

Royal Collection Enterprises Limited

Directors' report and financial statements

31 March 2001

Registered number 2778486



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# Royal Collection Enterprises Limited

## Directors' report and financial statements

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# Royal Collection Enterprises Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

### Principal activities

The principal activities of the company are the management of public access to occupied Royal Palaces and the sale of merchandise in shops at each location. Taxable profits are donated in full under deed of covenant to the holding company, The Royal Collection Trust, a company limited by guarantee and registered as a charity.

### Business review

The purpose of Royal Collection Enterprises Limited is to generate income for The Royal Collection Trust for the presentation, maintenance and conservation of the Royal Collection.

Income is raised from admission charges and shop sales at the following locations:

- Windsor Castle
- The Education Centre, Windsor Castle
- Frogmore House, Windsor Castle Home Park
- Buckingham Palace State Rooms (open for two months in the summer)
- The Queen's Gallery, Buckingham Palace (closed for re-development October 1999 – April 2002)
- The Royal Mews, Buckingham Palace
- The Palace of Holyroodhouse

In addition to the above, income is raised through fees for reproducing images of items in the Royal Collection.

The net income arising from the Windsor Castle admission charges is payable to the Property Services grant-in-aid as a contribution towards maintenance and general upkeep at Windsor Castle and is deducted in arriving at the company's profit on ordinary activities before taxation.

As anticipated, the emergence of new major visitor attractions, such as the Millennium Dome, the London Eye and Tate Modern, contributed to a significant reduction in visitor numbers at many leading visitor attractions. Although visitor numbers at the Royal Collection's sites were 189,000 (9.8%) lower at 1,735,000, turnover increased by £148,000 (1%) to £17,157,000 in 2000-01. Apart from market conditions, visitor numbers were also affected by The Queen's Gallery being closed for re-development and Buckingham Palace being open for three fewer days during the summer.

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

The outbreak of Foot and Mouth in the United Kingdom depressed visitor numbers towards the end of the financial year and poses a significant threat to incoming and domestic tourism in 2001-02. Marketing planned for 2001-02 will be kept closely under review as the Foot and Mouth crisis develops and action will be taken to restore visitor numbers at the appropriate time.

The ongoing programme of capital investment in shops, new product origination and staff development has ensured another strong retail performance this year. On-site retail sales increased by £330,000 (6.1%) from £5,375,000 to £5,705,000, representing an increase in average spend per visitor of 17.8%. Despite lower visitor numbers, higher growth in spend per visitor has generated real growth in retail sales at all locations. While there is still considerable potential for further growth in on-site sales, particularly with the Golden Jubilee in 2002, an increasing proportion of management time is now focusing on opportunities for off-site retail sales.

One of the more important commercial developments during the year involved the establishment of e-commerce facilities. The internet ticket office, which came on-line in August 2000 generated sales of more than 7,000 tickets for the Buckingham Palace Summer Opening. While web site ticket sales are still at a relatively low level, it is anticipated that this is an area with considerable potential for growth as individuals increasingly take control of their own travel arrangements. Further development of the Royal Collection's web site in 2001-02 will extend the availability of on-line ticket sales to all locations as well as facilitating the purchase of guidebooks with tickets.

Lower admissions income and an increase in the 'contribution to general maintenance of Windsor Castle' from £1,431,000 to £2,080,000 produced a reduction in the gross profit margin of £1,132,000 from £5,902,000 to £4,770,000. This resulted in £4,448,000 being contributed to the Trust, a reduction of £1,196,000 (21.2%) on the previous year.

### Windsor Castle

While admissions by organised groups were only 6,000 (1.3%) below the previous year, the number of independent visitors declined by 126,000 (17.2%), resulting in an overall reduction in visitor numbers of 132,000 (10.7%) from 1,233,000 to 1,101,000. A marketing strategy to increase the number of independent visitors in 2001-02 has been developed and, subject to an assessment of the continuing impact of the Foot and Mouth crisis, will be implemented during the summer.

The main capital project at the castle this year involved the creation of an introductory exhibition sited in the former ticket office building. The exhibition, which outlines the history of the castle, including details of its restoration after the fire in 1992, also provides the visitor with an insight as to how the castle is used by The Queen today.

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

#### **Buckingham Palace**

##### The Summer Opening of the State Rooms

The opening of the Ballroom to the public for the first time was accompanied by an exhibition about the Honours system. In addition, a special exhibition of photographs of Queen Elizabeth The Queen Mother as Queen Consort was mounted in the Ball Supper Room. These changes to the visitor route helped stimulate the public's interest in this year's Summer Opening of the State Rooms and consequently visitor numbers improved from an average of 5,000 per day in 1999-00 to 5,256 per day, an increase of 5.1%.

