

**Royal Collection Enterprises Limited**

**Directors' report and financial statements**

**31 March 2006**

**Registered number 2778486**

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# **Royal Collection Enterprises Limited**

## **Directors' report and financial statements**

**31 March 2006**

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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 2006.

### **Principal activities**

The principal activities of the company are the management of public access to the Official Residences of the Queen and the Official Residence of The Prince of Wales 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 the company is to generate income for the Royal Collection Trust for the presentation, maintenance and conservation of the Royal Collection.

Income is raised from fees for the management of public access and shop sales at the following locations:

#### **The Official Residences of The Queen**

Windsor Castle

Frogmore House, Windsor Home Park

Buckingham Palace State Rooms (open for two months in the summer)

The Queen's Gallery, Buckingham Palace

The Royal Mews, Buckingham Palace (open March to October)

The Palace of Holyroodhouse

The Queen's Gallery, Palace of Holyroodhouse

#### **The Official Residence of The Prince of Wales**

Clarence House (open for two months in the summer)

In addition to the above, income is raised through off-site retail activities, a catering operation at The Palace of Holyroodhouse and fees for reproducing images of items in the Royal Collection.

The Royal Collection Trust has responsibility for admitting visitors to the Official Residences of The Queen and the Official Residence of The Prince of Wales. The company acts as an agent of the Trust in managing the admission of visitors to the official residences.

### **Management Fees**

Management fees amounted to £12,851,000 an increase of £1,424,000 (12.5%) on the previous year, which is primarily due to increased operating costs.

# Royal Collection Enterprises Limited

## Retail

Overall the Royal Collection's retail activities have performed well, achieving an increase in retail sales of £285,000 (4%) against the background of a 5,000 (0.3%) reduction in visitor numbers.

Generally, each site has performed well and despite a downturn in performance in the Summer has managed to achieve strong growth either side of the summer period and produce an annual increase in sales. The Buckingham Palace Summer Opening and Clarence House were however largely affected by the reduction in visitors following the London terrorist attacks and did not have the opportunity to recover the reduction in sales later in the year when there were signs of a recovery in tourism to London.

All shops were reviewed in terms of product offer, presentation, space planning and customer service to maintain the highest standards and to maximise sales at each location.

The retail outlets at Windsor Castle benefited from heightened media coverage in the Spring with sales of Royal Wedding commemorative merchandise proving very popular both at Windsor and at all other sites. The retail outlets at Buckingham Palace have benefited from the extremely popular *Canaletto in Venice* exhibition and a large number of visitors coming to The Queen's Gallery, Buckingham Palace to view the 80<sup>th</sup> Birthday portrait of HM The Queen by Rolf Harris.

Off site sales have been buoyant and activity through the on-line shop has been growing steadily since it was refreshed in April 2005. Commemorative merchandise, developed to celebrate the wedding of HRH The Prince of Wales and the Duchess of Cornwall and the 80<sup>th</sup> birthday of HM The Queen, has attracted particular interest in the wholesale market, with sales increasing by £152,000 (93%) compared with the previous year.

## Catering

In its second year of operation the café at the Palace of Holyroodhouse has achieved an increase in sales of £55,000 (17%) which is a considerable achievement given the 18% reduction in visitor numbers during the year.

## Photographic Services

A large proportion of the income for the Picture Library comes from the supply of photographic material for inclusion in television programmes and printed publications. Higher levels of activity during the year in these areas has seen reproduction fee income increase by £11,000 (5%) to £237,000.

During the year a licencing agreement was negotiated with the Metropolitan Museum of Art to produce a range of jewellery based on works by Fabergé in the Royal Collection.

Following the launch of the on-line e-Gallery in April 2005 further developments to the website have enabled a small proportion of the Picture Library to now be accessible on-line.

It is anticipated that further expansion of the on-line Picture Library will continue in the coming year providing both researchers and the general public with greater accessibility to works from the collection via the Royal Collection web site and making it easier to place an order for images for publication or prints.

