

Royal Collection Enterprises Limited

Directors' report and financial statements

31 March 2004

Registered number 2778486



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 2004.

Principal activities

The principal activities of the company are the management of public access to the Official Residences of the Queen, 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 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 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)
- Clarence House (open for two months in the summer)
- The Palace of Holyroodhouse
- The Queen's Gallery, 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 Property Services Grant-in-aid as a contribution towards maintenance and conservation at Windsor Castle and is deducted in arriving at the company's profit on ordinary activities before taxation.

At the beginning of the year it was acknowledged that the exceptional performance in the Golden Jubilee year would be extremely difficult to match, particularly given that many of the company's competitors had experienced a reduction in visitors in that year. However, the outbreak of the Iraq War in March 2003 and the wide reaching effects of the SAR's virus gave early warning that 2003-4 was likely to experience difficult trading conditions, similar to those in 2001 when foot & mouth and September 11 had a dramatic impact on tourism. Notwithstanding the downward pressure on visitor numbers and retail sales, the company maintained its commitment to invest in the improvement of facilities and services for visitors at all locations and was rewarded with better than anticipated visitor numbers at the new Queen's Gallery at the Palace of Holyroodhouse and the Buckingham Palace Summer Opening. Overall, visitor numbers at the Royal Collection's sites were down 82,000 (4%) at 1,836,000 and turnover was down £3.0 million (13%) at £20.3 million in 2003-4.

Royal Collection Enterprises Limited

Directors' report (*continued*)

Business review (*continued*)

One of the highlights of the year was the opening of Clarence House to the public following its refurbishment for His Royal Highness The Prince of Wales. Small groups of less than 20 people were taken around the House in guided tours every 15 minutes between 6 August and 17 October. Some 47,000 people visited the House during the summer and all tickets were sold out prior to the opening in August.

The 50th anniversary of The Queen's Coronation was commemorated with special exhibitions at Buckingham Palace and Windsor Castle. The special display of The Queen's Coronation robes at Buckingham Palace during the summer opening proved to be extremely popular and certainly helped visitor numbers buck the trend experienced elsewhere.

Following the opening of the new galleries in London and Edinburgh in 2002, it was pleasing to note that the changing exhibition programme, which included *Fabergé* in London and Edinburgh, *Leonardo da Vinci* in London and the *Padshahnama* in Edinburgh, contributed to visitor numbers at both locations exceeding expectations.

Planning for the full implementation of the Disability Discrimination Act in October 2004, access audits have been undertaken at all sites. Good progress has been made in addressing access issues and ensuring that best practice is implemented wherever possible.

Retail sales have been affected by the reduction in visitor numbers and the decline in overseas visitors adversely affected the average spend per visitor. The replacement of a key supplier to the offsite retail business had a detrimental impact on sales through high street retail outlets as well as internet and mail order sales. However, orders in the last quarter indicate that good progress has been made in developing the offsite retail business and further growth is anticipated in the next 12 months.

While the continued threat of terrorism and the high US dollar/ £ Sterling exchange rate are likely to depress the recovery in overseas tourism, the outlook for 2004-5 is considerably brighter than some 12 months ago.

Windsor Castle

The first quarter of the year saw visitor numbers decline to 15% below the previous year but over the remainder of the year there has been a gradual recovery in visitor numbers with each month showing a distinct improvement. Admissions by organised groups were 16,000 (5%) below the previous year whereas independent visitors were 61,000 (8%) lower, resulting in an overall reduction in visitor numbers of 77,000 (8%) to 881,000.

One of the highlights of the year was the launch of special tours of the Great Kitchen. There are six tours each week between October and March and due to their popularity are fully booked until March 2005.

Royal Collection Enterprises Limited

Directors' report (*continued*)

Business review (*continued*)

Buckingham Palace

The Summer Opening of the State Rooms

The special display of The Queen's Coronation robes and the spectacular frieze of the Coronation procession commissioned by the Duke of Edinburgh and painted by Feliks Topolski proved to be extremely popular and helped attract 315,000 visitors, only 6% fewer than in the Golden Jubilee year.