##### The Queen's Gallery

The Queen's Gallery has been closed throughout the year. Work on the re-development is progressing well and the gallery is expected to reopen during the early summer of 2002 as part of the Golden Jubilee celebrations.

##### The Royal Mews

Given that a significant proportion of visitors to The Queen's Gallery have also tended to visit the Royal Mews, it is encouraging that visitor numbers at the Royal Mews were only 3,000 (3.8%) lower than in 1999-00.

Improvements to the presentation of the Royal Mews continued this year with the introduction of display panels explaining the role of, and daily life within, the Mews community. The display of various liveries worn by Royal Mews' staff on ceremonial occasions has also helped improve the visitors' understanding of the Royal Mews' role and has proved popular with visitors. Further improvements in the presentation of the Mews, which will aim to allow visitors to understand and appreciate its working nature more fully, are planned in due course.

Anticipating the loss of retail income on closure of The Queen's Gallery shop, a new shop was established in the entrance to the Royal Mews in April 2000. Although less than half the area of The Queen's Gallery shop, the new shop has performed much better than expected, generating more than 85% of the sales previously produced.

#### **The Palace of Holyroodhouse**

While work on the new parliament building at the lower end of the Royal Mile does not seem to have restricted access to the Palace, visitor access will be considerably improved when the development is complete. Notwithstanding the effects of any local disruption, it is clear from various visitor surveys commissioned by the Scottish Tourist Board, that Scottish tourism has declined across most sectors during the year. Visitor numbers at the Palace of Holyroodhouse reduced by 19,000 (6.8%) from 269,000 in 1999-00 to 250,000.

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

Towards the end of the year work began on the new gallery at the Palace of Holyroodhouse which will open during the autumn of 2002. Despite the loss of the shop during the re-development period, retail income should be maintained following the construction of a temporary shop in the mews buildings.

### Retail

The development of new merchandise is one of the key factors underpinning the continued growth in retail income. The commemorative ranges of china produced for the 100<sup>th</sup> Birthday of Queen Elizabeth The Queen Mother and the Buckingham Palace Summer Opening were especially popular, producing sales of £948,000 and £373,000 respectively. Other important areas of product development during the year included a china range to commemorate the 100<sup>th</sup> anniversary of the death of Queen Victoria, which went on sale towards the end of the year and a china range to commemorate The Queen's Golden Jubilee in 2002, which will be available later this year.

Conscious of the company's reliance on visitor numbers, other income streams are actively being developed. A limited mail order initiative for sales of the Queen Mother range proved to be profitable and the wholesaling of this range to organisations such as the Historic Royal Palaces Trust and the National Trust for Scotland indicated the potential of such arrangements for the future. The launch of the internet shop with the Queen Mother range produced encouraging results and provides a platform for further development as a broader range of products is made available through the internet shop. In 2000-01 off-site retail sales amounted to £164,000 (1999-00: £52,000).

Following on from the success of the Queen Mother range off-site, discussions with third parties for more widespread distribution of the Golden Jubilee range both in the UK and overseas are now nearing completion.

### Picture Library

Fees for the rights to use images from the Royal Collection in books, magazines, films and on television generated £250,000 (1999-00: £246,000) from third parties. Attendance at the Frankfurt Book Fair in each of the last two years as well as more active marketing, has increased awareness of the Picture Library amongst publishers and television companies and helped sustain the trading performance. Images associated with the life of Queen Victoria have been particularly in demand with publishing and media companies undertaking projects linked to the 100<sup>th</sup> anniversary of Queen Victoria's death.

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

Further growth in fee income is anticipated as a result of discussions being held with a number of companies regarding the licensing of images. In addition, the availability of digitised images, increasingly a requirement of our publishing and media customers, is being accelerated in order to provide an enhanced service.

### **Publishing**

The publication of books on the Royal Collection, the Royal Palaces and the Royal Family both past and present has always been seen as an area of activity with great potential. Increasingly, the demand for authoritative, well-produced books on these subjects grows, which offers a commercial opportunity as well as improving access to the Royal Collection and related areas. During the year two new titles were added to a growing list: *100 Treasures of Buckingham Palace* and *Buckingham Palace: The Official Illustrated History*.

The forthcoming programme of exhibitions at the new galleries and the demand for more general books on the Royal Palaces and related subjects has led to additional investment in this area. A Publications Manager has recently been recruited to develop this area of the business.

### **Distributions**

During the year, distributions were made in the form of payments under deed of covenant amounting to £4,448,000 (1999-00: £5,644,000).

The directors do not recommend any further distribution.

