

Royal Agricultural University Enterprises Limited

Annual Report and Financial Statements

for the year ended 31 July 2015

Registered Number 2752048

Royal Agricultural University Enterprises Limited

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Directors' report for the year ended 31 July 2015

The directors present their annual report and the audited financial statements for the year ended 31 July 2015. The directors' report has been prepared in accordance 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 £1,050k (2014: £1,100k), yielding a net profit before charitable donation of 15% (2014: 28%). The company made gift aid donations to the University of £168k (2014: £312k).

Conference related income decreased in 2015 to £523k (2014: £623k). This 16% reduction was largely caused by limited availability of space during certain times of the year (due to planned refurbishment) and disappointing conference sales during the summer months.

Consultancy-related income increased during 2015 to £247k (2014: £183k). This 35% increase in income is a reflection of the increasing success of bidding for and winning contracts, although overall profit is down year on year (down from £68k to £57k) due to the increased use of sub-contractors to deliver projects.

Atrium income was £276k for 2014/15, an increase of 4% compared to last year (2014: £265k). The increase in turnover was achieved through adding the coffee bar to the Atrium operation in 2015.

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

The directors of the company for the year ended 31 July 2015 and up to the date of signing the financial statements are listed below:

Professor Chris Gaskell	Chairman
Theresa Chapman	Director (to 8 June 2015); Company Secretary
Professor David Hopkins	RAU Dean, Non-Executive Director (from 3 March 2015)
Professor Jonathan Kydd	RAU Governor, Non-Executive Director
Teresa North	Commercial Services Director
Simon King	Consultancy Director
Richard Harris	Finance Director (from 8 June 2015)

Directors' interests

No director had any interest in the shares of the company as at 31 July 2015 (2014: *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.

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;
- 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.

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 Chris Gaskell

Director

12 October 2015

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

Report on the financial statements

Our opinion

In our opinion, Royal Agricultural University Enterprises Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 July 2015 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 July 2015;
- the profit and loss account for the year then ended;
- the reconciliation of movements in shareholders' funds for the year then ended; and
- 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 the preparation of the financial statements 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.

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.

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 2-3, 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) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



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

~~October~~ 2015

25 November

Profit and loss account for the year ended 31 July 2015

	Note	2015 £	2014 £
Turnover	3	1,049,295	1,100,218
Cost of sales		(882,412)	(788,993)
Gross profit	4	166,883	311,225
Interest receivable and similar income		751	746
Profit before charitable contribution		167,634	311,971
Charitable contribution to parent company	12	(167,634)	(311,971)
Result for the financial year	10	0	0

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 on before charitable contribution and the results for the financial years stated above, and their historical cost equivalents.


Balance sheet at 31 July 2015

	Note	2015 £	2014 £
Current assets			
Stocks	6	20,432	35,132
Debtors	7	128,812	131,930
Cash at bank and in hand		238,905	358,606
Total current assets		388,149	525,668
Creditors			
Amounts falling due within one year	8	(337,838)	(475,357)
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 7 to 12 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 and were approved and authorised for issue by the Board of Directors on 12 October 2015 and were signed on its behalf by:



Professor Chris Gaskell
Director
12 October 2015



Teresa North
Director
12 October 2015

Notes to the financial statements for the year ended 31 July 2015

Note 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.

Conference 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.

Atrium income is credited to turnover 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.

Stock

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: 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).

Note 3: Turnover from continuing operations by geographical segment

	2015	2014
	£	£
United Kingdom	988,740	1,027,545
Rest of Europe	51,955	66,873
Rest of World	8,600	5,800
Total	<u>1,049,295</u>	<u>1,100,218</u>

Turnover from continuing operations by activity

	2015	2014
	£	£
Conferences	522,610	623,155
Consultancy	246,687	183,480
Atrium	276,398	265,067
Other	3,600	28,516
Total	<u>1,049,295</u>	<u>1,100,218</u>

Note 4: Gross profit from continuing operations for the year

The gross profit 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 an appropriate proportion of those costs can be attributed to its operations.

	2015	2014
	£	£
Staff costs	397,161	325,283
Directors' emoluments	10,136	31,733
Auditors' remuneration	5,000	5,000

Directors' emoluments in 2015 represent a significant decrease in the time input charged in respect of the Commercial Services Director.

Note 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.

Note 6: Stock

	2015	2014
	£	£
Goods for resale:		
Atrium stock	20,432	35,132
Total	<u>20,432</u>	<u>35,132</u>

Note 7: Debtors

	2015	2014
	£	£
Amounts falling due within one year:		
Trade debtors	110,572	103,488
Prepayments and accrued income	18,240	28,442
Total	<u>128,812</u>	<u>131,930</u>

Note 8: Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	4,574	6,957
Amounts owed to parent company	262,582	375,901
Accruals and deferred income	70,682	92,499
Total	<u>337,838</u>	<u>475,357</u>

Note 9: Called up share capital

	2015	2014
	£	£
Authorised:		
50,000 (2014:50,000) ordinary shares of £1 each	50,000	50,000
Issued:		
50,000 (2014:50,000) ordinary shares of £1 each	50,000	50,000

Note 10: Profit and loss account

	2015	2014
	£	£
At 1 August	311	311
Result for the financial year	0	0
At 31 July	<u>311</u>	<u>311</u>

Note 11: Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Result for the financial year	0	0
Opening shareholders' funds	50,311	50,311
Closing shareholders' funds	50,311	50,311

Note 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 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:

	2015	2014
	£	£
Gift aid	167,634	311,971

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