>		<b>158,692</b>	<b>678,909</b>
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(4,399)</b>	<b>1,837,854</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of comprehensive income.

The notes on pages 12 to 22 form part of these financial statements.

**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**  
**REGISTERED NUMBER: 07374477**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	8	-	2,000
<b>Current assets</b>			
Stocks	9	98,217	110,794
Debtors: amounts falling due within one year	10	21,915	286,557
Cash at bank and in hand	11	253,066	1,605,472
		<u>373,198</u>	<u>2,002,823</u>
Creditors: amounts falling due within one year	12	(228,973)	(1,854,431)
<b>Net current assets</b>		<u>144,225</u>	<u>148,392</u>
<b>Total assets less current liabilities</b>		<u>144,225</u>	<u>150,392</u>
<b>Net assets</b>		<u><u>144,225</u></u>	<u><u>150,392</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	150,000	150,000
Profit and loss account	15	(5,775)	392
		<u>144,225</u>	<u>150,392</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 22/10/2021

**Rodney Phillip Taylor**  
Director



**Jonathan Peter Sands**  
Director

*Jonathan Sands*

Date: 22/10/2021

Date: 22/10/2021

The notes on pages 12 to 22 form part of these financial statements.

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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


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

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


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

The notes on pages 12 to 22 form part of these financial statements.

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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 2023 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 were adversely affected by COVID-19 from March 2020 through to July 2021 when the COVID-19 restrictions were lifted.

With the lifting of restrictions, the museum sites have been able to reopen and corporate events recommence. Whilst still below the pre COVID-19 levels, Museum visitor numbers have recovered well and the level of bookings for corporate events has been strong. As such the directors are anticipating a return to profitability in the year ending 31 March 2022 and beyond. This is supported by scenario forecasts for the period to March 2023 produced by management and reviewed by the directors.

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.

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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 profit or loss.



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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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.

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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,

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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.

**2.13 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.

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**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 8 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 10 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 9 for the net carrying amount of stock.

**4. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	<b>15,000</b>	<b>19,750</b>
<b>Fees payable to the company's auditor in respect of:</b>		
Services relating to corporation tax compliance	<b>2,000</b>	<b>1,800</b>
Other accounting services	<b>950</b>	<b>850</b>
Tax advisory services	<b>4,500</b>	<b>-</b>
	<b>7,450</b>	<b>2,650</b>

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**5. Employees**

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	566,291	468,281
Social security costs	45,641	36,136
Cost of defined contribution scheme	32,994	21,760
	<u>644,926</u>	<u>526,177</u>

The average monthly number of employees, including directors, during the year was 34 (2020: 30).

**6. Other operating income**

	2021 £	2020 £
Income from Coronavirus Job Retention Scheme	<u>217,180</u>	<u>-</u>

**7. Taxation**

	2021 £	2020 £
Current tax on profits for the year	-	221,302
Tax relief in respect of gift aid	-	(221,302)
	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 13)	-	(1,000)
<b>Total deferred tax</b>	<u>-</u>	<u>(1,000)</u>
	<u>-</u>	<u>-</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>-</u>	<u>(1,000)</u>

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**7. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020: *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(163,091)</u>	<u>1,157,945</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(30,987)	220,010
<b>Effects of:</b>		
Deferred tax not recognised	836	292
Gift aid relief	-	(350,294)
Taxable capital contribution	30,151	128,992
<b>Total tax credit for the year</b>	<u>-</u>	<u>(1,000)</u>

**8. Tangible fixed assets**

	IT systems £
<b>Cost</b>	
At 1 April 2020	26,385
At 31 March 2021	<u>26,385</u>
<b>Depreciation</b>	
At 1 April 2020	24,385
Charge for the year	2,000
At 31 March 2021	<u>26,385</u>
<b>Net book value</b>	
At 31 March 2021	<u>-</u>
At 31 March 2020	<u>2,000</u>

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**9. Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<b>98,217</b>	<b>110,794</b>

**10. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>5,511</b>	<b>179,214</b>
Prepayments and accrued income	<b>16,404</b>	<b>107,343</b>
	<b>21,915</b>	<b>286,557</b>

**11. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>253,066</b>	<b>1,605,472</b>

**12. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>5,436</b>	<b>-</b>
Amounts owed to group undertakings	<b>150,396</b>	<b>1,656,183</b>
Other taxation and social security	<b>13,869</b>	<b>107,244</b>
Other creditors	<b>25,261</b>	<b>38,543</b>
Accruals and deferred income	<b>34,011</b>	<b>52,461</b>
	<b>228,973</b>	<b>1,854,431</b>

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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**13. Deferred taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At beginning of year	-	(1,000)
Charged to profit or loss (note 7)	-	1,000
<b>At end of year</b>	<b>-</b>	<b>-</b>

**14. Share capital**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Authorised, allotted, called up and fully paid</b>		
150,000 (2020: 150,000) Ordinary shares of £1 each	<b>150,000</b>	<b>150,000</b>

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

**15. Reserves****Profit and loss account**

Represents accumulated retained profits and losses.

**16. 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 £32,994 (2020: £21,760). Contributions totalling £4,317 (2020: £4,526) were payable to the fund at the reporting date and are included in creditors.

**17. 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.



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**ROYAL ARMOURIES TRADING AND ENTERPRISES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**18. Contingent asset**

As of 1 April 2020 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:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Not later than one year	<b>100</b>	<b>100</b>
Later than one year and not later than five years	<b>400</b>	<b>400</b>
Later than five years	<b>3,200</b>	<b>3,200</b>
	<b>3,700</b>	<b>3,700</b>

Contingent receipts recognised as capital contributions during the period amounted to £158,692 (2020: £678,909).

**19. 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](http://www.royalarmouries.org)).