

**Royal Collection Enterprises Limited**

**Directors' report and financial statements**

**31 March 2002**

**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 2002.

## Principal activities

The principal activities of the company are the management of public access to the 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
- Frogmore House, Windsor Castle Home Park
- Buckingham Palace State Rooms (open for two months in the summer)
- The Queen's Gallery, Buckingham Palace (opened after re-development-22 May 2002)
- The Royal Mews, Buckingham Palace
- The Palace of Holyroodhouse

In addition to the above, income is raised through off-site retail activities and fees for reproducing images of items in the Royal Collection.

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

The company experienced difficult trading conditions during the year, with external factors placing considerable pressure on visitor numbers. The Foot and Mouth crisis adversely affected visitor numbers in the first half of the year and just as there were signs of recovery towards the end of the summer, these were quickly extinguished following the terrorist attacks in New York on 11 September. Visitor numbers across all locations were 259,000 (15%) lower at 1,476,000, but turnover was only £1,061,000 (6%) lower at £16,146,000 in 2001-02.

While there are a few tentative signs of recovery in inward tourism to the UK, the outlook for 2002-03 remains uncertain. The completion of two major projects in the Golden Jubilee year, the galleries at Buckingham Palace and the Palace of Holyroodhouse, is however expected to attract considerable interest from the domestic tourist market.

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

Further investment in the development of new product ranges and the recruitment of key staff has contributed to another strong retail performance this year. Although on-site retail sales decreased by £525,000 (9%) from £5,705,000 to £5,180,000, the average spend per visitor increased by 7% and follows an increase of 18% in the previous year. The launch of a Golden Jubilee range of merchandise in October 2001 made a significant contribution to the growth in average spend per visitor as well as providing a platform for the development of off-site sales.

Development of the Royal Household's web site in 2001-02 has extended the availability of on-line ticket sales to all locations, which together with increased promotion of the web site, helped on-line ticket sales increase from 7,000 in 2000-01 to 40,000 in 2001-02.

Lower turnover produced a reduction in the gross profit margin of £439,000 (10%) from £4,513,000 to £4,074,000. This resulted in £3,891,000 being contributed to the Trust, a reduction of £557,000 (13%) on the previous year.

### Windsor Castle

Several filming projects were undertaken at the Castle during the year including a programme on Queen Mary's Dolls House by the Blue Peter team, which was broadcast in April 2001. This generated considerable interest in the Castle and the early part of the year witnessed a significant increase in family groups. Several other filming projects are currently in progress and these are scheduled for broadcast in 2002-03.

Improvements in interpretation which were initiated during the year include the introduction of guided tours of the Castle Precincts and the installation of a DVD loop in St George's Hall showing the State Apartments being used for the Diplomatic Reception and the State Visit of the King of Jordan, both of which have proved popular with visitors.

Visitor numbers were 880,000 compared with 1,101,000 in 2000-01, although variations in the visitor mix between individuals and groups produced a 9% increase in income per visitor.

### Buckingham Palace

The Summer Opening of the State Rooms

The principal change in opening arrangements related to the extension of the visitor route through the garden of Buckingham Palace. The changes to the visitor route, which were well publicised by TV AM and other media, proved very successful and consequently, despite adverse external factors, the average number of visitors per day improved from 5,256 in 2000-01 to 5,359, an increase of 2%.

The Queen's Gallery, Buckingham Palace

The Queen's Gallery, which has been closed for re-development, opened to the public on 22 May 2002. The opening exhibition, *Royal Treasures: A Golden Jubilee Celebration*, has attracted good advance bookings.

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

#### The Royal Mews, Buckingham Palace

The Royal Mews was closed between 28 December 2001 and 29 March 2002 while changes were made to the visitor route in order to enhance the presentation of the Royal Mews. While this extended closure contributed to a reduction in visitor numbers of 8,000 (10%) from 84,000 to 76,000, the average number of visitors per day improved from 410 to 500, an increase of 22%. This increase in visitor numbers is mainly attributable to the ability to book on-line and specific initiatives to cross-sell each location, particularly during the period of the Buckingham Palace Summer Opening.

One of the most significant operational developments planned for 2002-03 is the change in the opening arrangements. Whereas the Royal Mews has previously been open for 4 days a week (Monday to Thursday), with effect from 10 April 2002 the Royal Mews is open every day between March and October and closed from November to February. These changes are likely to prove popular with visitors, the majority of whom come in the spring and summer months and will facilitate necessary repairs and maintenance work during the closed period.

#### The Palace of Holyroodhouse

During the year, good progress has been made on developing the new gallery at the Palace of Holyroodhouse. The first exhibition at the gallery, which will open to the public on 30 November 2002, will be *Leonardo da Vinci: The Divine and the Grotesque*. Work has also continued on developing the area outside the Palace for the new Scottish Parliament which, once completed, will greatly improve visitor access to the Palace.

