

Royal Collection Enterprises Limited
Directors' report and financial statements

31 March 2013

Company number 2778486

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Royal Collection Enterprises Limited

Directors' Report and Financial Statements

<i>Contents</i>	<i>Page</i>
Directors' Report	2 - 7
Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements	8
Independent Auditors' Report	9 - 10
Profit and Loss Account	11
Balance Sheet	12
Notes	13- 22

Royal Collection Enterprises Limited

Directors' Report

The Directors' present their annual report and the audited financial statements for the year ended 31 March 2013

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. Royal Collection Enterprises Limited and The Royal Collection Trust are collectively referred to as "Royal Collection Trust".

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 the distribution of books, licensing of publications and other merchandise and wholesale sales of merchandise), catering 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 Royal Collection Trust in managing the admission of visitors to the official residences.

Royal Collection Enterprises Limited

Directors' Report (continued)

Management Fees

Management fees amounted to £21,890,000, an increase of £814,000 (3.9%) on the previous year, which is primarily due to increased operating costs

Interest in visiting the official residences remained strong after the record visitor numbers achieved last year. Events celebrating the Diamond Jubilee helped sustain visitor numbers at high levels although as expected visitor numbers were adversely impacted by the Olympics. Visitor numbers for the full year were 2,427,000, a reduction of 169,000 (6.5%) on the previous year. Details of visitor numbers by location are as follows:

	2013	2012
	'000	'000
Windsor Castle	1,097	1,147
Windsor Castle Learning Centre	31	29
Frogmore House	6	6
Buckingham Palace State Rooms	522	613
Clarence House	-	13
The Queen's Gallery, Buckingham Palace	209	196
The Royal Mews, Buckingham Palace	228	271
The Palace of Holyroodhouse	255	267
The Queen's Gallery, Palace of Holyroodhouse	77	53
The Palace of Holyroodhouse Learning Centre	2	1
	<u>2,427</u>	<u>2,596</u>

Retail

The company's retail activities enjoyed another exceptionally good year, helped by the Diamond Jubilee range, which attracted great interest both domestically and overseas. All shops experienced positive growth year on year resulting in overall retail sales increasing by 5.9% compared with a reduction in visitor numbers of 6.5%. Following the launch of a new e-commerce site in the previous year as part of the strategy to develop off-site business, the results this year have again been encouraging with merchandise celebrating the Diamond Jubilee contributing to a £1,034,000 (17.3%) increase in sales.

Gross profit margin has improved from 59.7% last year to 61.2% this year as a result of better stock loss control and sales mix.

Photographic Services

A large proportion of the income for the Picture Library is derived from the supply of photographic material for inclusion in television programmes and printed publications. Reproduction fee income reduced by £19,000 (7.9%) to £223,000 (2011-12: £242,000) due to higher levels of activity last year, largely associated with the Diamond Jubilee.

Following the launch of the new Royal Collection Trust website on 22 March 2012 the number of records included in the Collection Online increased from 143,238 to 227,000. Further work continues to improve the quality of text and images and produce these where they do not currently exist.

Royal Collection Enterprises Limited

Directors' Report (continued)

The photographers' projects during the year included photography for exhibition catalogues to accompany the exhibition programme, catalogues raisonnés, the Buckingham Palace Summer Opening display, the Collection Online and PR & Marketing

The company exhibited again at the Picture Buyers' Fair in London

Publishing

In 2012-13 an illustrated book was published to accompany the display at the Buckingham Palace Summer Opening entitled *Diamonds A Jubilee Celebration* Published in June 2012 and sold at a retail price of £9.95, the publication proved to be very popular, selling 20,900 copies, of which 18,300 were sold through the company's shops and 2,600 were sold through book distributors Other published titles include *The Queen's Diamonds*, *Dressing The Queen*, *Leonardo Anatomist*, *Ten Drawings by Leonardo da Vinci and Queens* and *A Scottish Lion Work* has continued on the extensive catalogues raisonnés publishing programme and the Cassiano publications