As part of a strategy to continually improve the visitor experience at all sites, an audio tour of the Palace was commissioned towards the end of last year and project managed by the Education Development Manager. The audio tour which was available in English and five other languages, and as a family version in English, not only provided information on a selection of works of art in the State Rooms but also gave an insight into the day to day workings of the Royal Household through interviews with staff. The tour was included in the admission charge and was therefore taken by nearly all visitors. The family version of the tour with accompanying activity sheet was particularly well received by families with younger children.

The Queen's Gallery

It was always going to be difficult to follow the inaugural exhibition *Royal Treasures: A Golden Jubilee Celebration*. However, retaining many of the treasures in the Nash and Pennethorne galleries and having changing exhibitions in the Chambers Gallery, *Leonardo da Vinci: Divine and the Grotesque* followed by *Fabergé* in the Autumn, proved to be extremely popular and visitor numbers ended the year at 159,000.

The exhibition programme for 2004-5 will see all the gallery spaces changed to accommodate a major new exhibition celebrating the patronage of George III, entitled *George III and Queen Charlotte: Patronage and Court Taste*, which runs from 26 March 2004 to 9 January 2005. This will be followed in February 2005 by an exhibition of Dutch paintings, entitled *Enchanting the Eye*, which previously will have been shown at The Queen's Gallery, Palace of Holyroodhouse.

The Royal Mews

The effects of the Iraq war were deeply felt at the Royal Mews due to its popularity with overseas visitors and visitor numbers ended the year at 117,000, an average of 547 per day (2002-3: 591 per day).

One of the main changes to the opening arrangements in 2004-5 will be the introduction of guided tours of the Royal Mews during the months of April – July and in October. Visitors will still have the option of a self-guided tour during these months and all tours will be self guided in August and September.

In addition, special 'behind the scenes' tours which will include visits to the Farrier, the Livery stores, the Carriage Conservation workshops and the Riding School are currently being developed for introduction later this year.

Royal Collection Enterprises Limited

Directors' report (*continued*)

Business review (*continued*)

The Palace of Holyroodhouse

Despite the downturn in overseas visitors the Palace and The Queen's Gallery attracted 317,000 compared with 260,000 visitors in 2002-3. While this was partly due to the Gallery being open for a full year in 2003-4, having opened in November 2002, the *Fabergé* exhibition proved to be an enormous success attracting 92,000 visitors.

The *Padshahnama* exhibition at The Queen's Gallery ended on 3 May 2004 and is followed by an exhibition of Dutch Pictures '*Enchanting the Eye*' from 14 May to 7 November and a drawings exhibition *Holbein to Hockney* from 19 November 2004 to 8 March 2005.

As at Buckingham Palace a significant investment was made in the introduction of an audio tour for all visitors to the Palace. The tour was similarly produced in English and 5 other languages as well as a special tour for families. The tour deals not only with the history of the Palace but also gives an insight into how the Palace is used today by The Queen and other Members of The Royal Family.

During 2003-4 work commenced on the development of a Café at the Palace; the first catering operation for visitors at any of the Official Residences. The Café, which opened in April 2004, has an internal seating capacity of 100 and a similar external seating capacity. The Café will provide an important new source of income of which should grow with visitor numbers as well as attracting local business.

Retail

Following the huge success of retail sales during the Golden Jubilee year, it was widely anticipated that sales would fall in 2003-4. However, the difficult trading conditions brought about by external factors had a serious impact during the first half of the year and the business lost in the early summer season could not be recouped by the time the Iraq War had finished and confidence had returned in the Autumn. There were however some areas of notable success.

The Buckingham Palace Summer Opening, where a free audio guide was offered for the first time, exceeded expectations despite the anticipated loss of revenue from guidebook sales and achieved a spend per visitor of £6.32. The first summer opening of Clarence House also surpassed expectations with an average spend per visitor of £6.66. Despite a very difficult first half of the year, the retail performance at Windsor Castle has significantly improved such that spend per visitor ended the year at £2.50 only 7% below the previous year. The gallery shops in London and Edinburgh performed in line with visitor numbers although The Queen's Gallery, Palace of Holyroodhouse has been badly affected by the disruption caused by the building works for the Scottish Parliament.

Off-site trade was severely impacted due to the loss of a key supplier early in the year but this has recovered over the latter part of the year and with the development of several new ranges for both on and off-site markets further growth is anticipated in 2004-5.