Visitor numbers were 209,000 compared with 250,000 in 2000-01, but again changes in the visitor mix between individuals and groups produced an 11% increase in income per visitor. Although visitor numbers at the Palace of Holyroodhouse were adversely affected by the Foot and Mouth crisis during the summer, visitor numbers were less affected post 11 September and have held up well over the remainder of the year.

#### Retail

Continued investment in product development resulted in the launch of a range of china to commemorate The Queen's Golden Jubilee. The range, which has proved popular with visitors to the palaces, has contributed to a significant increase in spend per visitor at most locations.

As part of a strategy to develop other income streams, several initiatives have been pursued during the year. Agreements were concluded with a small number of high street retailers to distribute the Golden Jubilee commemorative china range. This has proved very successful to date, generating net income of £118,000 during 2001-02. The continued distribution of Golden Jubilee merchandise is expected to make a significant contribution to off-site retail net income in 2002-03, and plans are being developed for the distribution of further ranges in the future.

Further development of the internet shop during the year included the establishment of a US \$-based shop with order fulfilment through a US agent, and a broadening of the range of merchandise available through the £-based shop.

In 2001-02 off-site gross retail income amounted to £316,000 (2000-01: £164,000).

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

#### Photographic Services

Fees for the rights to use images from the Royal Collection in books, magazines, films and on television generated £330,000 (2000-01: £250,000). Images associated with Leonardo da Vinci have been particularly in demand with publishing and media companies undertaking projects linked to the 550<sup>th</sup> anniversary of Leonardo da Vinci's birth.

The successful negotiation of a licensing agreement with Medici for a range of greeting cards and stationery items based on items in the Royal Collection resulted in the launch of the ranges at the Birmingham Spring Fair in February 2002. Initial sales have been encouraging and are expected to continue in successive years as the ranges are developed.

#### Publishing

The publication of books on the Royal Collection, the Royal Palaces and the Royal Family, both past and present, offers a commercial opportunity as well as improving access to the Royal Collection and related areas. Publications in 2001-02 included *For The King's Pleasure: The Furnishing and Decoration of George IV's Apartments at Windsor Castle*, which was accompanied by an exhibition in the Gallery at Windsor Castle, and *Ten Drawings by Leonardo da Vinci: A Golden Jubilee Celebration* a catalogue accompanying the exhibition which is travelling to 4 locations in the UK during the Jubilee year.

The catalogue to accompany the opening exhibition at the new Queen's Gallery, Buckingham Palace, *Royal Treasures: A Golden Jubilee Celebration* was published in May 2002 and work continues on the catalogue to accompany the opening exhibition at The Queen's Gallery, Palace of Holyroodhouse, *Leonardo da Vinci: The Divine and the Grotesque*, which is due to be published in October 2002.

Major revisions to the guidebooks for each location have been made during the year with new guidebooks for the Royal Mews and the Palace of Holyroodhouse published in April and May 2002 respectively. Revised editions of the guidebooks for Buckingham Palace and Windsor Castle are in progress and will be published in the first half of 2002-03.

#### Education

This year the priority for education has been to develop and create awareness of the resources and facilities available to schools and adults with children. The schools programme at Windsor Castle has been expanded to include curriculum-based introductory talks for children at key stages 1 to 4. These talks are supported with multi-sensory history boxes containing objects for children and teachers to look at and handle. A Twilight Evening was held at Windsor Castle in March 2002 for over 80 local headteachers and chairmen of governors to broaden awareness of the schools programme and to present future educational opportunities.

The development of education at the Royal Mews, Buckingham Palace includes a workshop for children at key stage 2 and a pilot activity trail designed for use by schools and adults with children. The Queen's Gallery, Buckingham Palace includes an Education Room, which will be used to provide interpretative material during the opening exhibition *Royal Treasures: A Golden Jubilee Celebration*. Local primary schools from Westminster have also been invited to the gallery for themed talks. Future initiatives include developing activity trails at Windsor Castle and the Palace of Holyroodhouse and developing education for adults.

# Royal Collection Enterprises Limited

## Directors' report (*continued*)

### Business review (*continued*)

#### Distributions

During the year, distributions payable under deed of covenant amounted to £3,891,000 (2000-01: £4,448,000).

The directors do not recommend any further distribution.

After distributions, the loss for the year retained in the company is £166,000 (2000-01: £153,000).