The company again exhibited at both the Frankfurt Book Fair and attended the London Book Fair Further licensing and co-edition deals included *The Queens Diamonds*, *Queen Elizabeth II A Jubilee Souvenir Album* and *Leonardo Anatomist* and *JSmith* (a miniature reproduction from Queen Mary's Doll's House)

Payments under Deed of Covenant

During the year amounts payable to The Royal Collection Trust under deed of covenant were £7,785,000 (2011-12 £6,651,000)

After payments under deed of covenant, the profit retained for the year in the company is £79,000 (2011-12 £107,000)

Directors and directors' interests

The directors who held office during the year were as follows

Sir Alan Reid, GCVO (Chairman)
Mr Jonathan Marsden, CVO
Mr Rufus Bird
Miss Frances Dunkels, LVO
Miss Kerry Francois, MVO
Mrs Nuala McGourty, LVO
Ms Jemima Rellie
The Hon Lady Roberts, CVO
Mr Desmond Shawe-Taylor, LVO
Mr Michael Stevens, CVO
Mr Edward Griffiths, LVO - Non Executive Director
Mr Thomas Jenkins – Non Executive Director
Mrs Fiona Sale – Non Executive Director

None of the directors who held office at 31 March 2013 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 Management Committee of Royal Collection Trust in conjunction with senior management in the Royal Household is responsible to the Trustees for the management of the risk process. Departmental Heads and senior managers are responsible for identifying, assessing and managing risk in their areas of responsibility and all Royal Collection Trust staff are encouraged to identify operational risks in the performance of their duties.

The Management Committee assesses risks and opportunities as part of the review of annual budgets and in the preparation of longer term operating plans and, where appropriate, mitigates risks as far as possible.

The Audit Committee is a sub-committee of the Board of Trustees of The Royal Collection Trust. It is responsible for assessing the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks and is supported in this role by the internal audit function. The Chair of the Audit Committee reports to the Board of Trustees at each meeting of the Trustees on the Audit Committee's activities and responsibilities. During the year the following Director served on the Audit Committee: Sir Alan Reid.

Specialist risk managers in the Royal Household include the Fire Safety Managers in Windsor and London, the Health and Safety Manager and the Director of Security Liaison. These specialists provide advice on the management of the risks falling within their areas of responsibility and provide annual reports which are available to the Management Committee.

The risk and control framework

The company's management of risk is facilitated in the following ways:

- There is a consolidated strategic risk register for The Royal Collection Trust and the company which has been developed with reference to the company's objectives. This is reviewed by the Management Committee and senior managers on a regular basis.
- The Audit Committee meets three times annually and reviews the risk registers at least annually. The Audit Committee regularly requires members of the Management Committee and senior managers to present an outline of the activities in their area of responsibility to ensure that key risks are appropriately identified and being managed.
- The internal audit function takes a risk-based approach to audits and operates to a plan of work agreed by the Audit Committee that is aligned to the risk register and the company's objectives. Evaluation of the company's exposure to risk includes consideration of governance, operations and information systems with regard to the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with laws, regulations and contracts. The findings of reviews are reported to the Audit Committee.
- The Audit Committee monitors management's progress with the implementation of agreed internal audit recommendations ensuring that management establish appropriate priorities.
- Assurance on specialist areas such as property maintenance, health and safety and security is provided by suitably qualified senior managers in the Royal Household and where appropriate, external professionals.
- New activities and changes to existing processes are routinely reviewed to ensure that controls are in place.
- Ongoing budgetary control is monitored by the production of regular and timely financial management reports.