Royal Collection Enterprises Limited

Directors' report (*continued*)

Business review (*continued*)

Photographic Services

Reproduction rights for licences to use images of works from the Royal Collection generated income of £261,000 (2002-3:£302,000). Royalties from licensing contracts with Medici, Museums and Galleries and the Metropolitan Museum of Art generated a further £35,000 (2002-3:£32,000) of income. Several filming contracts were negotiated during the year including a television programme about George III which was linked to the exhibition *George III and Queen Charlotte* at The Queen's Gallery, Buckingham Palace, as well as programmes on Leonardo da Vinci and Queen Victoria.

Photography was undertaken for a variety of projects including the catalogue accompanying the exhibition *George III and Queen Charlotte*, the special display of the Coronation Robes at Buckingham Palace and the forthcoming Royal Collection publication titled *The Garden* at Buckingham Palace which will be published in July 2004.

The digital imaging programme continued with more than 1,000 digitised images being provided for the e-Gallery displays which accompanied the exhibitions in the two new galleries in London and Edinburgh and inventory records.

Publishing

New titles published in 2003-4 included two major exhibition catalogues (*Fabergé in the Royal Collection* and *George III and Queen Charlotte: Patronage, Collecting and Court Taste*), a new guidebook to mark the opening of Clarence House and *Ceremony and Celebration: Coronation Day 1953*, published to mark the 50th anniversary of the Coronation of Her Majesty The Queen. *Fabergé in the Royal Collection* proved to be one of the most successful catalogues produced so far, selling over 6,000 copies on-site, and 4,000 copies through the book trade. The Clarence House guidebook, which was designed specifically to co-ordinate with the range of retail products created for the opening, was another success achieving an extremely good pick-up rate of 1 in 3 as well as receiving a Museum Trading Association award in February 2004. *Leonardo da Vinci: The Divine and Grotesque*, which was published in October 2002, achieved the distinction of being awarded 2nd prize in the Art Newspaper/ AXA Art exhibition catalogue awards in 2003.

A further seven revised, reprinted editions of existing titles were published in 2003-4 and work continued on five new projects to be published during 2004-5. Other achievements include the production of the Royal Collection's first trade catalogue, which has been used extensively by our book distributors in the promotion of Royal Collection books and exhibiting with Photographic Services at the Frankfurt Book Fair.

Education

As part of the plan to expand educational services within the Royal Collection two Schools Coordinators were appointed during the year, one at Buckingham Palace and one at the Palace of Holyroodhouse, thereby bringing the Education section up to a complement of four.

Royal Collection Enterprises Limited

Directors' report (*continued*)

Business review (*continued*)

Further development of the schools programme included a series of themed activity weeks and workshops. Children from local schools and community groups in Edinburgh visited the exhibition *King of the World: Padshahnama, An Imperial Mughal Manuscript* and created their own modern day 'Padshahnama' in the Education Centre at the Palace of Holyroodhouse. At Windsor Castle, over 350 pupils took part in *Victorian Christmas*, an arts-based workshop in the Education Centre. Based on the success of these initiatives further activities and workshops are being developed for the coming year at all locations. It is hoped that many of these activities will not just be limited to visiting school groups but can also be made available to families visiting during the school holidays.

The success of the activity trails at Windsor Castle which currently include *Castles Long Ago*, *The Tudors at Windsor Castle* (for children aged 7-11) and *A Royal Home* (for children aged 5-7) led to the development a further trail *Exploring Armour*. This trail which has been developed with the assistance of the Royal Collection's armourer was launched in April 2004 and has proved extremely popular.

Distributions

During the year, distributions were payable under deed of covenant amounting to £3,669,000 (2002-3: £6,375,000).

The directors do not recommend any further distribution. After distributions, the loss for the year retained in the company is £23,000 (2002-3: £140,000).

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

Alan Reid (Chairman)
Hugh Roberts
Michael Stevens
Michael Bourke
Frances Dunkels
Christopher Lloyd
Jonathan Marsden
Nuala McGourty
Jane Roberts
Frances Mossman (Non executive director)
Joanna Oswin (Non executive director)

Directors and directors' interests

None of the directors who held office at 31 March 2004 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.

