

Royal Collection Enterprises Limited
Directors' report and financial statements

31 March 2009

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 2009.

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

The Queen's Gallery, Buckingham Palace

The Royal Mews, Buckingham Palace

The Palace of Holyroodhouse

The Queen's Gallery, Palace of Holyroodhouse

The official residence of The Prince of Wales

Clarence House

In addition to the above, income is raised through off-site retail activities (including distribution of books, and licensing deals involving Royal Collection publications), catering operations at The Palace of Holyroodhouse and the Buckingham Palace Summer Opening, 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 £16,660,000, an increase of £508,000 (3%) on the previous year, which is primarily due to increased operating costs.

Retail

Given a 0.3% increase in visitor numbers to Royal Collection sites and the difficult trading environment, retail activities have performed well in 2008-09, achieving sales of £8,900,000, an increase in spend per visitor of 1.3% from £4.46 to £4.52.

Royal Collection Enterprises Limited

Directors' Report (continued)

Sales through the London shops, which increased 9.6% on the previous year, helped sustain the overall retail performance. The Queen's Gallery shop was the strongest performing across all sites providing a 25.5% increase in sales, a result of good attendances at the exhibitions *Amazing Rare Things* and *Bruegel to Rubens* and strong growth in overseas visitors to London due to the weakness of sterling against the US dollar and the euro.

Catering

In 11 months of operations the café at the Palace of Holyroodhouse achieved sales of £450,000 in 2008-09 (2007-08: £514,000 in 12 months).

Following a competitive tender the management of the café operations at the Palace of Holyroodhouse was contracted out with effect from 1st March 2009.

During the 2008 Buckingham Palace Summer Opening a small catering offer was trialled and generated sales of £210,000. A larger catering operation is now being planned for 2009.

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. Lower levels of activity during the year together with the waiver of charges for the use of Royal Collection images in academic publication, saw reproduction fee income decrease to £147,000 (2007-08: £272,000).

Further development of the on-line Picture Library has seen the number of images which can be viewed increase by 2,000 to 6,000 during the year. Increased investment in digital scanning is expected to see the number of images grow by a further 2,500 in 2009-10. Digital photography has now been adopted by all three Royal Collection Photographers and will add to the stock of digitised images available to the Picture Library.

The photographers had another busy year with major projects including photography for exhibition catalogues to accompany the exhibition programme, catalogues raisonnés, the Buckingham Palace Summer Opening display, the e-gallery and PR & Marketing.

The Royal Collection exhibited again at the Picture Buyers' Fair.

Royal Collection Enterprises Limited

Directors' Report (continued)

Publishing

In 2008-09 the publishing section produced exhibition catalogues to accompany the Royal Collection's new travelling exhibition 10 Leonardo Drawings (which opened in May 2008) and The Conversation Piece: Scenes of Fashionable Life (which opened in March 2009).

In addition, illustrated books were published to accompany the Windsor exhibition to celebrate the sixtieth birthday of HRH The Prince of Wales, and the State Banquet display at the Buckingham Palace Summer Opening. The latter – entitled For the Royal Table – was published in July 2008 at a retail price of £10. The publication proved to be popular, selling 8,400 copies, of which 5,700 were sold through the Royal Collection's shops and 2,700 were sold through book distributors. Mr Marshal's flower book, based on the Royal Collection catalogue raisonné issued in 2000, was published in May 2008 and has also sold well.

The one-volume catalogue raisonné, Antique and Renaissance Gems, was published in October 2008, and the three-volume catalogue raisonné, French Porcelain in the Collection of Her Majesty The Queen, was published in May 2009.

The Royal Collection again exhibited at both the Frankfurt Book Fair and the London Book Fair. A number of licensing and co-edition deals have been initiated as a result of contacts made and established there.

Payments under Deed of Covenant

During the year amounts payable to The Royal Collection Trust under deed of covenant were £2,351,000 (2007-08: £2,971,000).

After payments under deed of covenant, the loss retained for the year in the company is £116,000 (2007-08: £147,000).

Directors and directors' interests

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

Sir Alan Reid, KCVO (Chairman)
Sir Hugh Roberts, KCVO
Miss Kerry Bishop, MVO (appointed 11 November 2008)
Miss Frances Dunkels, LVO
Mr Jonathan Marsden, LVO
Mrs Nuala McGourty, LVO
The Hon Lady Roberts, CVO
Mr George Ruiz (resigned 19 September 2008)
Mr Desmond Shawe-Taylor
Mr Michael Stevens, CVO
Mr Edward Griffiths, LVO - Non Executive Director
Mrs Fiona Sale – Non Executive Director
Mr Thomas Jenkins – Non Executive Director

None of the directors who held office at 31 March 2009 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.