#### Directors and directors' interests

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

Sir Michael Peat (Chairman)  
Sir Hugh Roberts  
Michael Stevens  
Frances Dunkels  
Christopher Lloyd  
Jonathan Marsden  
Nuala McGourty  
Jane Roberts (appointed 26 March 2002)  
Oliver Everett (resigned 28 February 2002)  
Edward Hewlett  
Frances Mossman (Non executive director)  
Joanna Oswin (Non executive director)


None of the directors who held office at 31 March 2002 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

  
Chairman

Stable Yard House  
St James's Palace  
London  
SW1A 1JR  
11 June 2002



# 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 8 to 19.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 6, 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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### *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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

11 June 2002  
London

# Royal Collection Enterprises Limited

## Profit and loss account

for the year ended 31 March 2002

	Note	2002 £000	2001 £000 (restated- see note 2)
<b>Turnover</b>	1,2	<b>16,146</b>	17,207
Direct costs, including cost of sales	2	(12,072)	(12,694)
		<hr/>	<hr/>
<b>Gross profit</b>	2	<b>4,074</b>	4,513
Administrative expenses		(527)	(452)
Other operating income		177	92
		<hr/>	<hr/>
<b>Operating profit</b>		<b>3,724</b>	4,153
Interest receivable and other similar income	6	1	142
		<hr/>	<hr/>
<b>Profit on ordinary activities before and after taxation</b>	3	<b>3,725</b>	4,295
Distributions by deed of covenant		(3,891)	(4,448)
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>	12	<b>(166)</b>	(153)
		<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.

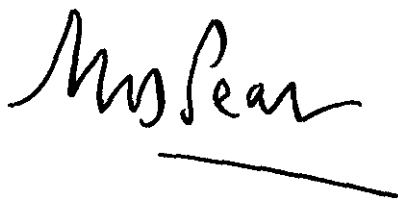
# Royal Collection Enterprises Limited

## Balance sheet

at 31 March 2002

	Note	2002		2001	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	7		1,086		1,417
<b>Current assets</b>					
Stock		1,442		933	
Debtors	8	919		854	
Cash at bank and in hand		979		578	
<b>Creditors: amounts falling due within one year</b>	9	3,340		2,365	
		(3,649)		(2,839)	
<b>Net current liabilities</b>			(309)		(474)
<b>Total assets less current liabilities</b>			777		943
<b>Net assets</b>			777		943
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Capital reserve	12		239		260
Profit and loss account	12		538		683
<b>Equity shareholders' funds</b>			777		943

These financial statements were approved by the board of directors on 11 June 2002 and were signed on its behalf by:



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

#### ***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 are owned by the Crown and maintained by the Royal Household Property Section 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.

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

# Royal Collection Enterprises Limited

## Notes (*continued*)

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

#### ***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 where the transactions or events that create an obligation to pay more tax in the future have occurred by the balance sheet date.

# 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 £000	Retail £000	Other £000	2002 Total £000	2001 Total £000
					(restated see below)
Turnover	10,213	5,496	437	16,146	17,207
Direct costs, including cost of sales	(7,099)	(4,351)	(622)	(12,072)	(12,694)
Gross profit (loss)	3,114	1,145	(185)	4,074	4,513

Changes in the classification of administrative and other operating expenses in 2001-02 has resulted in the re-statement of 2000-01 figures as follows:

- re-classification of £139,000 of administrative expenses as 'Direct costs, including cost of sales';
- re-classification of net operating expenses of £26,000: £50,000 as 'Turnover', £92,000 as 'Other operating income' and £168,000 as 'Direct costs, including cost of sales'.

Admission numbers at each location were as follows:

	2002	2001
Windsor Castle	865,806	1,081,342
Windsor Castle Education Centre	10,604	12,302
Frogmore House	4,777	7,413
Buckingham Palace State Rooms	310,669	299,604
The Queen's Gallery, Buckingham Palace	-	-
The Royal Mews, Buckingham Palace	76,000	84,246
The Palace of Holyroodhouse	208,823	250,499
	1,476,679	1,735,406

# Royal Collection Enterprises Limited

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	2002 £000	2001 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	15	15
Other services - tax	6	3
- consultancy	12	-
Depreciation and other amounts written off owned tangible fixed assets	456	489
	<u>          </u>	<u>          </u>

### 4 Remuneration of directors

	2002 £000	2001 £000
Directors' emoluments including pension contributions	247	236
	<u>          </u>	<u>          </u>

The Chairman received no emoluments during the year in connection with services to the company, other than £96 (2000-01: £200) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £71,997 (2000-01: £68,921). Ex-gratia payments of £84,000 were awarded to two directors in connection with their resignation as directors, £32,000 of which was payable by The Royal Collection Trust.