Royal Collection Enterprises Limited

Directors' Report (continued)

Some of the improvements and initiatives that have been made during the year include

- The 3 year plan for the period to 31 March 2015 was reviewed and updated for key risks and opportunities in the plan for the period to 31 March 2016,
- Quarterly security scans of retail systems, in line with the Payment Card Industry ("PCI") compliance rules as administered by WorldPay and a detailed annual submission to WorldPay with our PCI compliance statement. The scope of UK PCI compliance standards continues to widen each year and we regularly review these changes against our retail activities,
- The Royal Household's project to upgrade to Windows 7 and Microsoft Office 2010 commenced with the production of a route map which included the requirement to upgrade the accounting and BACS payment systems prior to implementation. These systems were upgraded in 2012-13 and the upgrades to Windows 7 and Microsoft Office 2010 will be completed in 2013-14
- The contracts database which will enhance the management and review of Royal Collection Trust contracts was fully implemented in 2012-13 and relevant staff are receiving training in the application,
- In conjunction with the implementation of the Bribery Act 2010 the Head of Audit Services assisted with the development of an awareness seminar for managers across the Royal Household. The seminar was presented by the Fraud Advisory Panel in December 2012,
- Business Continuity Plans were developed further during the year based on a number of scenarios. Co-ordination and testing of the plans will continue during 2013-14,
- The Royal Household Security Risk Management Board met twice during 2012-13 to consider reports from the Information, Personnel and Physical Security Working Groups. A programme of information assurance and security awareness training was rolled out across the Royal Household during the year;
- A review of the support arrangements for the main website and the e-commerce site resulted in the appointment of new software development companies who specialise in Magento (e-commerce) and Drupal (main website and Collection Online). These new arrangements should enable Royal Collection Trust to develop the functionality of the respective sites to meet its objectives,
- A plan for improving the back-up arrangements for the Collection Management System and the Digital Asset Management System has been developed and will be implemented in 2013-14,
- The project to replace the ticketing system has progressed with the appointment of a contractor and a project plan has been developed which will see the new system implemented in a phased roll-out over the next 18 months

Review of effectiveness

The Directors' have responsibility for ensuring the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is supported by the work of the internal auditors and the Management Committee who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors and other qualified professionals in their management letters and reports. The Directors have considered the results of the reviews of the system of internal control by the Management Committee and the Audit Committee, and have agreed a plan to address weaknesses and ensure continuous improvement of the system is in place.

No significant internal control issues have arisen during the period covered by this report.

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Board



Sir Alan Reid
Chairman
York House
St James's Palace
London SW1A 1BQ

26 June 2013

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).

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgments 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Royal Collection Enterprises Limited

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

We have audited the financial statements of Royal Collection Enterprises Limited for the year ended 31 March 2013 set out on pages 11 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Royal Collection Enterprises Limited

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mananne Fallon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 June 2013

Royal Collection Enterprises Limited

Profit and Loss Account

for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Turnover	1,2	41,467	38,968
Direct costs, including cost of sales	2	(31,902)	(30,232)
Gross profit	2	9,565	8,736
Administrative expenses		(1,597)	(1,470)
Donations payable	16	(468)	(745)
Other operating income	6	364	230
Operating profit		7,864	6,751
Interest receivable and other similar income	7	-	7
Profit on ordinary activities before and after taxation	3	7,864	6,758
Deed of covenant		(7,785)	(6,651)
Retained profit for the financial year	13,14	79	107

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 13 to 22 form part of these financial statements

Royal Collection Enterprises Limited

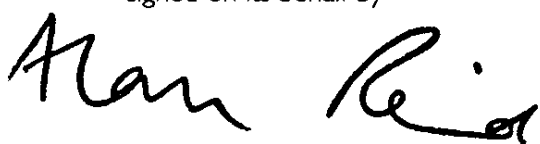
Balance Sheet

at 31 March 2013

		2013		2012	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		636		502
Current assets					
Stock and work in progress	9	2,978		3,484	
Debtors	10	1,008		1,167	
Cash at bank and in hand		5,079		7,226	
		<u>9,065</u>		<u>11,877</u>	
Creditors amounts falling due within one year	11	(9,134)		(11,891)	
Net current liabilities			<u>(69)</u>		<u>(14)</u>
Total assets less current liabilities			<u>567</u>		<u>488</u>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		567		488
Shareholder's funds			<u>567</u>		<u>488</u>