Royal Collection Enterprises Limited

Directors' Report (continued)

Risk Management

The company's management of risk is embedded in its policymaking, planning and delivery in the following ways:

- a continuing risk assessment programme is in place. This includes regular reviews and updates of the risk register by the Management Committee. The Audit Committee conducts a regular review of the major risks to which the company is exposed to ensure that risks arising from new activities or changes in external risk factors have been properly evaluated and the risk register updated;
- the Audit Committee meets at least three times a year and reviews internal control issues raised by internal and external audit;
- the Internal Audit department takes a risk-based approach to audits and operates in compliance with Government Internal Audit Standards (except where this is impractical for a small department). The internal audit plan for the year ended 31 March 2009 was designed to ensure that for most areas of significant risk, key controls are in place and operate effectively;
- progress in implementing internal audit recommendations is monitored by the Management Committee and the Audit Committee.
- new activities and changes to existing processes are routinely reviewed to ensure that adequate controls are in place;
- regular reviews are made of health and safety, environmental and security risks, and the implementation of related policies and procedures;
- work continued on the development of the Company's IT 'Business Continuity' Plan in conjunction with a wider business continuity plan for The Royal Collection Trust and the Royal Household. The Directors acknowledge that further investment in infrastructure and back-up systems, which is included in the Trust's three-year strategic plan, will be necessary before the plan can be fully operational.

Activities undertaken during the year to support the company's management of risk include:

- The update of The Royal Collection Trust's strategic plan for the three years to 31 March 2011 which involved the identification of key risks and opportunities;
- Internal Audit reviews of the new Retail Merchandising and on-line ticketing systems.

The Audit Committee, on behalf of the Board of Directors, has reviewed the effectiveness of the company's system of internal control for the year ended 31 March 2009 and up to the date of approval of the financial statements. The Directors are therefore able to confirm that the major risks to which the company is exposed, as identified, have been reviewed and systems have been established to manage and where appropriate, mitigate these risks.

The Audit Committee reviewed its terms of reference during the year. It conducts a review of its effectiveness on a three year cycle through consultation with its members, management and external auditors; the last review was carried out in March 2008.

Royal Collection Enterprises Limited

Directors' Report (continued)

Liability insurance

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

Employment policies

The company is an equal opportunities employer and every effort is made to give employment to disabled applicants. The company would endeavour to re-train any employee who developed a disability while in its employment. 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.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming meeting of the board.

By order of the board



Sir Alan Reid

Chairman

York House

St James's Palace

London SW1A 1BQ

12 June 2009

Royal Collection Enterprises Limited

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

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 2009 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 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

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 information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

We read the other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

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 2009 and of its loss 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.



Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

12 June 2009

Royal Collection Enterprises Limited

Profit and Loss Account

for the year ended 31 March 2009

	Note	2009	2008
		£'000	£'000
Turnover	1,2	26,425	25,712
Direct costs, including cost of sales	2	(22,973)	(21,608)
Gross profit	2	3,452	4,104
Administrative expenses		(1,104)	(914)
Donation to Privy Purse Charitable Trust	18	(333)	(336)
Other operating income		218	261
Operating profit		2,233	3,115
Interest receivable and other similar income	6	2	3
Profit on ordinary activities before and after taxation	3	2,235	3,118
Deed of covenant		(2,351)	(2,971)
Retained (loss) / profit for the financial year	12,13	(116)	147

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 2009

		2009		2008	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		758		857
Current assets					
Stock and work in progress	8	1,821		1,445	
Debtors	9	606		2,633	
Cash at bank and in hand		1,130		293	
		<u>3,557</u>		<u>4,371</u>	
Creditors: amounts falling due within one year	10	<u>(3,862)</u>		<u>(4,659)</u>	
Net current liabilities			<u>(305)</u>		<u>(288)</u>
Total assets less current liabilities			<u>453</u>		<u>569</u>
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	13		453		569
Shareholder's funds			<u>453</u>		<u>569</u>

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

These financial statements were approved by the board of directors on 12 June 2009 and were signed on its behalf by:



Sir 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.

Other income comprises mainly sponsorship income.

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.

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, food and china products. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

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 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.

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.

Taxation

The company fully provides for both current and 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	2009 Total £'000	2008 Total £'000
Turnover	16,660	9,618	147	26,425	25,712
Direct costs, including cost of sales	(13,233)	(9,323)	(417)	(22,973)	(21,608)
Gross profit/(loss)	<u>3,427</u>	<u>295</u>	<u>(270)</u>	<u>3,452</u>	<u>4,104</u>

Admission numbers at each location were as follows:

	2009 '000	2008 '000
Windsor Castle	928	976
Windsor Castle Education Centre	20	17
Frogmore House	11	10
Buckingham Palace State Rooms	394	360
Clarence House	20	25
The Queen's Gallery, Buckingham Palace	194	158
The Royal Mews, Buckingham Palace	153	155
The Palace of Holyroodhouse	217	223
The Queen's Gallery, Palace of Holyroodhouse	53	59
The Palace of Holyroodhouse Education Centre	3	3
	<u>1,993</u>	<u>1,986</u>

Royal Collection Enterprises Limited

Notes (continued)

3 Profit on ordinary activities before and after taxation

	2009	2008
	£'000	£'000
Profit on ordinary activities before and after taxation is stated after charging:		
Auditors' remuneration		
Audit of these financial statements	8	8
Other Services - taxation	3	3
Depreciation and other amounts written off owned tangible fixed assets	341	172
Operating lease charges	77	77
	<u>77</u>	<u>77</u>

4 Remuneration of directors

	2009	2008
	£'000	£'000
Directors' emoluments including pension contributions	399	343
	<u>399</u>	<u>343</u>

The Chairman received no emoluments during the year in connection with services to the company, other than £158 (2007-08: £165) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £96,079 (2007-08: £88,145).