After distributions, the loss for the year retained in the company is £153,000 (1999-00: loss £114,000).

### **Directors and directors' interests**

The directors who held office during the year were as follows:

Sir Michael Peat (Chairman)  
Hugh Roberts  
Frances Dunkels (appointed 30 May 2000)  
Oliver Everett  
Edward Hewlett  
Christopher Lloyd  
Jonathan Marsden  
Nuala McGourty  
Michael Stevens  
Frances Mossman (Non executive director)  
Joanna Oswin (Non executive director)

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

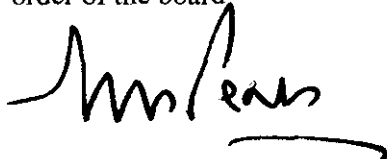
None of the directors who held office at 31 March 2001 had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the year.

### **Liability insurance**

During the year the company purchased liability insurance for its officers.

By order of the board

A handwritten signature in black ink, appearing to read 'M Peat', with a horizontal line underneath.

**Sir Michael Peat**  
*Chairman*

Stable Yard House  
St James's Palace  
London  
SW1A 1JR

8 June 2001

# Royal Collection Enterprises Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Royal Collection Enterprises Limited

## Auditors' report to the members of Royal Collection Enterprises Limited

We have audited the financial statements on pages 9 to 20.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 7, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### *Basis of audit opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
Chartered Accountants  
Registered Auditors

8 June 2001  
London

# Royal Collection Enterprises Limited

## Profit and loss account

*for the year ended 31 March 2001*

	<i>Note</i>	<b>2001</b> <b>£000</b>	<b>2000</b> <b>£000</b>
<b>Turnover</b>	<i>1,2</i>	<b>17,157</b>	17,009
Direct costs, including cost of sales	<i>2</i>	<b>(12,387)</b>	(11,107)
		<hr/>	<hr/>
<b>Gross profit</b>	<i>2</i>	<b>4,770</b>	5,902
Administrative expenses		<b>(591)</b>	(546)
Other operating income/(expenses)		<b>(26)</b>	55
		<hr/>	<hr/>
<b>Operating profit</b>		<b>4,153</b>	5,411
Interest receivable and other similar income	<i>6</i>	<b>142</b>	119
		<hr/>	<hr/>
<b>Profit on ordinary activities before and after taxation</b>	<i>3</i>	<b>4,295</b>	5,530
Distributions by deed of covenant		<b>(4,448)</b>	(5,644)
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>	<i>12</i>	<b>(153)</b>	(114)
		<hr/> <hr/>	<hr/> <hr/>

The results shown above relate to continuing activities.

There are no recognised gains or losses other than those included above.

The profit on ordinary activities before and after taxation is measured under the historical cost convention.

# Royal Collection Enterprises Limited

## Balance sheet

at 31 March 2001

	Note	2001		2000	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	7		1,417		1,576
<b>Current assets</b>					
Stock		933		660	
Debtors	8	854		757	
Cash at bank and in hand		578		1,370	
<b>Creditors: amounts falling due within one year</b>	9	2,365 (2,839)		2,787 (3,267)	
<b>Net current liabilities</b>			(474)		(480)
<b>Total assets less current liabilities</b>			943		1,096
<b>Net assets</b>			943		1,096
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Capital reserve	12		260		296
Profit and loss account	12		683		800
<b>Equity shareholders' funds</b>			943		1,096

These financial statements were approved by the board of directors on 8 June 2001 and were signed on its behalf by:



**Sir Michael Peat**  
Chairman

# Royal Collection Enterprises Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of The Royal Collection Trust (limited by guarantee) and its cash flows are included within the consolidated cash flow statement of that company.

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose the detail of related party transactions with its parent undertaking.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the collection of admission charges to occupied Royal Palaces, the sale of goods and reproduction rights and the receipt of royalties from publications and merchandise.

#### ***Fixed assets and depreciation***

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives which are determined on an individual asset basis as follows:

Property improvements	-	10 or 20 years
Shop fittings	-	5 to 10 years
Plant and machinery	-	3 to 10 years
Furniture, fittings and equipment	-	3 to 10 years

No depreciation is charged on assets in the course of construction until the assets have been successfully commissioned and are available for use. Finance costs incurred in connection with the construction of tangible assets are not capitalised and are charged to the profit and loss account as incurred.

# Royal Collection Enterprises Limited

## Notes (*continued*)

### 1 **Accounting policies** (*continued*)

#### ***Leases***

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Where the company enters into a sale and leaseback agreement of existing assets any profit or loss is spread over the life of the relevant assets.

