

Royal Agricultural College Enterprises Limited

Financial statements

for the year ended 31 July 2010

Registered Number 2752048

Royal Agricultural College Enterprises Limited

Financial statements

for the year ended 31 July 2010

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Royal Agricultural College Enterprises Limited

Directors' report for the year ended 31 July 2010

The directors present their report and the audited financial statements for the year ended 31 July 2010. The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Principal Activities

The company is a wholly owned subsidiary of the Royal Agricultural College, formed to undertake activities outside the College's principal charitable objective. The profits of the company are gift aided annually to the College.

Review of business and future developments

Turnover increased this year from £863k to £943k yielding 21% net profit before charitable contribution (2009: 6%) and made gift aid donations to the College of £196k (2009: £55k).

Due to difficult economic conditions turnover in the Conference division fell for the second year down to £582k from £678k in 2009, as businesses generally continued to reign back on discretionary spend. It was also impacted by shorter lead in times but continued to generate leads by positive marketing and tight cost control to maintain profits.

Consultancy business grew during 2009/10 to £166k (2009: £163k). The investment in additional resource to support academics carrying out consultancy has continued to generate increased opportunities with profit before management recharge 68% up, indicating that more profitable work is being won.

The commercial training provided by the Food Centre continued to decline and the Board decided to give up its lease in favour of the College to enable greater focus on student and academic provision combined with a new direction to put the facility on a more sustainable financial footing.

The commercial activities of the Shop continue to grow and the Board of Directors took the Shop under its management and control from August 2009. The Shop boosted the company's turnover by £188k, delivered a gross profit of 38% and net profit of 7% before management charges from the parent company.

Financial Risk Management

The company takes the following steps to manage its financial exposure:

- Price risk - prices for the lettings of facilities are based on market forces in the area and the level of profitability required by the company;
- Credit risk – this is low as the customers are many and varied with many of the conference customers well known to the company and established users of the facilities;
- Cash flow & liquidity risk – the company has banking facilities available with Lloyds TSB via its parent company, The Royal Agricultural College.

Royal Agricultural College Enterprises Limited

Directors' report for the year ended 31 July 2010 (continued)

Dividends

The directors do not recommend the payment of a dividend (2009: £Nil).

Directors

The directors of the company at 31 July 2010 are listed below:

C J Gaskell Chairman
T M Chapman Company Secretary
S P King
K Morgan
T A North

Directors' interests

No director had any interest in the shares of the company as at 31 July 2010 (2009: None).

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Royal Agricultural College Enterprises Limited

Directors' report for the year ended 31 July 2010 (continued)

Statement on disclosure of information to the auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

BDO LLP (formerly BDO Stoy Hayward LLP) was appointed as auditor to the Company on 1 April 2008 and a resolution for their continuance as auditor to the company will be considered at the next Board of Directors meeting.

By order of the Board



Company Secretary
5 November 2010

Royal Agricultural College Enterprises Limited

Independent auditors' report to the members of Royal Agricultural College Enterprises Limited

We have audited the financial statements of Royal Agricultural College Enterprises Limited for the year ended 31 July 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

As explained more fully in the statement of directors' responsibilities, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 July 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Royal Agricultural College Enterprises Limited

Opinion on other matters 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
- 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.

BDO LLP

James Aston, MBE (senior statutory auditor)

For and on behalf of

BDO LLP

Chartered Accountants and Registered Auditors

Epsom, Surrey.

Date: 5 November 2010

Royal Agricultural College Enterprises Limited

Profit and loss account for the year ended 31 July 2010

	Notes	2010 £	2009 £
Turnover	3	942,999	863,188
Cost of sales		(747,520)	(811,704)
Gross profit		195,479	51,484
Interest receivable		468	3,410
Profit before charitable contribution		195,947	54,894
Charitable contribution to parent company	11	(195,947)	(54,894)
Retained profit for the year	10	-	-

The company has prepared its profit and loss account on the basis of continuing operations. All turnover and profit relates to continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities and the retained profit for the year stated above, and their historical cost equivalents.

Royal Agricultural College Enterprises Limited

Balance sheet at 31 July 2010

	Notes	2010 £	2009 £
Current assets			
Stock	6	22,960	-
Debtors	7	137,859	90,218
Cash at bank		212,781	206,728
		373,600	296,946
Creditors: amounts falling due within one year	8	(323,289)	(246,635)
Net assets		50,311	50,311
Capital and reserves			
Issued share capital	9	50,000	50,000
Revenue reserve	10	311	311
Shareholders' funds	11	50,311	50,311

The financial statements on pages 6 to 11 have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and were approved and authorised for issue by the Board of Directors on 5 November 2010 and were signed on its behalf by:



Director



Director

5 November 2010

Royal Agricultural College Enterprises Limited

Notes to the financial statements for the year ended 31 July 2010

1 Principal accounting policies

The financial statements have been prepared on the going concern basis in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of services provided, excluding value added tax.

