

Royal Collection Enterprises Limited
Directors' report and financial statements

31 March 2015

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 - 8
Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements	9
Independent Auditor's Report	10 - 11
Profit and Loss Account	12
Balance Sheet	13
Notes	14- 24

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2015.

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 by the group name Royal Collection Trust. The company thus generates 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. Royal Collection Enterprises Limited acts as an agent of The Royal Collection Trust in managing the admission of visitors to the official residences.

Directors and directors' interests

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

Sir Alan Reid, GCVO (Chairman)

Mr Rufus Bird

Miss Frances Dunkels, LVO

Miss Kerry Francois, LVO

Mr Keith Harrison (appointed 5 January 2015),

Mrs Nuala McGourty, LVO

Mr Jonathan Marsden, CVO, FSA

Ms Jemima Rellie

Mr Desmond Shawe-Taylor, LVO

Mr Michael Stevens, CVO (resigned 5 January 2015)

Vice Admiral Tony Johnstone-Burt, CB, OBE - Non Executive Director (appointed 18 February 2015)

Mr Edward Griffiths, CVO - Non Executive Director (resigned 31 January 2015)

Mrs Fiona Sale – Non Executive Director (resigned 18 December 2014)

None of the directors who held office at 31 March 2015 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.

Strategic Report

Achievements and Performance

Visitor numbers

2014/15 was a year without a special 'Royal Event' akin to Diamond Jubilee celebrations or the Royal Wedding. As a consequence, a slight decline in visitor numbers by comparison with the previous year was to be expected. Total visitor numbers for the year fell by 3.2% to 2,468,000. Within that total, performance varied by site. Numbers at Buckingham Palace fell by 60,000 (over 11%) whereas at Windsor Castle and the Palace of Holyroodhouse, visitor totals remained steady. Windsor Castle accounted for just over half the total number of visitors. Full details by location are as follows:

	14/15	13/14
	'000s	'000s
Windsor Castle	1,254	1,244
Frogmore House	6	6
Buckingham Palace	476	536
Clarence House	11	13
The Royal Mews	237	243
The Queen's Gallery	157	151
Holyroodhouse	284	283
Holyroodhouse Gallery	43	74
	2,468	2,550

In addition, Learning Centre visitors totalled 52,000 compared with 36,000 in the previous year.

Retail

Retail sales saw a marked decline compared with recent years, again primarily due to the lack of a special Royal Event to help drive sales. Commemorative china constitutes an important part of the overall retail offer, especially with regard to the wholesale market, and in the absence of a special event, this in particular saw a reduction in sale volumes for the year. The decline in visitor numbers at Buckingham Palace also had a direct impact on sale volumes. Total sales of £14.1m were down by 19% compared with the previous year, with the decline being most pronounced in online sales (43%) and wholesale (61%). Gross profit margin increased slightly to 60.7%, up from 59% in 2013/14.

Photographic Services

Income for the Picture Library derives predominantly from the supply of photographic material for inclusion in television programmes and printed publications. Reproduction fee income amounted to £214,000, an 8.6% increase from the previous year (2013-14: £197,000). Photography focused on the Royal Collection Online, the exhibitions programme, publications and PR & Marketing. The number of records available via the collection online increased from 236,000 to 241,000. Images were added to 13,000 previously unillustrated records.

Publishing

An illustrated book accompanied the display at the Buckingham Palace Summer Opening entitled Royal Childhood. Other published titles included The First Georgians: Art and

Monarchy 1714-1760, Treasures from the Royal Archives and Gold. Work has continued on the extensive catalogues raisonnés publishing programme, which included the publication of the three-volume Flora: Fedrico Cesi's Botanical Manuscripts, Part B.VII in the Cassiano series. The company exhibited again at the Frankfurt Book Fair and attended the London Book Fair. Licensing and co-edition deals included a Polish edition of Leonardo: Mechanics of Man, a Chinese and a new US paperback edition of Amazing Rare Things.