#### ***Capital Reserve***

The assets and liabilities of the company, which were acquired from the Royal Collection on 31 March 1993 for no consideration, are recorded at their fair value on date of acquisition; the surplus arising on the acquisition has been credited to the Capital Reserve.

Where the net assets acquired are realised during the year, a transfer is made from the Capital Reserve to the profit and loss account, as disclosed in note 12.

#### ***Pensions and other post-retirement benefits***

The company participates in pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

#### ***Stock***

Stock is stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

#### ***Deferred taxation***

Deferred tax is the tax attributable to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is considered probable that an actual liability will crystallise in the foreseeable future.

# Royal Collection Enterprises Limited

## Notes (continued)

### 2 Turnover and gross profit

Turnover and gross profit from each of the company's main activities may be analysed as follows:

	Admissions	Retail	Other	2001 Total	2000 Total
	£000	£000	£000	£000	£000
Turnover	10,977	5,869	311	17,157	17,009
Direct costs, including cost of sales	(7,613)	(4,549)	(225)	(12,387)	(11,107)
Gross profit	3,364	1,320	86	4,770	5,902

Retail includes off-site retail turnover and cost of sales of £164,000 and £146,000 respectively.

Admission numbers at each location were as follows:

	2001	2000
Windsor Castle	1,081,342	1,211,734
Windsor Castle Education Centre	12,302	11,879
Frogmore House	7,413	9,170
Buckingham Palace State Rooms	299,604	300,500
The Queen's Gallery, Buckingham Palace	-	34,261
The Royal Mews, Buckingham Palace	84,246	87,544
The Palace of Holyroodhouse	250,499	268,731
	1,735,406	1,923,819

# Royal Collection Enterprises Limited

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	2001 £000	2000 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	15	17
Other services	3	5
Depreciation and other amounts written off tangible fixed assets:		
Owned	489	417
Leased	-	46
	=====	=====

### 4 Remuneration of directors

	2001 £000	2000 £000
Directors' emoluments including pension contributions	236	224
	=====	=====

The Chairman received no emoluments during the year in connection with services to the company, other than £ 200 (1999-00: £226 ) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £68,921 (1999-00: £68,113).

Contributions to provide defined pension benefits were made for four directors (1999-00: five). The accrued benefits due to the highest paid director at 31 March 2001 amounted to an annual pension of £24,400 and a lump sum of £46,700 (1999-00: £22,100 and £42,900 respectively).

# Royal Collection Enterprises Limited

## Notes (continued)

### 5 Staff numbers and costs

The average number of full time equivalent staff employed by the company or on permanent secondment from the Royal Household (including directors) analysed by category, was as follows:

	Number of employees	
	2001	2000
		(restated)
Buckingham Palace	49	53
Windsor Castle	109	107
Palace of Holyroodhouse	24	21
Central Retail & Warehousing	10	8
Public Relations & Marketing	3	2
Photographic Services	8	8
Finance & Administration (including directors)	12	10
	<hr/>	<hr/>
	215	209
	<hr/>	<hr/>

The average number of persons employed by the company at Windsor Castle was previously calculated using average daily staffing numbers. In 2000-01 the calculations are based on average full time equivalents and accordingly the comparative figures have been restated.

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£000	£000
Wages and salaries	3,472	3,380
Social security costs	189	182
Other pension costs (see note 15)	315	280
	<hr/>	<hr/>
	3,976	3,842
	<hr/>	<hr/>

### 6 Interest receivable and other similar income

	2001	2000
	£000	£000
Bank interest	142	119
	<hr/>	<hr/>

# Royal Collection Enterprises Limited

Notes (continued)

## 7 Tangible fixed assets

	Property improvements and shop fittings	Plant and machinery	Furniture, fittings and equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April 2000	1,213	88	2,026	56	3,383
Additions	47	-	86	212	345
Transfers	121	-	147	(268)	-
Disposals/write-offs	-	-	(22)	-	(22)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2001</b>	<b>1,381</b>	<b>88</b>	<b>2,237</b>	<b>-</b>	<b>3,706</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2000	577	20	1,210	-	1,807
Charge for year	110	17	362	-	489
Disposals/write-offs	-	-	(7)	-	(7)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2001</b>	<b>687</b>	<b>37</b>	<b>1,565</b>	<b>-</b>	<b>2,289</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
<b>At 31 March 2001</b>	<b>694</b>	<b>51</b>	<b>672</b>	<b>-</b>	<b>1,417</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2000</b>	<b>636</b>	<b>68</b>	<b>816</b>	<b>56</b>	<b>1,576</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in tangible fixed assets at 31 March 2001 are the following amounts in respect of assets held under finance leases:

	2001 Net book value £000	2000 Net book value £000
Furniture, fittings and equipment	-	51

# Royal Collection Enterprises Limited

Notes (continued)

## 8 Debtors: due within one year

	2001 £000	2000 £000
Trade debtors	271	184
Other debtors	500	312
Prepayments and accrued income	83	261
	<hr/>	<hr/>
	854	757
	<hr/>	<hr/>

## 9 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Obligations under finance leases	-	5
Trade creditors	415	425
Other creditors including taxation	10	-
Accruals and deferred income	468	526
Amount due to parent undertaking	1,946	2,311
	<hr/>	<hr/>
	2,839	3,267
	<hr/>	<hr/>

## 10 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2001		2000	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and capital allowances	-	6	-	11
Other timing differences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	6	-	11
	<hr/>	<hr/>	<hr/>	<hr/>

# Royal Collection Enterprises Limited

## Notes (continued)

### 11 Called up share capital

	2001 £	2000 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

### 12 Reserves

	Capital reserve £000	Profit and loss account £000
At beginning of year	296	800
Transfer to profit and loss account	(36)	36
Retained loss for the year	-	(153)
	<u>          </u>	<u>          </u>
<b>At end of year</b>	<b>260</b>	<b>683</b>
	<u>          </u>	<u>          </u>

### 13 Movement on shareholders' funds

	2001 £000	2000 £000
Retained loss for the year	(153)	(114)
Opening shareholders' funds	1,096	1,210
	<u>          </u>	<u>          </u>
Closing shareholders' funds	943	1,096
	<u>          </u>	<u>          </u>

# Royal Collection Enterprises Limited

## Notes (continued)

### 14 Commitments

Capital commitments at 31 March 2001 for which no provision has been made were as follows:

	2001 £000	2000 £000
Contracted	-	114
Authorised but not contracted	368	983
	<u>          </u>	<u>          </u>

### 15 Pension scheme

As explained in the accounting policies set out on page 12 the company participates in pension schemes providing benefits based on final pensionable pay. Details of the most recent valuations of the schemes, together with the assumptions which have the most significant effect on the results of the valuations, are given in the financial statements of the parent company, The Royal Collection Trust.

### 16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of The Royal Collection Trust, a company limited by guarantee registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by its ultimate parent company, The Royal Collection Trust, registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from the Secretary, St James's Palace, London, SW1A 1JR.

### 17 Guarantee

On 12 February 1997 the company provided a guarantee to Coutts & Co. in consideration for the granting of an overdraft facility in favour of its parent company, The Royal Collection Trust. At 31 March 2001, the group's overdraft balance amounted to £2,176,000 (1999-00: nil).

# Royal Collection Enterprises Limited

## Notes (continued)

### 18. Related Party Transactions

Material transactions during the year with other entities controlled by officials, Trustees or other appointees on behalf of The Queen are set out below. The figures in brackets represent the amounts due to related parties at the balance sheet date.

Related Party	2001 £000	2000 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	2,080 (180)	1,431 (31)	Contribution to general maintenance	Contribution to the general maintenance of Windsor Castle, included in cost of sales.
Property Services Grant-in-aid	200 (56)	164 (68)	Maintenance services	Costs of property refurbishment, maintenance services and utilities, included in cost of sales.
Property Services Grant-in-aid	3 (nil)	4 (nil)	Accommodation costs	Accommodation charges in respect of Royal Collection employees, included in payroll costs.
Property Services Grant-in-aid	- (nil)	5 (3)	Reimbursement of staff costs	Reimbursement of costs of internal auditors (1999-00 only), included in administrative expenses.
Civil List	28 (nil)	- (nil)	Reimbursement of staff costs	Reimbursement of costs of internal auditors (previously charged by Property Section), included in administrative expenses.
Civil List	262 (4)	255 (1)	Management charge	Various services including personnel, payroll and pensions administration and other staff related expenses included in payroll costs.
Privy Purse Charitable Trust	267 (57)	281 (71)	Cost of sales	Payment to the Privy Purse Charitable Trust in respect of the right to charge for admission to Queen Mary's Dolls' House, Windsor Castle included in cost of sales.
St George's Chapel	863 (nil)	859 (11)	Cost of sales	Payment in respect of the right to charge for admission to St. George's Chapel, Windsor Castle included in cost of sales.
Historic Royal Palaces	45 (nil)	6 (nil)	Turnover	Charges made to Historic Royal Palaces for the right to reproduce images in the Royal Collection and goods for re-sale.

None of the directors or other related parties except as referred to above or as otherwise disclosed in the financial statements has undertaken any material transactions with Royal Collection Enterprises Limited during the year.