

Royal Collection Enterprises Limited
Directors' report and financial statements

31 March 2010

Company 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 2010

Principal activities

The principal activities of the company are the management of public access to the official residences of The Queen and the official residence of The Prince of Wales and the sale of merchandise in shops at each location. Taxable profits are donated in full under deed of covenant to the holding company, The Royal Collection Trust, a company limited by guarantee and registered as a charity.

Business review

The purpose of the company is to generate income for The Royal Collection Trust for the presentation, maintenance and conservation of the Royal Collection.

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

The official residences of The Queen

Windsor Castle
Frogmore House, Windsor Home Park
Buckingham Palace State Rooms
The Queen's Gallery, Buckingham Palace
The Royal Mews, Buckingham Palace
The Palace of Holyroodhouse
The Queen's Gallery, Palace of Holyroodhouse

The official residence of The Prince of Wales

Clarence House

In addition to the above, income is raised through off-site retail activities (including the distribution of books and licensing deals involving Royal Collection publications), catering operations at The Palace of Holyroodhouse and the Buckingham Palace Summer Opening, and fees for reproducing images of items in the Royal Collection.

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

Management Fees

Management fees amounted to £17,375,000, an increase of £715,000 (4.3%) on the previous year, which is primarily due to increased operating costs.

Retail

Retail activities have performed well in 2009-10, achieving a £400,000 (4.7%) increase in sales from £8,500,000 to £8,900,000. This is due to a 4.1% increase in visitor numbers to Royal Collection sites, a 29.9% increase in offsite sales and a 1.6% increase in spend per visitor.

Royal Collection Enterprises Limited

Directors' Report (continued)

Sales at all Royal Collection sites increased on the previous year, with the strongest growth at The Palace of Holyroodhouse, up 15.0%. This was followed by Windsor Castle, up 9.8%, and London shops, up 6.2%. In addition, efforts to increase offsite and wholesale sales were rewarded with a 107.0% increase in sales from £186,000 to £385,000.

Photographic Services

A large proportion of the income for the Photographic Services Picture Library comes from the supply of photographic material for inclusion in television programmes and printed publications. Higher levels of activity during the year saw reproduction fee income increase by £49,000 (33.3%) from £147,000 to £196,000.

Further development of the on-line Picture Library has seen the number of images which can be viewed increase by 1,300 to 6,914 during the year. Increased investment in digital scanning together with new digital photography is expected to see the number of images increase further in 2010-11. The recently appointed Director of Publishing and New Media will develop a strategy for further development of the Collection-on-line during 2010-11.

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

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

Royal Collection Enterprises Limited

Directors' Report (continued)

Publishing

In 2009-10 the publishing section produced exhibition catalogues and books to accompany the exhibitions at The Queen's Gallery, Buckingham Palace (*French Porcelain for English Palaces Sevres from the Royal Collection* and *Victoria & Albert Art & Love*, as well as *Victoria & Albert Passionate Patrons*), The Queen's Gallery, Palace of Holyroodhouse (*The Heart of the Great Alone Scott, Shackleton and Antarctic Photography* and *Dutch Landscapes*), and at the Drawings Gallery, Windsor Castle (*Marcus Adams Royal Photographer*) In addition, a catalogue was published to accompany the Royal Collection exhibition *Leonardo da Vinci The Mechanics of Man* which was shown at the Vancouver Art Gallery, Vancouver.

An illustrated book was published to accompany the display at the Buckingham Palace Summer Opening entitled *The Royal Tour* Published in July 2009 and sold at a retail price of £9.95, the publication proved to be popular, selling 7,000 copies, of which 4,500 were sold through the Royal Collection's shops and 2,500 were sold through book distributors

The latest volume in the Cassiano series, *Flora the Aztec Herbal*, was published in December 2009

The Royal Collection again exhibited at both the Frankfurt Book Fair and the London Book Fair Further licensing and co-edition deals were identified as a result of contacts made and established at the Fairs

Payments under Deed of Covenant

During the year amounts payable to The Royal Collection Trust under deed of covenant were £2,812,000 (2008-09 £2,351,000)

After payments under deed of covenant, the profit retained for the year in the company is £7,000 (2008-09 Loss - £116,000)

Directors and directors' interests

The directors who held office during the year were as follows

Sir Alan Reid, KCVO (Chairman)
Sir Hugh Roberts, KCVO (retired 30 April 2010)
Miss Kerry Bishop, MVO
Miss Frances Dunkels, LVO
Mr Jonathan Marsden, LVO
Mrs Nuala McGourty, LVO
The Hon Lady Roberts, CVO
Mr Desmond Shawe-Taylor
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 2010 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 the Royal Collection 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 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.