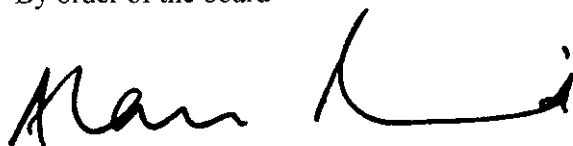
Royal Collection Enterprises Limited

Directors' report (*continued*)

Liability insurance

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

By order of the board

A handwritten signature in black ink, appearing to read 'Alan Reid', with a long horizontal stroke extending to the right.

Alan Reid
Chairman

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

9 June 2004

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

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

We have audited the financial statements on pages 11 to 22.

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

The directors are responsible for preparing the directors' report and, as described on page 8, 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 1985. 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.

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 of the state of the company's affairs as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

9 June 2004
London

Royal Collection Enterprises Limited

Profit and loss account

for the year ended 31 March 2004

	Note	Continuing Operations 2004 £000	Discontinued Operations 2004 £000	Total 2004 £000	Total 2003* £000
Turnover	1,2	18,870	1,451	20,321	23,361
Direct costs, including cost of sales	2	(16,203)	-	(16,203)	(16,769)
Gross profit	2	2,667	1,451	4,118	6,592
Administrative expenses		(587)	-	(587)	(534)
Other operating income		114		114	176
Operating profit		2,194	1,451	3,645	6,234
Interest receivable and other similar income	6			1	1
Profit on ordinary activities before and after taxation	3			3,646	6,235
Distributions by deed of covenant				(3,669)	(6,375)
Retained loss for the financial year	11			(23)	(140)

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.

* restated – see note 2

Royal Collection Enterprises Limited

Balance sheet

at 31 March 2004

	Note	2004		2003	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		2,244		1,734
Current assets					
Stock		1,620		1,830	
Debtors	8	652		536	
Cash at bank and in hand		1,206		2,898	
		3,478		5,264	
Creditors: amounts falling due within one year	9	(5,108)		(6,361)	
Net current liabilities			(1,630)		(1,097)
Net assets			614		637
Capital and reserves					
Called up share capital	10	-		-	
Capital reserve	11	159		181	
Profit and loss account	11	455		456	
Equity shareholders' funds			614		637

These financial statements were approved by the board of directors on 9 June 2004 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. As a result of the transfer of activity described in note 17 the discontinued activity has been reported separately in the profit and loss account.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the collection of admission charges to the Official Residences of The Queen and the Official Residence of The Prince of Wales, 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 (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.

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

Royal Collection Enterprises Limited

Notes (*continued*)

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

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 or 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.

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 11.

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.

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

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 it has no liability to tax.

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. The 2003 figures for turnover and cost of sales have been restated to eliminate an amount equal to £885,000 in respect of intra-group publishing sales. This ensures consistency with the 2004 presentation and in respect of 2003 has no impact on the overall results for the year or the balance sheet.

	Admissions	Retail and Publishing	Other	Total 2004	Total 2003
	£000	£000	£000	£000	£000
Turnover	12,213	7,812	296	20,321	23,361
Direct costs, including cost of sales	(9,358)	(6,542)	(303)	(16,203)	(16,769)
Gross profit /(loss)	2,855	1,270	(7)	4,118	6,592

Admission numbers at each location were as follows:

	2004	2003
	000	000
Windsor Castle	858	935
Windsor Castle Education Centre	13	13
Frogmore House	10	10
Buckingham Palace State Rooms	315	336
Clarence House	47	-
The Queen's Gallery, Buckingham Palace	159	229
The Royal Mews, Buckingham Palace	117	135
The Palace of Holyroodhouse	212	230
The Queen's Gallery, Palace of Holyroodhouse	103	28
The Palace of Holyroodhouse Education Centre	2	2
	1,836	1,918

Royal Collection Enterprises Limited

Notes (continued)

3 Profit on ordinary activities before and after taxation

	2004 £000	2003 £000
<i>Profit on ordinary activities before and after taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	8	15
Other services - tax	19	3
Depreciation and other amounts written off owned tangible fixed assets	477	488
	<hr/>	<hr/>

4 Remuneration of directors

	2004 £000	2003 £000
Directors' emoluments including pension contributions	320	287
	<hr/>	<hr/>

The Chairman received no emoluments during the year in connection with services to the company, other than £117 (2002-3: £71) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £88,347 (2002-3: £81,562).