## Royal Collection Enterprises Limited

While it is anticipated that researchers will increasingly make use of the on-line Picture Library, the relocation of the Photographic Services department from Windsor Castle to St James's Palace, London during the year will make it easier for many London based picture researchers to visit the Picture Library to undertake research.

The Picture Library exhibited again at the Picture Buyers' Fair and also the Frankfurt Book Fair and visited the London Book Fair.

### Publishing

Royal Collection Publications produced two new exhibition catalogues in 2005-6. *Unfolding Pictures: Fans in the Royal Collection* marked a new departure in that it was published simultaneously in two different formats – a large, hardback academic catalogue, for fan collectors and enthusiasts and the off-site book trade, and a small paperback version, geared toward the more general gallery visitor. This may provide a model for future exhibition-related titles. *Unfolding Pictures* was also published in a French co-edition, under the imprint of Editions Monelle Hayot.

Last year's experiment with *Enchanting the Eye: Dutch Paintings of the Golden Age* has been repeated this year with *Canaletto in Venice*, where sales have necessitated a reprint during the London show. Sales off-site have also responded to a lower trade price. Following on from this, a £9.99 souvenir album to celebrate The Queen's 80<sup>th</sup> birthday was published in May.

A new Buckingham Palace guidebook was produced in July 2005 and this will be followed by new guides to Windsor Castle and the Palace of Holyroodhouse in 2006 and 2007 respectively. The papers from the *George III and Queen Charlotte* symposium, were also published, as *The Wisdom of George III*. This had a limited trade release in the UK, and will be distributed by the Antique Collectors Club (ACC) in the US. ACC have also begun to carry a selection of guidebook titles.

Work has continued on three catalogues raisonnés as well as various reprints and revised editions of existing titles.

Royal Collection Publications exhibited again at the Frankfurt Book Fair, and attended the London Book Fair.

### Distributions

During the year, distributions were payable under deed of covenant amounting to £1,792,000 (2004-5: £1,756,000).

The directors do not recommend any further distribution. After distributions, the profit for the year retained in the company is £184,000 (2004-5: loss £335,000).

# **Royal Collection Enterprises Limited**

## **Directors and directors' interests**

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

Alan Reid (Chairman)

Hugh Roberts

Michael Stevens

Jonathan Marsden

Nuala McGourty

Frances Dunkels

Jane Roberts

Desmond Shawe-Taylor (appointed 1 July 2005)

George Ruiz (appointed 10 October 2005)

Christopher Lloyd (resigned 30 June 2005)

Michael Bourke (resigned 30 September 2005)

Edward Griffiths - Non Executive Director (appointed 21 February 2006)

Frances Mossman - Non Executive Director

Joanna Oswin - Non Executive Director

None of the directors who held office at 31 March 2006 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.

## **Employment policies**

Royal Collection Enterprises Limited is an equal opportunities employer and every effort is made to give employment to disabled applicants. Royal Collection Enterprises Limited would endeavour to re-train any employee who developed a disability while in its employ. All staff receive an annual appraisal to assess performance and to identify career development opportunities and training requirements. Regular meetings with staff are held to keep employees informed of the activities and objectives of the company and to discuss other matters of interest or concern.

## **Royal Collection Enterprises Limited**

### **Auditors**

A resolution concerning the reappointment of KPMG LLP as auditors and their remuneration will be proposed at the forthcoming meeting of the Board.

By order of the board

A handwritten signature in black ink, appearing to read 'Alan Reid', with a stylized flourish at the end.

**Alan Reid**

*Chairman*

Stable Yard House

St James's Palace

London SW1A 1JR

13 June 2006



## **Royal Collection Enterprises Limited**

### **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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.

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

**Royal Collection Enterprises Limited**  
**Independent Auditors' report to the members of**  
**Royal Collection Enterprises Limited**

We have audited the financial statements of Royal Collection Enterprises Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

***Respective responsibilities of directors and auditors***

As described in the Statement of Directors' Responsibilities on page 6, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion, the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

***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.

**Royal Collection Enterprises Limited**  
**Independent Auditors' report to the members of**  
**Royal Collection Enterprises Limited (continued)**

*Opinion*

In our opinion:

- the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP  
*Chartered Accountants*  
*Registered Auditor*

13 June 2006  
London

**Royal Collection Enterprises Limited**  
**Profit and loss account**

*for the year ended 31 March 2006*

	Note	2006 £000	2005 £000
<b>Turnover</b>	1,2	<b>20,817</b>	19,173
Direct costs, including cost of sales	2	<b>(18,042)</b>	(16,832)
		<hr/>	<hr/>
<b>Gross profit</b>	2	<b>2,775</b>	2,341
Administrative expenses		<b>(730)</b>	(670)
Donation to Privy Purse Charitable Trust	18	<b>(304)</b>	(290)
Other operating income		<b>233</b>	38
		<hr/>	<hr/>
<b>Operating profit</b>		<b>1,974</b>	1,419
Interest receivable and other similar income	6	<b>2</b>	2
		<hr/>	<hr/>
<b>Profit on ordinary activities before and after taxation</b>	3	<b>1,976</b>	1,421
Deed of covenant		<b>(1,792)</b>	(1,756)
		<hr/>	<hr/>
<b>Retained profit/(loss) for the financial year</b>	12	<b>184</b>	(335)
		<hr/>	<hr/>

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.

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

# Royal Collection Enterprises Limited

## Balance sheet

at 31 March 2006

	Note	2006		2005	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	7		490		572
<b>Current assets</b>					
Stock and work in progress	8	1,480		1,718	
Debtors	9	2,561		2,020	
Cash at bank and in hand		125		213	
<b>Creditors:</b> amounts falling due within one year	10	4,166 (4,193)		3,951 (4,244)	
<b>Net current liabilities</b>			(27)		(293)
<b>Total assets less current liabilities</b>			463		279
<b>Capital and reserves</b>					
Called up share capital	11	-		-	
Profit and loss account	13	463		279	
<b>Shareholders' funds</b>			463		279

These financial statements were approved by the board of directors on 13 June 2006 and were signed on its behalf by:



**Alan Reid**  
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 details of related party transactions with its parent undertaking.

#### *Turnover*

Turnover, which excludes Value Added Tax, includes management fees for managing the admission of visitors to the Official Residences of The Queen and the Official Residence of The Prince of Wales, the publication of books on the Royal Collection and the granting of rights for the use of images from the Royal Collection in books and other media, and sales of merchandise. Management fees comprise both direct and indirect costs related to these activities and a contribution to central management and administrative costs.

#### *Fixed assets and depreciation*

The buildings comprising Windsor Castle, Buckingham Palace (including The Queen's Gallery and the Royal Mews) and the Palace of Holyroodhouse (including The Queen's Gallery) are owned by The Queen as Sovereign and maintained by the Royal Household Property Section and Historic Scotland and are therefore not capitalised in these financial statements. However, where improvements are made to these buildings by the company, in order to increase revenues, the expenditure is capitalised and depreciation is charged over the estimated useful lives of the assets.

# Royal Collection Enterprises Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Fixed assets and depreciation (continued)*

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.

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 to 20 years
Plant and machinery	-	3 to 10 years
Furniture, fittings and equipment	-	2 to 10 years

Individual assets costing less than £2,000 are not capitalised.

#### *Publishing*

The cost of producing each Royal Collection book is carried forward in work in progress until publication. Where, however, it is envisaged that a book will make a loss, the loss is recognised immediately. Published books are included in stock at the lower of cost and net realisable value. Publishing royalties are recognised when earned.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

# Royal Collection Enterprises Limited

## Notes (*continued*)

### 1 Accounting policies (*continued*)

#### *Pensions*

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.

The company also 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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The schemes which provide benefits based on final pensionable salary are part of group schemes, the contributions to which are determined by a qualified actuary based on the triennial valuations. The company is unable to identify its share of the assets and liabilities of these pension schemes. Accordingly the funding deficit in respect of these pension schemes is disclosed in the financial statements of the parent undertaking.

