

Royal Agricultural University Enterprises Ltd
Annual Report and Financial Statements
for the year ended 31 July 2014

Registered Number 2752048

Royal Agricultural University Enterprises Limited

Annual Report and Financial Statements

for the year ended 31 July 2014

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Royal Agricultural University Enterprises Limited

Directors' report for the year ended 31 July 2014

The directors present their annual report and the audited financial statements for the year ended 31 July 2014. The financial statements 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 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 decreased this year from £1,182k to £1,100k but yielded an increased net profit before charitable donation, 28% in the year ended 31 July 2014 compared to 25% in the year ended 31 July 2013. The company made gift aid donations to the University of £312k (2013: £298k).

Conference related income decreased in 2014 to £623k (2013: £676k). Two factors affected the reduction in turnover:

- Some conference business had to be processed through the parent company as it came from charitable organisations claiming eligible body exemptions;
- The room stock available to the company was reduced this year due to additional usage by University students and two blocks being unavailable during the summer due to a planned refurbishment programme.

Notwithstanding this, the margin was increased due to efficiency savings generated by smarter working practices initiated by the Commercial Services Director.

Consultancy related income increased marginally during 2014 to £183k (2013: £176k). This income reflects the current economic climate making it challenging to win contracts; however increased profits were achieved as a result of a reduction in non-staff costs of sales.

The Shop's total income decreased to £265k, a drop of 7% compared to 2013 (£285k). Looking forwards the company is expanding its retail provision to take over the running of the University Coffee Bar in conjunction with the Shop which should both increase profile of the venue and generate efficiencies in process.

Overall, the company performance for the year was satisfactory and the directors were pleased that they had managed to increase the charitable donation to the University, its parent company.

Royal Agricultural University Enterprises Limited

Directors' report for the year ended 31 July 2014 (continued)

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.

Dividends

The directors do not recommend the payment of a dividend (2013: £Nil).

Directors

The directors of the company for the year ended 31 July 2014 and up to the date of signing the financial statements are listed below:

C J Gaskell	Chairman
T M Chapman	Company Secretary
S P King	Consultancy Director
K Morgan (resigned Dec 13)	RAU Governor Non-Executive Director
T A North	Commercial Services Director
J Kydd (appointed Dec 13)	RAU Governor Non-Executive Director

Directors' interests

No director had any interest in the shares of the company as at 31 July 2014 (2013: 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 prepared 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.

Royal Agricultural University Enterprises Limited

Directors' report for the year ended 31 July 2014 (continued)

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.

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 that he/she ought to have taken 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

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

Approved on behalf of the Board by:



Chris J Gaskell
Director
20 October 2014

Royal Agricultural University Enterprises Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its result 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Royal Agricultural University Enterprises Limited, comprise:

- the Balance sheet as at 31 July 2014;
- the Profit and loss account for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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). In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Royal Agricultural University Enterprises Limited

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. 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: prepare financial statements in accordance with the small companies regime; 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.

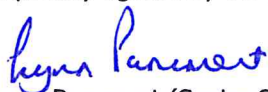
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



Lynn Pamment (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

24 October 2014

Royal Agricultural University Enterprises Limited

Profit and loss account for the year ended 31 July 2014

	Notes	2014 £	2013 £
Turnover	3	1,100,218	1,181,926
Cost of sales		(788,993)	(884,530)
Gross profit	4	311,225	297,396
Interest receivable		746	783
Profit before charitable contribution		311,971	298,179
Charitable contribution to parent company	12	(311,971)	(298,179)
Result for the financial year	10	-	-

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 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 results for the financial years stated above, and their historical cost equivalents.

Royal Agricultural University Enterprises Limited

Balance sheet at 31 July 2014

	Notes	2014 £	2013 £
Current assets			
Stocks	6	35,132	30,307
Debtors	7	131,930	147,311
Cash at bank and in hand		358,606	302,608
		525,668	480,226
Creditors: amounts falling due within one year	8	(475,357)	(429,915)
Net assets		50,311	50,311
Capital and reserves			
Called up share capital	9	50,000	50,000
Profit and loss reserve	10	311	311
Total Shareholders' funds	11	50,311	50,311

The financial statements on pages 6 to 12 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 20 October 2014 and were signed on its behalf by:



Chris J Gaskell
Director



Teresa A North
Director

20 October 2014

Royal Agricultural University Enterprises Limited

Notes to the financial statements for the year ended 31 July 2014

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with 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.

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 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.

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

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

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 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 under the terms of Financial Reporting Standard 1 (revised 1996).

Royal Agricultural University Enterprises Limited

Notes to the financial statements for the year ended 31 July 2014 (continued)

3 Turnover from continuing operations by geographical segment

	2014	2013
	£	£
United Kingdom	1,027,545	1,156,087
Rest of Europe	66,873	22,808
Rest of World	5,800	3,031
	1,100,218	1,181,926

Turnover from continuing operations by activity

	2014	2013
	£	£
Conferences	623,155	676,276
Consultancy	183,480	176,383
Shop	265,067	285,245
Other Income	28,516	44,022
	1,100,218	1,181,926

4 Gross profit from continuing operations for the year

	2014	2013
	£	£

The gross profit for the year is stated after charging the following items which are included in the cost of sales:

Recharges in respect of costs incurred by the University (the parent company) where an appropriate proportion of those costs can be attributed to the operations of the company including:

Directors' emoluments	31,733	19,163
Auditors' remuneration	5,000	5,000
Staff costs	325,283	301,246

Directors' emoluments in 2014 represent a significant increase in the time input charged in respect of the Commercial Services Director.

Royal Agricultural University Enterprises Limited

Notes to the financial statements for the year ended 31 July 2014 (continued)

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 financial statements.

6 Stocks

	2014	2013
	£	£
Goods for resale:		
Shop Stock	35,132	30,307
	35,132	30,307

7 Debtors

	2014	2013
	£	£
Amounts falling due within one year:		
Trade debtors	103,488	90,881
Prepayments and accrued income	28,442	56,430
	131,930	147,311

8 Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade Creditors	6,957	8,206
Amounts owed to parent company	375,901	346,441
Accruals and deferred income	92,499	75,268
	475,357	429,915

Royal Agricultural University Enterprises Limited

Notes to the financial statements for the year ended 31 July 2014 (continued)

9 Called Up Share capital

	2014	2013
	£	£
Authorised:		
50,000 Ordinary shares of £1 each	50,000	50,000
Issued:		
50,000 Ordinary share of £1 each	50,000	50,000

10 Profit and loss reserve

	2014	2013
	£	£
At 1 August	311	311
Result for the financial year	-	-
At 31 July	311	311

11 Reconciliation of movements in Shareholders' funds

	2014	2013
	£	£
Result for the financial year	-	-
Opening Shareholders' funds	50,311	50,311
Closing Shareholders' funds	50,311	50,311

Royal Agricultural University Enterprises Limited

Notes to the financial statements for the year ended 31 July 2014 (continued)

12 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 Royal Agricultural University is a company registered in England and Wales (number 99168) and is also a Registered Charity (number 311780).

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

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

	2014	2013
	£	£
Gift aid	311,971	298,179