Contributions to provide defined pension benefits were made for four directors (2007-08: three). The accrued benefits due to the highest paid director at 31 March 2009 amounted to an annual pension of £nil and a lump sum of £nil (2007-08: £nil and £nil).

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	
	2009	2008
Windsor Castle	136	132
Buckingham Palace	151	141
Palace of Holyroodhouse	58	54
Central Retail & Warehousing	17	16
Public Relations & Marketing	8	7
Publishing	2	2
Education	6	7
Photographic Services	8	8
Finance & Administration (including directors)	13	13
	399	380

The aggregate payroll costs of these persons were as follows:

	2009	2008
		Restated
	£'000	£'000
Wages and salaries	7,704	7,236
Social security costs	603	555
Other pension costs (see note 15)	1,081	1,035
	9,388	8,826

6 Interest receivable and other similar income

	2009	2008
	£'000	£'000
Bank interest	2	3

Royal Collection Enterprises Limited

Notes (continued)

7 Tangible fixed assets

	Property improvements	Plant and machinery	Furniture, fittings and equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
At 1 April 2008	46	271	2,354	20	2,691
Additions	-	24	252	9	285
Transfers	-	-	14	(14)	-
Disposals /write-offs	-	(21)	(71)	(6)	(98)
At 31 March 2009	46	274	2,549	9	2,878
<i>Depreciation</i>					
At 1 April 2008	7	200	1,627	-	1,834
Charge for the year	8	18	318	-	344
Disposals /write-offs	-	-	(58)	-	(58)
At 31 March 2009	15	218	1,887	-	2,120
<i>Net book value</i>					
At 31 March 2009	31	56	662	9	758
At 31 March 2008	39	71	727	20	857

8 Stock and work in progress

	2009	2008
	£'000	£'000
Finished goods	1,636	1,278
Work in progress	185	167
	1,821	1,445

Royal Collection Enterprises Limited

Notes (continued)

9 Debtors

	2009	2008
	£'000	£'000
Trade debtors	343	173
Other debtors	148	84
Amounts due from parent undertaking	-	2,171
Prepayments and accrued income	115	205
	<u>606</u>	<u>2,633</u>

10 Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Bank overdraft	-	767
Trade creditors	623	501
Amounts due to parent undertaking	403	-
Other creditors including taxation	149	13
Accruals and deferred income	2,687	3,378
	<u>3,862</u>	<u>4,659</u>

11 Called up share capital

	2009	2008
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reserves

	Profit and loss account £'000
At beginning of year	569
Retained loss for the year	(116)
At end of year	<u>453</u>

Royal Collection Enterprises Limited

Notes (continued)

13 Movement on shareholder's funds

	2009	2008
	£'000	£'000
Retained (loss) / profit for the year	(116)	147
Opening shareholder's funds	569	422
Closing shareholder's funds	<u>453</u>	<u>569</u>

14 Commitments

Capital commitments at 31 March 2009 for which no provision has been made were as follows:

	2009	2008
	£'000	£'000
Contracted	10	51
Authorised but not contracted	<u>473</u>	<u>326</u>

Operating lease commitments

	2009	2008
	£'000	£'000
Amounts payable within one year of the balance sheet date in respect of operating leases expiring:		
- within one year	2	5
- between two and five years	13	9
- more than five years	64	64
	<u>79</u>	<u>78</u>

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 Director of the Royal Collection, The Royal Collection Trust, York House, St James's Palace, London, SW1A 1BQ.

17 Guarantee

On 12 February 1997 the company provided a guarantee to Coutts & Co. in consideration for the granting of an overdraft and loan facility in favour of its parent company, The Royal Collection Trust. At 31 March 2009, the group's overdraft and loan balances amounted to £5,223,000 (2007-08: £6,019,000).

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	2009 £000	2008 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	3,087 <i>(1,500)</i>	3,020 <i>(2,507)</i>	Maintenance services	Costs of property refurbishments, maintenance services, facilities management, utilities and staff costs, included in cost of sales and administrative expenses.
Civil List	1,144 63	1,041 <i>(54)</i>	Management charge, reimbursement of staff costs and IT services	Reimbursement of staff costs for various services including personnel, payroll and pensions administration, internal audit, records management, carriage conservation, IT infrastructure, network services and other staff related expenses, included in direct costs and administrative expenses.
Privy Purse Charitable Trust	333 <i>(6)</i>	353 <i>(16)</i>	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.
Privy Purse & Private Estates	24 24	39 23	Turnover	Sales of Royal Collection retail stock.
St George's Chapel	1,257 -	1,208 -	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	17 -	17 -	Commission on sales	Compensation for loss of retail income included in Retail and Publishing direct costs.
Historic Royal Palaces	7 -	6 1	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.