#### *Stock and work in progress*

Stock is stated at the lower of cost and net realisable value. Work in progress relates to the component cost of publishing stock and china products. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

#### *Deferred taxation*

The company fully provides for deferred tax to the extent that it has any liability to tax. However, it is bound by a deed of covenant to transfer all of its taxable profit to the Royal Collection Trust and consequently has no liability to tax.

#### *Operating leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Liabilities*

Liabilities are recognised when a constructive obligation arises.



# 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 set out below.

	Management Fees £000	Retail and publishing £000	Other £000	2006 Total £000	2005 Total £000
Turnover	12,851	7,729	237	20,817	19,173
Direct costs, including cost of sales	<u>(10,253)</u>	<u>(7,406)</u>	<u>(383)</u>	<u>(18,042)</u>	<u>(16,832)</u>
Gross profits/(loss)	<u>2,598</u>	<u>323</u>	<u>(146)</u>	<u>2,775</u>	<u>2,341</u>

Admission numbers at each location were as follows:

	2006 '000	2005 '000
Windsor Castle	938	914
Windsor Castle Education Centre	13	15
Frogmore House	10	8
Buckingham Palace State Rooms	264	295
Clarence House	35	42
The Queen's Gallery, Buckingham Palace	179	111
The Royal Mews, Buckingham Palace	112	119
The Palace of Holyroodhouse	199	225
The Queen's Gallery, Palace of Holyroodhouse	38	65
The Palace of Holyroodhouse Education Centre	4	3
	<hr/>	<hr/>
	1,792	1,797
	<hr/>	<hr/>

# Royal Collection Enterprises Limited

Notes (continued)

## 3 Profit on ordinary activities before and after taxation

	2006 £000	2005 £000
<i>Profit on ordinary activities before and after taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	8	8
Other services - tax	3	8
Depreciation and other amounts written off owned tangible fixed assets	221	400
Operating lease charges:	61	69
	<hr/>	<hr/>

## 4 Remuneration of directors

	2006 £000	2005 £000
Directors' emoluments including pension contributions	357	336
	<hr/>	<hr/>

The Chairman received no emoluments during the year in connection with services to the company, other than £165 (2004-5: £175) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £100,825 (2004-5: £98,589).

Contributions to provide defined pension benefits were made for four directors (2004-5: four). The accrued benefits due to the highest paid director at 31 March 2006 amounted to an annual pension of £23,822 and a lump sum of £60,860 (2004-5: £20,181 and £51,776).

# 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	
	2006	2005
		re-stated*
Windsor Castle	122	118
Buckingham Palace	126	130
Palace of Holyroodhouse	55	51
Central Retail & Warehousing	17	16
Public Relations & Marketing	6	5
Publishing	3	2
Education	5	4
Photographic Services	8	7
Finance & Administration (including directors)	12	12
	<hr/>	<hr/>
	354	345
	<hr/>	<hr/>

\* The 2005 staff numbers have been re-stated to apply a consistent methodology for determining full time equivalents for casual staff; the total number increased by 34 as a result of the change.

The aggregate payroll costs of these persons were as follows:

	2006	2005
	£000	£000
Wages and salaries	6,434	5,919
Social security costs	472	427
Other pension costs (see note 15)	750	678
	<hr/>	<hr/>
	7,656	7,024
	<hr/>	<hr/>

## 6 Interest receivable and other similar income

	2006	2005
	£000	£000
Bank interest	2	2
	<hr/>	<hr/>

# Royal Collection Enterprises Limited

Notes *(continued)*

## 7 Tangible fixed assets

	Property improvements	Plant and machinery	Furniture, fittings and equipment	Total
	£000	£000	£000	£000
<b><i>Cost</i></b>				
At 1 April 2005	68	282	2,944	3,294
Additions			139	139
Disposals/write-offs	(11)	(3)	(381)	(395)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2006</b>	<b>57</b>	<b>279</b>	<b>2,702</b>	<b>3,038</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Depreciation</i></b>				
At 1 April 2005	61	135	2,526	2,722
Charge for year	2	26	193	221
Disposals/write-offs	(11)	(3)	(381)	(395)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2006</b>	<b>52</b>	<b>158</b>	<b>2,338</b>	<b>2,548</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Net book value</i></b>				
<b>At 31 March 2006</b>	<b>5</b>	<b>121</b>	<b>364</b>	<b>490</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2005</b>	<b>7</b>	<b>147</b>	<b>418</b>	<b>572</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# Royal Collection Enterprises Limited