Royal Collection Enterprises Limited

Directors' Report (continued)

- 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

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

- The consolidated 3 year plan for the Royal Collection Trust and the company for the period to 31 March 2012 was reviewed and updated for key risks and opportunities
- The merger of the Royal Collection and Royal Household IT networks commenced during the year and will simplify the structure for day to day support of the Royal Collection's IT systems as well as the provision of business continuity solutions
- The implementation of new credit card authorisation systems for on-line retail sales ensures the Royal Collection has fully addressed the requirements of the Payment Card Industry Data Security Standard for its retail activities
- Enhanced information security arrangements following the introduction of document secure marking software and the introduction of an ISO 27001 reporting tool
- Implementation of a new Visitor Management Access system which has enhanced physical security arrangements for visitors to the official residences
- The main control panels for the Automatic Fire Detection systems and control room computers were replaced throughout the Windsor estate and at Buckingham Palace during the year
- The establishment of a Procurement Strategy Group which has developed standard purchasing guidance for management to help secure best value from expenditure and ensure that best practice is followed with regard to ethical and sustainable procurement
- The development of a Royal Household Energy Management Strategy which aims to minimise energy consumption, reduce CO2 and other greenhouse gas emissions and limit the use of finite fossil fuels. A Royal Household Energy Management Committee has been established to monitor implementation of the strategy and to set targets for reductions in consumption

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 Royal Collection 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
11 June 2010

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.

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 2010 set out on pages 10 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 auditors

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 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 APB's website at www.frc.org.uk/apb/scope/UKNP.

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 2010 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.

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

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

- 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



11 June 2010

*MG Fallon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
8 Salisbury Square
London
EC4Y Y8BB*

Royal Collection Enterprises Limited

Profit and Loss Account

for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover	1,2	27,951	26,425
Direct costs, including cost of sales	2	(23,669)	(22,973)
Gross profit	2	4,282	3,452
Administrative expenses		(1,319)	(1,104)
Donation to Privy Purse Charitable Trust	18	(357)	(333)
Other operating income		213	218
Operating profit		2,819	2,233
Interest receivable and other similar income	6	-	2
Profit on ordinary activities before and after taxation	3	2,819	2,235
Deed of covenant		(2,812)	(2,351)
Retained (loss) / profit for the financial year	12,13	7	(116)

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 12 to 22 form part of these financial statements

Royal Collection Enterprises Limited

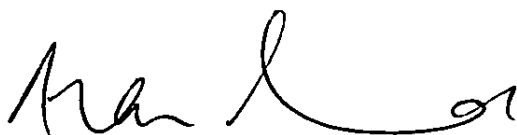
Balance Sheet

at 31 March 2010

		2010		2009	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		737		758
Current assets					
Stock and work in progress	8	1,949		1,821	
Debtors	9	806		606	
Cash at bank and in hand		279		1,130	
		<u>3,034</u>		<u>3,557</u>	
Creditors: amounts falling due within one year	10	<u>(3,311)</u>		<u>(3,862)</u>	
Net current liabilities			<u>(277)</u>		<u>(305)</u>
Total assets less current liabilities			<u>460</u>		<u>453</u>
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	12		460		453
Shareholder's funds			<u>460</u>		<u>453</u>

The notes on pages 12 to 22 form part of these financial statements.