Contributions to provide defined pension benefits were made for four directors (2002-3: four). The accrued benefits due to the highest paid director at 31 March 2004 amounted to an annual pension of £17,740 and a lump sum of £45,422 (2002-3: £15,600 and £39,700).

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	
	2004	2003
Windsor Castle	121	103
Buckingham Palace	91	82
Palace of Holyroodhouse	50	36
Central Retail & Warehousing	16	13
Public Relations & Marketing	5	5
Publishing	2	1
Education	3	2
Photographic Services	8	8
Finance & Administration (including directors)	12	10
	<hr/>	<hr/>
	308	260
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£000	£000
Wages and salaries	5,477	4,847
Social security costs	355	273
Other pension costs (see note 14)	647	552
	<hr/>	<hr/>
	6,479	5,672
	<hr/>	<hr/>

6 Interest receivable and other similar income

	2004	2003
	£000	£000
Bank interest	1	1
	<hr/>	<hr/>

Royal Collection Enterprises Limited

Notes (continued)

7 Tangible fixed assets

	Property improvements	Plant and machinery	Furniture, fittings and the equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2003	808	91	3,181	336	4,416
Additions	134	9	279	565	987
Transfers	14	156	25	(195)	-
Disposals/write-offs	(8)	-	(111)	-	(119)
	-----	-----	-----	-----	-----
At 31 March 2004	948	256	3,374	706	5,284
	-----	-----	-----	-----	-----
Depreciation					
At 1 April 2003	389	56	2,237	-	2,682
Charge for year	56	25	396	-	477
Disposals/write-offs	(8)	-	(111)	-	(119)
	-----	-----	-----	-----	-----
At 31 March 2004	437	81	2,522	-	3,040
	-----	-----	-----	-----	-----
Net book value					
At 31 March 2004	511	175	852	706	2,244
	=====	=====	=====	=====	=====
 At 31 March 2003	 419	 35	 944	 336	 1,734
	=====	=====	=====	=====	=====

Royal Collection Enterprises Limited

Notes (continued)

8	Debtors: due within one year	2004	2003
		£000	£000
	Trade debtors	222	159
	Other debtors	303	258
	Prepayments and accrued income	127	119
		<hr/>	<hr/>
		652	536
		<hr/>	<hr/>
9	Creditors: amounts falling due within one year	2004	2003
		£000	£000
	Trade creditors	1,189	615
	Other creditors including taxation	16	40
	Accruals and deferred income	1,082	1,294
	Amounts due to parent undertaking	2,821	4,412
		<hr/>	<hr/>
		5,108	6,361
		<hr/>	<hr/>
10	Called up share capital	2004	2003
		£	£
	<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)

11 Reserves

	Capital reserve £000	Profit and loss account £000
At beginning of year	181	456
Transfer to profit and loss account	(22)	22
Retained loss for the year	-	(23)
	<hr/>	<hr/>
At end of year	159	455
	<hr/>	<hr/>

12 Movement on shareholders' funds

	2004 £000	2003 £000
Retained loss for the year	(23)	(140)
Opening shareholders' funds	637	777
	<hr/>	<hr/>
Closing shareholders' funds	614	637
	<hr/>	<hr/>

13 Commitments

Capital commitments at 31 March 2004 for which no provision has been made were as follows:

	2004 £000	2003 £000
Contracted	186	189
Authorised but not contracted	296	607
	<hr/>	<hr/>

Operating lease commitments

	2004 £000	2003 £000
Amounts payable within one year of the balance sheet date in respect of operating leases expiring:		
- within one year	20	25
- between two and five years	47	50
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Royal Collection Enterprises Limited

Notes *(continued)*

14 Pension scheme

As explained in the accounting policies set out on page 14 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.

15 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.

16 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 2004, the group's overdraft balance amounted to £13,717,000 (2002-3: £11,702,000).

