

Royal Agricultural University Enterprises Limited

Annual Report and Financial Statements

for the year ended 31 July 2017

Registered Number 2752048

Royal Agricultural University Enterprises Limited
Annual Report and Financial Statements
for the year ended 31 July 2017

Contents

Directors' report	Page 1
Independent auditors' report	Page 4
Profit and loss account	Page 7
Balance Sheet	Page 8
Statement of changes in equity	Page 9
Notes to the financial statements	Page 10

Directors' report for the year ended 31 July 2017

The directors present their annual report and the audited financial statements for the year ended 31 July 2017. The directors' report and the financial statements has been prepared in accordance FRS 102 and with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Principal Activities

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

Review of business and future developments

Turnover for the year was £954k (2016: £1,053k), yielding a net profit before charitable donation of 25% (2016: 29%). The company made gift aid donations to the University of £240k (2016: £307k).

Conference income has seen an increase from £603k in 2016 to £610k in 2017, and margin has decreased from £254k in 2016 to £228k in 2017. The decrease in profit is primarily due to a number of small value purchases of equipment and furniture during the year, not large enough to be capitalised, to improve the customer offering.

The Atrium income has remained steady at £232k (2016: £229k) and resulted in a £1k profit (2016: £6k loss). The increase in profitability is a result of a more efficient use of staff resources coupled with a review of opening hours.

Consultancy-related income decreased during 2017 to £78k (2016: £196k). This 60% decrease in income is a reflection of a re-focusing on student related research contracts which are invoiced through the University and not RAUEL.

Income from Professional Training was £33k (2016: £26k).

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 via its controlling party, the Royal Agricultural University.

Directors' report for the year ended 31 July 2017 (continued)

Directors

The directors of the company for the year ended 31 July 2017 and up to the date of signing the financial statements are listed below:

Professor Joanna Price	Chair (from 1 September 2016)
Professor Chris Gaskell	Chair (to 31 August 2016)
Professor David Hopkins	RAU Director (to 15 March 2017)
Mohammed Amersi	RAU Governor Non-Executive Director (from 27 January 2017)
Jonathan Kydd	RAU Governor Non-Executive Director (to 27 January 2017)
Teresa North	Commercial Services Director
Simon King	Consultancy Director
Richard Harris	Director of Finance (to 10 August 2017)
Susan O'Neill	Director of Finance (from 1 November 2017)

Directors' interests

No director had any interest in the shares of the company as at 31 July 2017 (2016: None).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Royal Agricultural University Enterprises Limited

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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal address and Registered Office

Royal Agricultural University Enterprises Limited
Stroud Road
Cirencester
Gloucestershire, GL7 6JS

Registered auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol, BS2 0FR

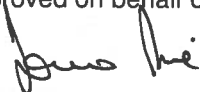
Legal Status

The Royal Agricultural University Enterprises Limited was registered at Companies House as a limited company (registered number 2752048) in 1992. The company is limited by shares. Royal Agricultural University Enterprises Limited is a wholly owned subsidiary of the Royal Agricultural University.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors to the company from 1 August 2012 and a resolution for their continuance as auditors to the company will be considered at the meeting of the Board of Directors.

Approved on behalf of the Board by:



Professor Jo Price
Chair
24 November 2017

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

Report on the audit of the financial statements

Opinion

In our opinion, Royal Agricultural University Enterprises Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 July 2017; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 July 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Lynn Pamment (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

27 November 2017

Profit and loss account for the year ended 31 July 2017

	Note	2017 £	2016 £
Turnover	3	954,257	1,053,483
Cost of sales		<u>(714,067)</u>	<u>(747,443)</u>
Gross profit		240,190	306,040
Interest receivable and similar income		41	650
Profit before charitable contribution		240,231	306,690
Charitable contribution to parent company	10	<u>(240,231)</u>	<u>(306,690)</u>
Total comprehensive result for the year		<u>-</u>	<u>-</u>

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

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

There is no difference between the profit before charitable contribution and the results for the financial years stated above and their historical cost equivalents.