These financial statements were approved by the Board of Directors on 11 June 2010 and were signed on its behalf by



Sir Alan Reid
Chairman

Royal Collection Enterprises Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of the Royal Collection Trust (limited by guarantee) and its cash flows are included within the consolidated cash flow statement of that company

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose the details of related party transactions with its parent undertaking

Turnover

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

Other income comprises mainly sponsorship income

Fixed assets and depreciation

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

Royal Collection Enterprises Limited

Notes (continued)

1 Accounting policies (continued)

Fixed assets and depreciation (continued)

No depreciation is charged on assets in the course of construction until the assets have been successfully commissioned and are available for use. Finance costs incurred in connection with the construction of tangible assets are not capitalised and are charged to the profit and loss account as incurred.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives which are determined on an individual asset basis as follows:

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

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

Publishing

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

Stock and work in progress

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

Foreign currencies

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

Royal Collection Enterprises Limited

Notes (*continued*)

1 Accounting policies (*continued*)

Pensions

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

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

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

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

Operating leases

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

Liabilities

Liabilities are recognised when a constructive obligation arises.

Royal Collection Enterprises Limited

Notes (continued)

2 Turnover and gross profit

Turnover and gross profit from each of the company's main activities may be analysed as set out below.

	Management fees £'000	Retail and publishing £'000	Other £'000	2010 Total £'000	2009 Total £'000
Turnover	17,375	10,380	196	27,951	26,425
Direct costs, including cost of sales	(13,967)	(9,339)	(363)	(23,669)	(22,973)
Gross profit/(loss)	<u>3,408</u>	<u>1,041</u>	<u>(167)</u>	<u>4,282</u>	<u>3,452</u>

Admission numbers at each location were as follows

	2010 '000	2009 '000
Windsor Castle	987	928
Windsor Castle Education Centre	23	20
Frogmore House	4	11
Buckingham Palace State Rooms	402	394
Clarence House	19	20
The Queen's Gallery, Buckingham Palace	175	194
The Royal Mews, Buckingham Palace	164	153
The Palace of Holyroodhouse	237	217
The Queen's Gallery, Palace of Holyroodhouse	60	53
The Palace of Holyroodhouse Education Centre	3	3
	<u>2,074</u>	<u>1,993</u>

Royal Collection Enterprises Limited

Notes (continued)

3 Profit on ordinary activities before and after taxation

	2010	2009
	£'000	£'000
Profit on ordinary activities before and after taxation is stated after charging:		
Auditors' remuneration		
Audit of these financial statements	8	8
Other services - taxation	3	3
Depreciation and other amounts written off owned tangible fixed assets	351	341
Operating lease charges	77	77

4 Remuneration of directors

	2010	2009
	£'000	£'000
Directors' emoluments including pension contributions	358	399

The Chairman received no emoluments during the year in connection with services to the company, other than £175 (2008-09 £158) in respect of the cost of directors' liability insurance. The emoluments, excluding pension contributions, of the highest paid director were £89,631 (2008-09 £96,079).

Contributions to provide defined pension benefits were made for four directors (2008-09 four). The accrued benefits due to the highest paid director at 31 March 2010 amounted to an annual pension of £16,290 and a lump sum of £76,025 (2008-09 £nil and £nil).

Royal Collection Enterprises Limited

Notes (continued)

5 Staff numbers and costs

The average number of full time equivalent staff employed by the company or on permanent secondment from the Royal Household (including directors) analysed by category, was as follows

	Number of employees	
	2010	2009
Windsor Castle	146	136
Buckingham Palace	154	151
Palace of Holyroodhouse	48	58
Central Retail & Warehousing	19	17
Public Relations & Marketing	9	8
Publishing	3	2
Education	6	6
Photographic Services	8	8
Finance & Administration (including directors)	13	13
Royal Household Staff directly supporting Royal Collection Enterprises*	18	-
	424	399

** Certain Royal Household Staff who provide support services to Royal Collection Enterprises were re-charged as part of a service charge and not included in staff numbers in 2008-09. In 2009-10 these staff are charged directly to Royal Collection Enterprises and are therefore included in staff numbers*

The aggregate payroll costs of these persons were as follows

	2010	2009
	£'000	£'000
Wages and salaries	8,304	7,704
Social security costs	644	603
Other pension costs (see note 15)	1,245	1,081
	10,193	9,388

6 Interest receivable and other similar income

	2010	2009
	£'000	£'000
Bank interest	-	2

Royal Collection Enterprises Limited

Notes (continued)