17 Post balance sheet events

On 1 April 2004 the Royal Collection Trust assumed responsibility from the company for admitting visitors to the Official Residences of The Queen and the Official Residence of The Prince of Wales. The company will continue to act as agent of the Royal Collection Trust in managing the admission of visitors to the Official Residences. As part of this re-organisation the company sold fixed assets with a net book value of £1,131,000 for equivalent consideration to the Royal Collection Trust.

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 to or from related parties at the balance sheet date.

Related Party	2004 £000	2003 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	776 (102)	1,684 (192)	Contribution to general maintenance	Contribution to general maintenance, included in cost of sales.
Property Services Grant-in-aid	5 (5)	186 (nil)	Reimbursement of staff costs	Reimbursement of shop fit out at The Queen's Gallery, Buckingham Palace.
Property Services Grant-in-aid	538 (232)	387 (112)	Maintenance services	Costs of property refurbishment, maintenance services, utilities and staff costs, included in cost of sales.
Civil List	66 (18)	29 (9)	Reimbursement of staff costs	Reimbursement of staff costs for internal audit, records management and carriage conservation.
Civil List	452 (6)	367 (6)	Management charge	Various services including personnel, payroll and pensions administration and other staff related expenses, included in payroll costs.
Civil List	63 (38)	- (nil)	IT services	Costs of IT infrastructure and network services.
Privy Purse Charitable Trust	253 (15)	256 (22)	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	906 18	894 (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	8 1	9 1	Turnover	Charges made to Historic Royal Palaces for the right to reproduce images in the Royal Collection and goods for re-sale.
Historic Royal Palaces	3 (nil)	- -	Reimbursement of staff costs	Reimbursement of costs of internal auditor, included in administrative expenses.

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.

Geoffrey Murray
Ms Pearl Nodwell
Mrs Grace Norrell
Richard Payne

Bryan Percy
Mrs Patricia Pipe
Frank Poole
Malcolm Potter
Martin Potter
Kenneth Read
Miss Bernadette Reid
Miss Margaret Relf
Rodney Richardson
Miss Margaret Robertson
Miss Molly Rudge
Mrs Maureen Sanders
Roger Taoka-Thompson
Mrs Mary Tapsall
Hugh Tomlinson
Bert Turner
Mrs Janet Waters
Keith Watts
Anthony Wise
Ronald Wise
Mrs Patricia Wright

Security Cloakroom Assistants

John Rabbitt
Mrs Fatima Tennyson

Cleaner

Jonathan Taylor

Cleaner – Casual

Brian Jacobs

PALACE OF HOLYROODHOUSE

Superintendent

Geoffrey Mackrell

Operations Manager

Mrs June Williamson

Deputy Head Wardens

Miss Angela Harding
Patrick Inglis

Wardens

Miss Caroline Andrews
Miss Laura Briggs
Gareth Clingan
Miss Rosemary Croker
Colin Dempster
Miss Katherine Dooley
Miss Jessica Evershed
Peter Findlay
Miss Harriette Jackson
Henry Lennox
Miss Carol Leslie
Bill McMinn
Miss Pilar Aran Molina
Mrs Adele Morrison
Peter Whyte

Seasonal/Casual Wardens

Miss Julie Ballantyne
Harry Ferguson
Miss Rachel Skilling
Miss Elaine Taylor
Mrs Claudia Vass
Miss Susan Vietense
Miss Clair Wallace

Audio Tour Facilities Supervisor

Miss Joanne Butcher

Retail Manager

Miss Shirley Duke

Assistant Retail Manager

Miss Clare Rowe

Senior Retail Assistant

Miss Zoe Willis

Retail Assistants

Miss Shona Cowe
Miss Hannah Gray
Miss Grazibel Nani
Miss Ruth Oggelsby
Miss Tracy Porter
Miss Heather Wilson

Ticket Sales Supervisor

Christian Mayr

Ticket Sales Assistants

Miss Zoe Acock
Miss Jennifer Crossley

Cashier

Mrs Alison Gove

Retail Stockroom Assistant

Robert Brown

Café Manager

Iain Archibald

Assistant Café Managers

Miss Clare Ford
David Pratt

Daily Ladies

Mrs Elinor Allen
Mrs Doreen Fraser

Gallery Cleaners

Mrs Jean Ramsay
John Reid

Galley/Café Cleaner

Stuart Robertson

Leading Porter

Gary Robertson