The notes on pages 13 to 22 form part of these financial statements

These financial statements were approved by the Board of Directors on 26 June 2013 and were signed on its behalf by



Sir Alan Reid
Chairman

Royal Collection Enterprises Limited

Notes

(forming part of the financial statements)

I 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 directors have reviewed cash flow forecasts for twelve months from the date of approval of the accounts, and consider that it is appropriate to prepare these accounts under the going concern basis

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, income from 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, income from the café operations for visitors to the official residences 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 includes sponsorship and other 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)

I 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 Trust 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)

I Accounting policies (continued)

Pensions

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

The scheme which provides benefits based on final pensionable salary is part of a group scheme, 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 this pension scheme. Accordingly the funding deficit in respect of this pension scheme 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 schemes 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	2013 Total £'000	2012 Total £'000
Turnover	21,890	19,161	416	41,467	38,968
Direct costs, including cost of sales	(17,690)	(13,731)	(481)	(31,902)	(30,232)
Gross profit/(loss)	<u>4,200</u>	<u>5,430</u>	<u>(65)</u>	<u>9,565</u>	<u>8,736</u>

3 Profit on ordinary activities before and after taxation

	2013 £'000	2012 £'000
Profit on ordinary activities before and after taxation is stated after charging		
Auditors' remuneration		
Audit of these financial statements	8	7
Other services - taxation	5	5
Depreciation and other amounts written off owned tangible fixed assets	151	133
Operating lease charges	<u>117</u>	<u>100</u>

4 Remuneration of directors

	2013 £'000	2012 £'000
Directors' emoluments including pension contributions	<u>478</u>	<u>448</u>

The Chairman received no emoluments during the year in connection with services to the company, other than £177 (2011-12 £168) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £95,457 (2011-12 £89,631)

Contributions to provide defined pension benefits were made for four directors (2011-12 four). The accrued benefits due to the highest paid director at 31 March 2013 amounted to an annual pension of £21,343 and a lump sum of £107,172 (2011-12 £18,957 and £89,918)

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	
	2013	2012
Windsor Castle	158	155
Buckingham Palace	191	185
Palace of Holyroodhouse	49	49
Central Retail & Warehousing	22	23
Public Relations & Marketing	9	9
Publishing	4	4
Learning	7	6
Photographic Services	8	9
Finance & Administration (including directors)	10	11
Royal Household staff directly supporting Royal Collection Enterprises	36	33
	<u>494</u>	<u>484</u>

The aggregate payroll costs of these persons were as follows

	2013	2012
	£'000	£'000
Wages and salaries	10,127	9,542
Social security costs	774	739
Other pension costs (see note 17)	1,332	1,250
	<u>12,233</u>	<u>11,531</u>

6 Other operating income

	2013	2012
	£'000	£'000
Other income	364	230
	<u>364</u>	<u>230</u>

Royal Collection Enterprises Limited

Notes (continued)

7 Interest receivable and other similar income

	2013	2012
	£'000	£'000
Bank interest	-	7

8 Tangible fixed assets

	Property improvements	Plant and machinery	Furniture, fittings and equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2012	76	163	2,496	55	2,790
Additions	132	-	17	138	287
Transfers			53	(53)	-
Disposals /write-offs	-	(7)	(121)	(2)	(130)
At 31 March 2013	208	156	2,445	138	2,947
Depreciation					
At 1 April 2012	41	137	2,110	-	2,288
Charge for the year	20	14	117	-	151
Disposals /write-offs	-	(7)	(121)	-	(128)
At 31 March 2013	61	144	2,106	-	2,311
Net book value					
At 31 March 2013	147	12	339	138	636
At 31 March 2012	35	26	386	55	502

9 Stock and work in progress

	2013	2012
	£'000	£'000
Finished goods	2,532	2,949
Work in progress	446	535
	2,978	3,484

Royal Collection Enterprises Limited

Notes (continued)