7 Tangible fixed assets

	Property improvements	Plant and machinery	Furniture, fittings and equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2009	46	274	2,549	9	2,878
Additions	-	18	315	-	333
Transfers	-	-	9	(9)	-
Disposals /write-offs	-	(5)	(161)	-	(166)
At 31 March 2010	46	287	2,712	-	3,045
Depreciation					
At 1 April 2009	15	218	1,887	-	2,120
Charge for the year	8	14	329	-	351
Disposals /write-offs	-	(2)	(161)	-	(163)
At 31 March 2010	23	230	2,055	-	2,308
Net book value					
At 31 March 2010	23	57	657	-	737
At 31 March 2009	31	56	662	9	758

8 Stock and work in progress

	2010	2009
	£'000	£'000
Finished goods	1,705	1,636
Work in progress	244	185
	1,949	1,821

Royal Collection Enterprises Limited

Notes *(continued)*

9 Debtors

	2010	2009
	£'000	£'000
Trade debtors	328	343
Other debtors	78	148
Amounts due from parent undertaking	256	-
Prepayments and accrued income	144	115
	<u>806</u>	<u>606</u>

10 Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Bank overdraft	31	-
Trade creditors	1,057	623
Amounts due to parent undertaking	-	403
Other creditors including taxation	139	149
Accruals and deferred income	2,084	2,687
	<u>3,311</u>	<u>3,862</u>

11 Called up share capital

	2010	2009
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reserves

	Profit and loss account
	£'000
At beginning of year	453
Retained profit for the year	<u>7</u>
At end of year	<u>460</u>

Royal Collection Enterprises Limited

Notes (continued)

13 Movement on shareholder's funds

	2010	2009
	£'000	£'000
Retained profit / (loss) for the year	7	(116)
Opening shareholder's funds	453	569
Closing shareholder's funds	460	453

14 Commitments

Capital commitments at 31 March 2010 for which no provision has been made were as follows

	2010	2009
	£'000	£'000
Contracted	40	10
Authorised but not contracted	527	473

Operating lease commitments

	2010	2009
	£'000	£'000
Amounts payable within one year of the balance sheet date in respect of operating leases expiring		
- within one year	2	2
- in the second to fifth year	17	13
- more than five years	65	64
	84	79

Royal Collection Enterprises Limited

Notes *(continued)*

15 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.

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of The Royal Collection Trust, a company limited by guarantee registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by its ultimate parent company, The Royal Collection Trust, registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from the Director of the Royal Collection, The Royal Collection Trust, York House, St James's Palace, London, SW1A 1BQ.

17 Guarantee

On 12 February 1997 the company provided a guarantee to Coutts & Co in consideration for the granting of an overdraft and loan facility in favour of its parent company, The Royal Collection Trust. At 31 March 2010, the group's overdraft and loan balances amounted to £4,465,000 (2008-09 £5,223,000).

Royal Collection Enterprises Limited

Notes (continued)

18 Related Party Transactions

Material transactions during the year with other entities controlled by officials, Trustees or other appointees on behalf of The Queen are set out below. The figure in italics represent the amounts due (to) or from related parties at the balance sheet date

Related Party	2010 £000	2009 £000	Type of Transaction	Details of Transaction
Property Services Grant-in-aid	3,679 (1,274)	3,087 (1,500)	Maintenance services	Costs of property refurbishments, maintenance services, facilities management, utilities and staff costs, included in cost of sales and administrative expenses
Civil List	1,562 (2)	1,144 63	Management charge, reimbursement of staff costs and IT services	Reimbursement of staff costs for various services including personnel, payroll and pensions administration, internal audit, records management, carriage conservation, IT infrastructure, network services and other staff related expenses, included in direct costs and administrative expenses.
Privy Purse Charitable Trust	357 -	333 (6)	Donation	Donation to the Privy Purse Charitable Trust in lieu of its right to charge for admission to Queen Mary's Dolls' House, Windsor Castle
Privy Purse & Private Estates	29 1	24 24	Turnover	Sales of Royal Collection retail stock
St George's Chapel	1,268 -	1,257 -	Admissions income collected as agent	Income in respect of admissions to St George's Chapel, Windsor Castle collected by Royal Collection Enterprises as agent and therefore excluded from Admissions income
St George's Chapel	17 -	17 -	Commission on sales	Compensation for loss of retail income included in Retail and Publishing direct costs
Historic Royal Palaces	23 9	7 -	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