Notes (continued)

<b>8</b>	<b>Stock and work in progress</b>	<b>2006</b>	<b>2005</b>
		<b>£000</b>	<b>£000</b>
	Finished goods	1,325	1,480
	Work in progress	155	238
		<hr/>	<hr/>
		<b>1,480</b>	<b>1,718</b>
		<hr/>	<hr/>
<b>9</b>	<b>Debtors: due within one year</b>	<b>2006</b>	<b>2005</b>
		<b>£000</b>	<b>£000</b>
	Trade debtors	89	40
	Other debtors	46	74
	Amounts due from parent undertaking	2,291	1,809
	Prepayments and accrued income	135	97
		<hr/>	<hr/>
		<b>2,561</b>	<b>2,020</b>
		<hr/>	<hr/>
<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
		<b>£000</b>	<b>£000</b>
	Bank overdraft	1,179	1,392
	Trade creditors	444	799
	Other creditors including taxation	7	4
	Accruals and deferred income	2,563	2,049
		<hr/>	<hr/>
		<b>4,193</b>	<b>4,244</b>
		<hr/>	<hr/>
<b>11</b>	<b>Called up share capital</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	<i>Authorised</i>		
	Ordinary shares of £1 each	100	100
		<hr/>	<hr/>
	<i>Allotted, called up and fully paid</i>		
	Ordinary shares of £1 each	2	2
		<hr/>	<hr/>

# Royal Collection Enterprises Limited

## Notes (continued)

### 12 Reserves

	Profit and loss account £000
At beginning of year	279
Retained profit for the year	184
	<hr/>
At end of year	463
	<hr/>

### 13 Movement on shareholders' funds

	2006 £000	2005 £000
Retained profit/(loss) for the year	184	(335)
Opening shareholders' funds	279	614
	<hr/>	<hr/>
Closing shareholders' funds	463	279
	<hr/>	<hr/>

### 14 Commitments

Capital commitments at 31 March 2006 for which no provision has been made were as follows:

	2006 £000	2005 £000
Contracted	3	22
Authorised but not contracted	235	81
	<hr/>	<hr/>

#### Operating lease commitments

	2006 £000	2005 £000
Amounts payable within one year of the balance sheet date in respect of operating leases expiring:		
- within one year	59	16
- between two and five years	2	55
	<hr/>	<hr/>

# Royal Collection Enterprises Limited

## Notes *(continued)*

### **15 Pension scheme**

As explained in the accounting policies set out on page 13 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 2006, the group's overdraft balance amounted to £11,340,000 (2004-5: £12,561,000).

# 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 figure in italics represent the amounts due (to) or from related parties at the balance sheet date.

Related Party	2006 £000	2005 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	1,974 (1,643)	1,657 (1,398)	Maintenance services	Costs of property refurbishments, maintenance services, utilities and staff costs, included in cost of sales and administrative expenses.
Civil List	82 (9)	90 (22)	Reimbursement of staff costs	Reimbursement of staff costs for internal audit, records management and carriage conservation.
Civil List	497 (6)	452 (2)	Management charge	Various services including personnel, payroll and pensions administration and other staff related expenses, included in payroll costs.
Civil List	58 (3)	65 (13)	IT services	Costs of IT infrastructure and network services.
Privy Purse Charitable Trust	304 4	290 (50)	Donation	Donation to the Privy Purse Charitable Trust in lieu of its right to charge for admission to Queen Mary's Dolls' House, Windsor Castle.
St George's Chapel	1,118 6	1,094 (28)	Admissions income collected as agent	Income in respect of admissions to St. George's Chapel, Windsor Castle collected by Royal Collection Enterprises as agent and therefore excluded from Admissions income
St. George's Chapel	16 -	30 -		Compensation for loss of retail income included in Retail and Publishing costs.
Historic Royal Palaces	22 2	4 -	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.