10 Debtors

	2013	2012
	£'000	£'000
Trade debtors	526	766
Other debtors including taxation	234	86
Prepayments and accrued income	248	315
	<u>1,008</u>	<u>1,167</u>

11 Creditors amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	827	786
Amounts due to parent undertaking	1,897	3,871
Other creditors	219	695
Accruals and deferred income	6,191	6,539
	<u>9,134</u>	<u>11,891</u>

12 Called up share capital

	2013	2012
	£	£
<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>

13 Reserves

	Profit and loss account £'000
At beginning of year	488
Retained profit for the year	<u>79</u>
At end of year	<u>567</u>

Royal Collection Enterprises Limited

Notes (continued)

14 Movement on shareholder's funds

	2013	2012
	£'000	£'000
Retained profit for the year	79	107
Opening shareholder's funds	488	381
Closing shareholder's funds	<u>567</u>	<u>488</u>

15 Commitments

Capital commitments at 31 March 2013 for which no provision has been made were as follows

	2013	2012
	£'000	£'000
Contracted	247	28
Authorised but not contracted	<u>223</u>	<u>268</u>

Operating lease commitments

	2013	2012
	£'000	£'000
Amounts payable within one year of the balance sheet date in respect of operating leases expiring		
- within one year	4	1
- in the second to fifth year	106	84
- more than five years	-	-
	<u>110</u>	<u>85</u>

16 Donations payable

Donations made during the year were as follows

	2013	2012
	£'000	£'000
Privy Purse Charitable Trust	447	445
The Queen Elizabeth Diamond Jubilee Charitable Trust	21	-
The Foundation of Prince William and Prince Harry	-	300
	<u>468</u>	<u>745</u>

Royal Collection Enterprises Limited

Notes (continued)

17 Pension scheme

As explained in the accounting policies set out on page 14 the company participates in a pension scheme providing benefits based on final pensionable pay. Details of the most recent valuation of the scheme, together with the assumptions which have the most significant effect on the results of the valuation, are given in the financial statements of the parent company, The Royal Collection Trust.

18 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.

19 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 2013, the group's deposit and loan balances amounted to a net cash balance of £23,656,000 (2011-12 £14,660,000).

Royal Collection Enterprises Limited

Notes (continued)

20 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	Balance at Year End		Transactions in the year		Details of Transaction
	2013	2012	2013	2012	
£000					
Royal Household	(5,163)	(5,375)	7,921	7,221	Charges to the company for various services including personnel, payroll, pensions administration, internal audit, records management, property maintenance services, IT services and carriage conservation etc
Royal Household	(1)	(1)	15	45	Recovery of costs incurred on behalf of the Royal Household
Privy Purse Chantable Trust (PPCT)	(4)	(140)	447	445	Donation to the PPCT in lieu of its right to charge for admission to Queen Mary's Dolls' House, Windsor Castle
St George's Chapel	-	-	1,446	1,380	Payment in respect of admissions to St. George's Chapel, Windsor Castle collected by the company as agent and compensation for the loss of retail income
The Foundation of Prince William and Prince Harry	-	(300)	-	300	Donation to the foundation in respect of the loan of the Duchess of Cambridge's wedding dress for display in the special exhibition at the 2011 summer opening of Buckingham Palace
The Queen Elizabeth Diamond Jubilee Trust	21	-	21	-	Donation to the trust in respect of the Diamond Jubilee publication <i>Dressing The Queen</i>
A G Camck (Highgrove)	14	151	162	256	Purchase of the company's goods for resale
Historic Royal Palaces (HRP)	9	2	177	182	Recovery of costs from HRP for maintenance, services and goods provided by the company
Privy Purse (including Windsor Farm Shop)	(2)	(8)	54	68	Purchase of RCEL goods for resale or recharge of costs incurred on behalf of Privy Purse
Balmoral Estate Office	11	2	22	36	Purchase of the company's goods for resale
Sandringham Estate		7	14	36	Purchase of the company's goods for resale

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 the company during the year.