Financial Review

Management fees for the year were £25.6 million, an increase of over 7% on the previous year. This increase was due to increases in operating costs, notably staffing, facilities management charges, display costs and depreciation. However, turnover overall fell due to the drop in retail sales outlined above. Gross profit as a percentage of sales increased to 60.7% from 59.0% on the previous year due to a reduction in the proportion of wholesale sales and a reduction in central cost of sales write-offs. In addition, administration costs rose by 10% due primarily to an increase in Finance section costs and Royal Household management charges.

As a consequence, operating profit fell to just over £5.2 million, and the amount payable to The Royal Collection Trust under deed of covenant in turn was reduced to £5,197,000 (2013-14: £6,674,000).

Plans for Future Periods

The company's plans are informed by the strategic priorities of its holding company, The Royal Collection Trust. For the coming period, The Royal Collection Trust has identified the following six priorities:

1. To present a programme that appeals to people throughout the UK in order to encourage them to engage with and be inspired by the Royal Collection and Palaces;
2. To encourage greater enjoyment of the Royal Collection and Palaces by digital means, on site and online;
3. To maintain and further develop new sources of revenue;
4. To continue to enhance the visitor experience at all sites and make progress with the Future Programmes at Windsor Castle and the Palace of Holyroodhouse;
5. To focus attention on, and promote our work on the long-term care of the Collection; and
6. To ensure through effective and visible leadership that the Personality and Values of Royal Collection Trust continue to be embedded across the entire RCT team.

In line with these priorities, the company's aims are to increase visitor numbers, particularly from the UK, and to ensure an enjoyable, rewarding and safe experience for all who do attend. To support this, twelve exhibitions will be staged in 2015/16. The reach and engagement of the online shop will be increased, and the e-commerce mailing list will be developed and expanded.

Principal Risks and Uncertainties

The principal risks facing the company are:

- A significant reduction in visitor numbers;
- Failure to engage with the public or develop new audiences; and
- Decline in commercial appeal of retail merchandise.

In addition, the company manages generic risks relating to fraud, failure of IT systems and the operational risks associated with managing large numbers of visitors. The company seeks to manage as far as possible the risks that it faces.

Visitor numbers may fluctuate for a variety of reasons, e.g. the state of the UK and world economy, tourism trends, foreign currency exchange rates, and the perceived threat of terrorism in the UK. The company seeks to mitigate the effect of such fluctuations through the development of alternative income streams relating to retail, catering, publishing and photographic services.

The programme of exhibitions at The Queen's Galleries and at the Summer Opening of Buckingham Palace is carefully developed and reviewed to ensure that it is sufficiently varied and appealing, and has the potential to attract new audiences. Investment in presentation and interpretation for visitors and the expansion of learning and events programmes contribute to high levels of visitor enjoyment, which in turn encourage repeat visits.

The continuous introduction of new ranges of merchandise for the company's shops has contributed to the development of income streams that are not reliant on visitors to the Official Residences e.g. the on-line shop, wholesale accounts and licensing.

The risk management process is addressed jointly with the holding company, The Royal Collection Trust. The Management Board of Royal Collection Trust in conjunction with senior management in the Royal Household is responsible 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 staff are encouraged to identify operational risks in the performance of their duties.

The Management Board 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.

Specialist risk managers in the Royal Household include the Fire Safety Managers in Windsor and London, the Health and Safety Manager, the Head of Information Assurance 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 Board.

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 Board and senior managers on a regular basis;
- The Audit Committee meets three times annually and reviews the risk register twice a year. The Audit Committee regularly requires members of the Management Board 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, operational and information systems, the 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; and
- Ongoing budgetary control is monitored by the production of regular and timely financial management reports.

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 or re-deploy 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

A handwritten signature in black ink, appearing to read 'Alan Reid', written over a horizontal line.

25 June 2015

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

The Directors are responsible for preparing the Directors' Report, the Strategic 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 Auditor's 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 2015 set out on pages 12 to 24. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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 2015 and of its results 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 (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's 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.