Contributions to provide defined pension benefits were made for four directors (2000-01: four). The accrued benefits due to the highest paid director at 31 March 2002 amounted to an annual pension of £26,800 and a lump sum of £50,700 (2000-01: £24,400 and £46,700 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	
	2002	2001
Windsor Castle	104	109
Buckingham Palace	52	49
Palace of Holyroodhouse	25	24
Central Retail & Warehousing	11	10
Public Relations & Marketing	4	3
Publishing	1	-
Education	1	-
Photographic Services	8	8
Finance & Administration (including directors)	10	12
	<hr/>	<hr/>
	216	215
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£000	£000
Wages and salaries	3,752	3,472
Social security costs	169	189
Other pension costs (see note 15)	387	315
	<hr/>	<hr/>
	4,308	3,976
	<hr/>	<hr/>

### 6 Interest receivable and other similar income

	2002	2001
	£000	£000
Bank interest	1	142
	<hr/>	<hr/>

# Royal Collection Enterprises Limited

## Notes (continued)

### 7 Tangible fixed assets

	Property improvements and shop fittings	Plant and machinery	Furniture, fittings and the course of equipment construction	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April 2001	1,381	88	2,237	-	3,706
Additions	-	-	112	13	125
Disposals/write-offs	(226)	(11)	(63)	-	(300)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2002</b>	<b>1,155</b>	<b>77</b>	<b>2,286</b>	<b>13</b>	<b>3,531</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2001	687	37	1,565	-	2,289
Charge for year	141	15	300	-	456
Disposals/write-offs	(226)	(11)	(63)	-	(300)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2002</b>	<b>602</b>	<b>41</b>	<b>1,802</b>	<b>-</b>	<b>2,445</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
<b>At 31 March 2002</b>	<b>553</b>	<b>36</b>	<b>484</b>	<b>13</b>	<b>1,086</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<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/>

# Royal Collection Enterprises Limited

## Notes (continued)

### 8 Debtors: due within one year

	2002	2001
	£000	£000
Trade debtors	209	271
Other debtors	601	500
Prepayments and accrued income	109	83
	<hr/>	<hr/>
	919	854
	<hr/>	<hr/>

### 9 Creditors: amounts falling due within one year

	2002	2001
	£000	£000
Trade creditors	437	415
Other creditors including taxation	-	10
Accruals and deferred income	640	468
Amount due to parent undertaking	2,572	1,946
	<hr/>	<hr/>
	3,649	2,839
	<hr/>	<hr/>

### 10 Provisions for liabilities and charges

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

	2002		2001	
	Provided	Unprovided	Provided	Unprovided
	£000	£000	£000	£000
Difference between accumulated depreciation and capital allowances	-	21	-	6
	<hr/>	<hr/>	<hr/>	<hr/>

No provision is made for deferred tax as it is the intention of the directors to distribute the profits subject to tax in full to The Royal Collection Trust each year and thus no tax liability will arise.

# Royal Collection Enterprises Limited

## Notes (continued)

### 11 Called up share capital

	2002 £	2001 £
<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	260	683
Transfer to profit and loss account	(21)	21
Retained loss for the year	-	(166)
	<u>          </u>	<u>          </u>
<b>At end of year</b>	<b>239</b>	<b>538</b>
	<u>          </u>	<u>          </u>

### 13 Movement on shareholders' funds

	2002 £000	2001 £000
Retained loss for the year	(166)	(153)
Opening shareholders' funds	943	1,096
	<u>          </u>	<u>          </u>
Closing shareholders' funds	777	943
	<u>          </u>	<u>          </u>

# Royal Collection Enterprises Limited

## Notes (continued)

### 14 Commitments

Capital commitments at 31 March 2002 for which no provision has been made were as follows:

	2002 £000	2001 £000
Contracted	527	-
Authorised but not contracted	1,190	368
	<u>          </u>	<u>          </u>

#### Operating lease commitments

	2002 £000	2001 £000
Amounts payable within one year of the balance sheet date in respect of operating lease commitments on land & buildings expiring:		
- between two and five years	41	-

### 15 Pension scheme

As explained in the accounting policies set out on page 11 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 2002, the group's overdraft balance amounted to £10,464,000 (2000-01: £2,176,000).

# 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 figures in brackets represent the amounts due to related parties at the balance sheet date.

Related Party	2002 £000	2001 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	1,129 (114)	2,080 (180)	Contribution to general maintenance	Contribution to general maintenance, included in cost of sales.
Property Services Grant-in-aid	256 (87)	203 (59)	Maintenance services	Costs of property refurbishment, maintenance services, utilities and staff costs, included in cost of sales.
Civil List	35 (5)	28 (nil)	Reimbursement of staff costs	Reimbursement of costs of internal auditors, included in administrative expenses.
Civil List	260 (1)	262 (4)	Management charge	Various services including personnel, payroll and pensions administration and other staff related expenses, included in payroll costs.
Privy Purse Charitable Trust	257 (19)	267 (57)	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	888 (26)	863 (nil)	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	5 (nil)	45 (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.