Conferences income is recognised as the events take place. Monies received in advance of the event are held on the balance sheet as liabilities and not credited to Profit and Loss until the event takes place.

Consultancy income is accounted for on an accruals basis and included to the extent of completion of the contract or services concerned. Any monies received in advance of performance are recognised on the balance sheet as liabilities until the relevant work has taken place.

Shop income is credited to Profit and Loss account when the goods or services are supplied to the customer.

Foreign currencies

Any foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

2 Cash flow

The cash flows of the company are included in the consolidated cash flow statement of its parent company.

Royal Agricultural College Enterprises Limited

Notes to the financial statements for the year ended 31 July 2010 (continued)

3 Turnover from continuing operations by geographical segment

	2010	2009
	£	£
United Kingdom	879,359	781,074
Rest of Europe	22,197	1,750
Rest of World	41,443	80,364
	942,999	863,188

Turnover from continuing operations by activity

	2010	2009
	£	£
Conferences	581,554	678,230
Consultancy	166,232	163,110
Training	7,649	21,848
Shop	187,564	-
	942,999	863,188

Included in the turnover figure for Consultancy is non fee income during the year of £3,854 (2009: £7,362).

Royal Agricultural College Enterprises Limited

Notes to the financial statements for the year ended 31 July 2010 (continued)

4 Gross profit from continuing operations for the year

	2010	2009
	£	£

The gross profit for the year is stated after a management charge of £124,991 together with cross charges for Hire of Staff, Hire of Equipment/Facilities, Other Goods/Services and Shop Purchases totalling £622,529. The comparative charges from The Royal Agricultural College in 2009 amounted to £807,677.

The management charge and cross charges are in respect of costs incurred by the College where an appropriate proportion may be attributed to the operations of the company. Proportionate costs recharged to the company on this basis included:

Directors' emoluments	37,914	37,512
Auditors' remuneration	3,996	3,996
Staff costs	368,960	431,996

The average number of persons directly employed by the company during the year was Nil (2009: Nil).

5 Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8, available to group undertakings where 100% of the voting rights are controlled within the group and where consolidated financial statements are publicly available, not to fully disclose transactions with other group companies within these accounts.

6 Stocks

	2010	2009
	£	£
Goods for resale:		
College Shop Stock	22,960	-
	22,960	-

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Notes to the financial statements for the year ended 31 July 2010 (continued)

7 Debtors

	2010	2009
	£	£
Amounts falling due within one year:		
Trade debtors	124,707	87,401
Prepayments and accrued income	13,152	2,817
	137,859	90,218

8 Creditors: amounts falling due within one year

	2010	2009
	£	£
Amounts owed to parent company	206,021	192,264
Accruals and deferred income	114,564	54,371
Trade Creditors	2,704	-
	323,289	246,635

9 Share capital

	2010	2009
	£	£
Authorised:		
50,000 Ordinary shares of £1 each	50,000	50,000
Issued:		
50,000 Ordinary share of £1 each	50,000	50,000

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Notes to the financial statements for the year ended 31 July 2010 (continued)

10 Revenue reserve

	2010	2009
	£	£
At 1 August 2009	311	311
Retained profit for the year	-	-
At 31 July 2010	311	311

11 Reconciliation of movements in Shareholders' funds

	2010	2009
	£	£
Profit for the financial year	-	-
Opening Shareholders' funds	50,311	312
Issue of Shares	-	49,999
Closing Shareholders' funds	50,311	50,311

12 Ultimate parent company

The company (registered number 2752048) is a wholly owned subsidiary of The Royal Agricultural College, by virtue of 1 subscriber share being gifted to the College on incorporation and the purchase of an additional 49,999 shares at £1 each in 2009. The Royal Agricultural College is a company registered in England and Wales and is also a Registered Charity (number 311780).

Copies of The Royal Agricultural College consolidated financial statements may be obtained from the Company Secretary, The Royal Agricultural College, Cirencester, Gloucestershire, GL7 6JS.

Gift aid is donated to the parent company, as follows:

	2010	2009
	£	£
Gift aid:		
- in respect of current year	195,947	54,894