Company number 2752048

Balance sheet

Year ended 31 July

	Note	2017 £	2016 £
Current assets			
Stocks	6	35,622	35,008
Debtors	7	108,553	183,163
Cash at bank and in hand		325,686	343,967
Total current assets		469,861	562,138
Creditors: amounts falling due within one year	8	(419,550)	(511,827)
Net assets		50,311	50,311
Capital and reserves			
Called up share capital	9	50,000	50,000
Profit and loss reserve		311	311
Total shareholders' funds		50,311	50,311

The financial statements on pages 8 to 13 have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within part 15 of the Companies Act 2006, The Small Companies and Group's (Accounts and Directors' Report) Regulations 2008 and with the Financial Reporting Standard for Smaller Entities (effective 2015) and were approved and authorised for issue by the Board of Directors on 24 November 2017 and were signed on its behalf by:



Professor Jo Price
Director
24 November 2017



Teresa North
Director
24 November 2017

Statement of changes in equity

	Called up share capital	Profit and loss reserve	Total Shareholders' Fund
At 1 August 2015	50,000	311	50,311
Profit before charitable contribution	-	306,690	306,690
Total comprehensive income for the year	-	306,690	306,690
Charitable contribution to parent company	-	(306,690)	(306,690)
At 31 July 2016	50,000	311	50,311
	Called up share capital	Profit and loss reserve	Total Shareholders' Fund
At 1 August 2016	50,000	311	50,311
Profit before charitable contribution	-	240,231	240,231
Total comprehensive income for the year	-	240,231	240,231
Charitable contribution to parent company	-	(240,231)	(240,231)
At 31 July 2017	50,000	311	50,311

Notes to the financial statements for the year ended 31 July 2017

Note 1: Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with FRS 102 and the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

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

Conference income is recognised as the events take place. Monies received in advance of an event are held on the balance sheet as liabilities, and not credited to Profit and Loss Account 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.

Atrium income is credited to turnover when the goods or services are supplied to the customer.

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.

Note 2: Exemptions

The company is a wholly owned subsidiary of The Royal Agricultural University and is included in the consolidated financial statements of the parent company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement and disclosing financial instruments under the terms of FRS 102.

Notes to the financial statements for the year ended 31 July 2017 (continued)

Note 3: Turnover from continuing operations by geographical segment

	2017	2016
	£	£
United Kingdom	915,774	977,459
Rest of Europe	38,483	624
Rest of World	-	75,400
Total	954,257	1,053,483

Turnover from continuing operations by activity

	2017	2016
	£	£
Conferences	609,931	602,650
Consultancy	78,421	196,184
Atrium	232,431	228,982
Training	33,474	25,667
Total	954,257	1,053,483

Note 4: Profit before charitable donation

The profit before charitable donation for the year is stated after charging the following items which are included in the cost of sales. These are costs incurred by the University (the parent company) and are recharged to this company where a proportion of those costs can be attributed to its operations.

	2017	2016
	£	£
Staff costs	263,966	293,993
Directors' emoluments	11,805	12,071
Auditors' remuneration	5,000	5,000

Note 5: Related party transactions

The company has taken advantage of the exemption permitted by FRS 102, 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 financial statements.

Notes to the financial statements for the year ended 31 July 2017 (continued)

Note 6: Stocks

	2017	2016
	£	£
Goods for resale:		
Atrium stock	35,622	35,008
Total	35,622	35,008

Note 7: Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	96,173	170,113
Prepayments and accrued income	12,380	13,050
Total	108,553	183,163

Note 8: Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	14,028	9,474
Amounts owed to parent company	365,012	383,935
Accruals and deferred income	40,510	118,418
Total	419,550	511,827

Note 9: Called up share capital

	2017	2016
	£	£
Authorised:		
50,000 (2016: 50,000) ordinary shares of £1 each	50,000	50,000
Issued:		
50,000 (2016: 50,000) ordinary shares of £1 each	50,000	50,000

Notes to the financial statements for the year ended 31 July 2017 (continued)

Note 10: Ultimate parent company

The company (registered number 2752048) is a wholly owned subsidiary of The Royal Agricultural University, by virtue of the University's holding of all of the company's 50,000 Ordinary shares of £1 each. The immediate and ultimate parent undertaking and controlling parent is Royal Agricultural University. The Royal Agricultural University is the only group of undertakings to consolidate these financial statements. The Royal Agricultural University is a company registered in England and Wales (number 99168) and is also a Registered Charity (number 311780).

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

	2017	2016
	£	£
Gift aid	240,231	306,690

Copies of The Royal Agricultural University consolidated financial statements may be obtained at:
<http://www.rau.ac.uk/the-rau/governance-finance>