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

29 June 2015

Royal Collection Enterprises Limited

Profit and Loss Account

for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover	1,2	40,702	42,413
Direct costs, including cost of sales	2	(33,660)	(33,586)
Gross profit	2	7,042	8,827
Administrative expenses		(1,915)	(1,730)
Donations payable	3	(541)	(526)
Other operating income	7	650	353
Operating profit		5,236	6,924
Interest receivable and other similar income	8	2	8
Profit on ordinary activities before and after taxation	4	5,238	6,932
Deed of covenant		(5,197)	(6,674)
Retained profit for the financial year	14,15	41	258

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 14 to 24 form part of these financial statements.

Royal Collection Enterprises Limited

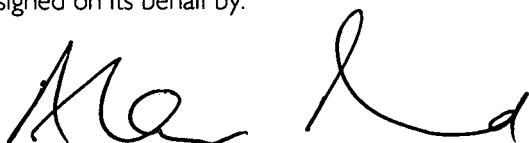
Balance Sheet

at 31 March 2015

		2015		2014	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		957		1,056
Current assets					
Stock and work in progress	10	3,225		3,338	
Debtors	11	586		508	
Cash at bank and in hand		4,223		5,432	
		<u>8,034</u>		<u>9,278</u>	
Creditors: amounts falling due within one year	12	(8,125)		(9,509)	
Net current liabilities			<u>(91)</u>		<u>(231)</u>
Total assets less current liabilities			<u>866</u>		<u>825</u>
Capital and reserves					
Called up share capital	13		-		-
Profit and loss account	14		866		825
Shareholder's funds			<u>866</u>		<u>825</u>

The notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 June 2015 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 operating 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	2015 Total £'000	2014 Total £'000
Turnover	25,631	14,725	346	40,702	42,413
Direct costs, including cost of sales	(20,550)	(12,610)	(500)	(33,660)	(33,586)
Gross profit/(loss)	<u>5,081</u>	<u>2,115</u>	<u>(154)</u>	<u>7,042</u>	<u>8,827</u>

3 Donations payable

Donations made during the year were as follows:

	2015 £'000	2014 £'000
Privy Purse Charitable Trust	541	524
The Queen Elizabeth Diamond Jubilee Charitable Trust	-	2
	<u>541</u>	<u>526</u>

4 Profit on ordinary activities before and after taxation

	2015 £'000	2014 £'000
Profit on ordinary activities before and after taxation is stated after charging:		
Auditor's remuneration		
Audit of these financial statements	10	8
Other services - taxation	5	5
Depreciation and other amounts written off owned tangible fixed assets	249	110
Operating lease charges	<u>118</u>	<u>122</u>

Royal Collection Enterprises Limited

Notes (continued)

5 Remuneration of directors

	2015	2014
	£'000	£'000
Directors' emoluments including pension contributions	<u>539</u>	<u>507</u>

The Chairman received no emoluments during the year in connection with services to the company. The company met the cost of directors' liability insurance in relation to the Chairman of £206 (2013/14: £103). The emoluments, excluding pension contributions, of the highest paid director were £99,213 (2013-14: £98,213).

Contributions to provide defined pension benefits were made for three directors (2013-14: four). The accrued benefits due to the highest paid director at 31 March 2015 amounted to an annual pension of £25,118 or a reduced pension of £18,108 and a lump sum of £120,719 (2013-14: £23,462 or a reduced pension of £17,000 and a lump sum of £111,285 - restated).

