

Royal Agricultural University Enterprises Limited

Annual Report and Financial Statements

for the year ended 31 July 2016

Registered Number 2752048

Royal Agricultural University Enterprises Limited
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for the year ended 31 July 2016

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Directors' report for the year ended 31 July 2016

The directors present their annual report and the audited financial statements for the year ended 31 July 2016. 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 £1,053k (2015: £1,050k), yielding a net profit before charitable donation of 29% (2015: 15%). The company made gift aid donations to the University of £307k (2015: £168k).

Conference income has seen an increase from £523k in 2015 to £603k in 2016, and margin has increased from £135k in 2015 to £254k in 2016. The increase in income is partly due to the launch in May 2016 of a "go for growth" campaign, with a new Commercial Sales Manager appointed with the sole focus of attracting new business and re-engaging with past customers.

The Atrium income has decreased by 17% to £229k and resulted in a £6k loss (2015: £29k loss). The decline in income is related to the following:-

- Since the shop moved to merge with the atrium there is not natural footfall as the shop itself is really out of the way. Many lines which generated a very small margin have been removed and cigarettes and alcohol are not actively promoted.
- The high street coffee experience is not quick to brew and in the first few weeks of the academic year we were unable to service the customer need quickly enough and subsequently lost customers from the shop and atrium.
- We have reviewed product and service over the year, dispensed with the Starbucks brand, leased two machines to double the speed and now operate a similar purchasing system to high street outlets.

Consultancy-related income decreased during 2016 to £196k (2015: £247k). This 21% decrease in income is a reflection of the increasing success of bidding for and winning contract research contracts (18% increase year on year), which are invoiced through the University and not RAUEL. The profit in 2016 was £54k (2015: £64k). Income from Professional Training was £26k (2015: £nil).

Directors' report for the year ended 31 July 2016 (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.

Directors

The directors of the company for the year ended 31 July 2016 and up to the date of signing the financial statements are listed below:

Professor Jo Price	Chair (from 1 September 2016)
Professor Chris Gaskell	Chair (to 31 August 2016)
Professor David Hopkins	RAU Director
Professor Jonathan Kydd	RAU Governor, Non-Executive Director
Teresa North	Commercial Services Director
Simon King	Consultancy Director
Richard Harris	Director of Finance

Directors' interests

No director had any interest in the shares of the company as at 31 July 2016 (2015: None).

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements (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 Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Directors' report for the year ended 31 July 2016 (continued)

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 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

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.

Directors' report for the year ended 31 July 2016 (continued)

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:

A handwritten signature in black ink, appearing to read 'Jo Price', is written over a faint, illegible background.

Professor Jo Price
Chair
25 November 2016

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.

FRS102 Small entity exemption

The disclosure exemptions that the Royal Agricultural University Enterprises Limited have taken advantage of are as follows:

- A statement of financial position
- An income statement
- Provide sufficient information in the notes to the financial statements in order to show a true and fair view.
- Any other disclosures not covered above which are required by the Companies Act.
- Not providing a cash flow statement.

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 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 and Financial Statements (the "Annual Report"), comprise:

- the Profit and loss account for the year then ended;
- the Balance Sheet as at 31 July 2016;
- the Statement of Changes in Equity as at 31 July 2016; 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 United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

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.

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; 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 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.

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

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

30 November 2016

Profit and loss account for the year ended 31 July 2016

	Note	2016 £	2015 £
Turnover	3	1,053,483	1,049,295
Cost of sales		(747,443)	(882,412)
Gross profit		306,040	166,883
Interest receivable and similar income		650	751
Profit before charitable contribution		306,690	167,634
Charitable contribution to parent company	10	(306,690)	(167,634)
Total comprehensive income		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 before charitable contribution and the results for the financial years stated above, and their historical cost equivalents.

Balance sheet at 31 July 2016

	Note	2016 £	2015 £
Current assets			
Stocks	6	35,008	20,432
Debtors	7	183,163	128,812
Cash at bank and in hand		343,967	238,905
Total current assets		562,138	388,149
Creditors			
Amounts falling due within one year	8	(511,827)	(337,838)
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 25 November 2016 and were signed on its behalf by:



Professor Jo Price
Director
25 November 2016



Teresa North
Director
25 November 2016

Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total Shareholders' Fund
At 1 August 2014	50,000	311	50,311
Profit for the year	-	167,634	167,634
Total comprehensive income for the year	-	167,634	167,634
Charitable contribution to parent company		167,634	167,634
At 31 July 2015	50,000	311	50,311

	Called up share capital	Profit and loss account	Total Shareholders' Fund
At 1 August 2015	50,000	311	50,311
Profit for the year	-	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

Notes to the financial statements for the year ended 31 July 2016

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.

FRS102

There have been no transitional adjustments as a result of FRS102.

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.

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.

Notes to the financial statements for the year ended 31 July 2016 (continued)

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 FRS 102.

Note 3: Turnover from continuing operations by geographical segment

	2016	2015
	£	£
United Kingdom	977,459	988,740
Rest of Europe	624	51,955
Rest of World	75,400	8,600
Total	<u>1,053,483</u>	<u>1,049,295</u>

Turnover from continuing operations by activity

	2016	2015
	£	£
Conferences	602,650	522,610
Consultancy	196,184	246,687
Atrium	228,982	276,398
Training	25,667	0
Other	0	3,600
Total	<u>1,053,483</u>	<u>1,049,295</u>

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.

	2016	2015
	£	£
Staff costs	293,993	397,161
Directors' emoluments	12,071	10,136
Auditors' remuneration	5,000	5,000

Notes to the financial statements for the year ended 31 July 2016 (continued)

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.

Note 6: Stocks

	2016	2015
	£	£
Goods for resale:		
Atrium stock	35,008	20,432
Total	<u>35,008</u>	<u>20,432</u>

Note 7: Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	170,113	110,572
Prepayments and accrued income	13,050	18,240
Total	<u>183,163</u>	<u>128,812</u>

Note 8: Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	9,474	4,574
Amounts owed to parent company	383,935	262,582
Accruals and deferred income	118,418	70,682
Total	<u>511,827</u>	<u>337,838</u>

Note 9: Called up share capital

	2016	2015
	£	£
Authorised:		
50,000 (2015:50,000) ordinary shares of £1 each	50,000	50,000
Issued:		
50,000 (2015:50,000) ordinary shares of £1 each	50,000	50,000

Notes to the financial statements for the year ended 31 July 2016 (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:

	2016	2015
	£	£
Gift aid	306,690	167,634

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