Royal Collection Enterprises Limited

Notes (continued)

6 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	
	2015	2014
Windsor Castle	174	159
Buckingham Palace	189	198
Palace of Holyroodhouse	59	54
Central Retail & Warehousing	21	21
Public Relations & Marketing	11	10
Publishing	5	4
Learning	10	8
Photographic Services	7	8
Finance & Administration (including directors)	12	11
Royal Household staff directly supporting Royal Collection Enterprises	40	39
	528	512

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£'000	£'000
Wages and salaries	11,433	10,579
Social security costs	863	802
Other pension costs (see note 17)	1,544	1,475
	13,840	12,856

7 Other operating income

	2015	2014
	£'000	£'000
Other income - sponsorship, grants & fees	650	353
	650	353

Royal Collection Enterprises Limited

Notes (continued)

8 Interest receivable and other similar income

	2015	2014
	£'000	£'000
Bank interest	2	8

9 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 2014	211	156	2,129	632	3,128
Additions	18	-	158	-	176
Transfers	61	122	424	(607)	-
Disposals /write-offs	-	-	(63)	(25)	(88)
At 31 March 2015	290	278	2,648	-	3,216
Depreciation					
At 1 April 2014	79	148	1,845	-	2,072
Charge for the year	24	13	212	-	249
Disposals /write-offs	-	-	(62)	-	(62)
At 31 March 2015	103	161	1,995	-	2,259
Net book value					
At 31 March 2015	187	117	653	-	957
At 31 March 2014	132	8	284	632	1,056

10 Stock and work in progress

	2015	2014
	£'000	£'000
Finished goods	2,782	2,767
Work in progress	443	571
	3,225	3,338

Royal Collection Enterprises Limited

Notes (continued)

11 Debtors

	2015	2014
	£'000	£'000
Trade debtors	350	221
Other debtors including taxation	13	93
Prepayments and accrued income	223	194
	<u>586</u>	<u>508</u>

12 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	866	1,028
Amounts due to parent undertaking	194	1,640
Other creditors	341	345
Accruals and deferred income	6,724	6,496
	<u>8,125</u>	<u>9,509</u>

13 Called up share capital

	2015	2014
	£	£
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

14 Reserves

	Profit and loss account £'000
At beginning of year	825
Retained profit for the year	<u>41</u>
At end of year	<u>866</u>

Royal Collection Enterprises Limited

Notes (continued)

15 Movement in shareholder's funds

	2015	2014
	£'000	£'000
Retained profit for the year	41	258
Opening shareholder's funds	825	567
Closing shareholder's funds	866	825

16 Commitments

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

	2015	2014
	£'000	£'000
Contracted	60	156
Authorised but not contracted	397	118

Operating lease commitments

	2015	2014
	£'000	£'000
Amounts payable within one year of the balance sheet date in respect of operating leases expiring:		
- within one year	1	1
- in the second to fifth year	119	126
	120	127

17 Pension scheme

As explained in the accounting policies set out on pages 14 - 16 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 smallest and largest 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.

Royal Collection Enterprises Limited

Notes (continued)

19 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 2015 there was no overdraft in either the company or the parent company.

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
	2015	2014	2015	2014	
£000					
Royal Household	(5,880)	(5,670)	9,183	8,732	Charges to Royal Collection Enterprises Limited (RCEL) for various services including personnel, payroll, pensions administration, internal audit, records management, property maintenance services, IT services and carriage conservation etc.
Royal Household	(11)	(1)	43	13	Recovery of costs incurred on behalf of the Royal Household.
Privy Purse Charitable Trust (PPCT)	(4)	(7)	541	524	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	-	-	1,831	1,490	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.
A G Camick (Highgrove)	16	11	69	70	Purchase of RCEL goods for resale and commission on sales of admission tickets for the gardens at Highgrove House.
Historic Royal Palaces (HRP)	25	-	78	253	Recovery of costs from HRP for maintenance, services and goods for resale purchased from RCEL.
Privy Purse (including Royal Farms and Windsor Farm Shop)	(23)	13	69	39	Purchase of RCEL goods for resale and recharge of costs incurred on behalf of Privy Purse. Royalty to Royal Farms for milk in Royal Collection ice cream.
Balmoral Estate Office	2	2	27	32	Purchase of RCEL goods for resale.
Balmoral Estate Office	-	-	20	-	Purchase of Balmoral goods for resale.
Sandringham Estate	-	-	1	6	Purchase of RCEL 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.