

Royal Agricultural College Enterprises Limited

Financial statements

for the year ended 31 July 2011

**Registered Number 2752048**

# Royal Agricultural College Enterprises Limited

## Financial statements

for the year ended 31 July 2011

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# Royal Agricultural College Enterprises Limited

## Directors' report for the year ended 31 July 2011

The directors present their report and the audited financial statements for the year ended 31 July 2011. 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 £1,009k to £1,090k yielding 23% net profit before charitable contribution (2010: 19%) and made gift aid donations to the College of £250k (2010: £196k).

Despite continuing difficult economic conditions the RACEL conference division increased from £582k to £635k. The residential business saw a 0.7% positive variance to budgeted figures. The remainder of the growth came from non-residential income streams. There are still signs that discretionary spend is under pressure.

Consultancy business increased during 2010/11 to £180k (2010: £166k). Profit before management recharge was £35k. Investment in upgrading the Consultancy offering on the RAC website has resulted in an increase in enquiries in a challenging economic environment. The investment in additional resource to support academics carrying out consultancy has contributed to improved response to opportunities and improved management of risk.

Retail income through the Shop increased to £267k (2010: £253k), although decreases in vending income and internal sales left the final income for the 2010/11 year almost £6k short of budget. The Shop delivered a gross profit margin of 32.6% against 32% budgeted; (2010: 28% actual). Savings on personnel costs helped deliver a better than budgeted net profit.

### 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 controlling party, The Royal Agricultural College.

# Royal Agricultural College Enterprises Limited

## Directors' report for the year ended 31 July 2011 (continued)

### Dividends

The directors do not recommend the payment of a dividend (2010: £Nil).

### Directors

The directors of the company at 31 July 2011 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 2011 (2010: 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 2011 (continued)

### Statement on disclosure of information to the auditors

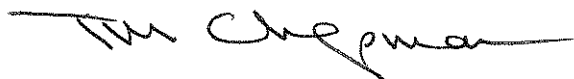
So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

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 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



**Theresa M Chapman**  
**Company Secretary**  
24 October 2011

# Royal Agricultural College Enterprises Limited

## Independent auditor's 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 2011 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org/apb/scope/private.cfm](http://www.frc.org/apb/scope/private.cfm).

### 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 2011 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.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.



James Aston, MBE (senior statutory auditor)

For and on behalf of

**BDO LLP**

**Chartered Accountants and Registered Auditors**

Epsom, Surrey.

Date: 25 October 2011

# Royal Agricultural College Enterprises Limited

## Profit and loss account for the year ended 31 July 2011

	Notes	2011 £	2010 Restated £
<b>Turnover</b>	3	<b>1,090,446</b>	1,008,678
Cost of sales		<b>(841,271)</b>	(813,199)
<b>Gross profit</b>		<b>249,175</b>	195,479
Interest receivable		<b>868</b>	468
<b>Profit before charitable contribution</b>		<b>250,043</b>	195,947
Charitable contribution to parent company	12	<b>(250,043)</b>	(195,947)
<b>Retained profit for the year</b>	10	<b>-</b>	-

The comparative figures above for Turnover and Cost of sales have both been restated by the grossing up of intercompany sales which had previously been netted off Cost of Sales.

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 2011

	Notes	2011 £	2010 £
<b>Current assets</b>			
Stock	6	22,568	22,960
Debtors	7	111,920	137,859
Cash at bank		374,476	212,781
		<b>508,964</b>	373,600
<b>Creditors:</b> amounts falling due within one year	8	<b>(458,653)</b>	(323,289)
<b>Net assets</b>		<b>50,311</b>	50,311
<b>Capital and reserves</b>			
Issued share capital	9	50,000	50,000
Revenue reserve	10	311	311
<b>Shareholders' funds</b>	11	<b>50,311</b>	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 24 October 2011 and were signed on its behalf by:



**Karen J Morgan**  
Director



**Chris J Gaskell**  
Director

24 October 2011

# Royal Agricultural College Enterprises Limited

## Notes to the financial statements for the year ended 31 July 2011

### 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 2011 (continued)

### 3 Turnover from continuing operations by geographical segment

	2011	2010
		Restated
	£	£
United Kingdom	<b>1,062,483</b>	945,038
Rest of Europe	<b>24,681</b>	22,197
Rest of World	<b>3,282</b>	41,443
	<b>1,090,446</b>	1,008,678

### Turnover from continuing operations by activity

	2011	2010
		Restated
	£	£
Conferences	<b>634,862</b>	581,554
Consultancy	<b>180,194</b>	166,232
Training	<b>8,073</b>	7,649
Shop	<b>267,317</b>	253,243
	<b>1,090,446</b>	1,008,678

Included in the turnover figure for Consultancy is non-fee income during the year of £3,342 (2010: £3,854).

# Royal Agricultural College Enterprises Limited

## Notes to the financial statements for the year ended 31 July 2011 (continued)

### 4 Gross profit from continuing operations for the year

	2011	2010
	£	£

The gross profit for the year is stated after a management charge of £79,608 together with cross charges for Hire of Staff, Hire of Equipment/Facilities, Other Goods/Services and Shop Purchases totalling £575,369. The comparative charges from The Royal Agricultural College in 2010 amounted to £640,124.

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	<b>25,130</b>	37,914
Auditors' remuneration	<b>4,700</b>	3,996
Staff costs	<b>335,031</b>	368,960

The average number of persons directly employed by the company during the year was Nil (2010: 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

	2011	2010
	£	£
<b>Goods for resale:</b>		
College Shop Stock	<b>22,568</b>	22,960
	<b>22,568</b>	22,960

# Royal Agricultural College Enterprises Limited

## Notes to the financial statements for the year ended 31 July 2011 (continued)

### 7 Debtors

	2011	2010
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	<b>103,725</b>	124,707
Prepayments and accrued income	<b>8,195</b>	13,152
	<b>111,920</b>	137,859

### 8 Creditors: amounts falling due within one year

	2011	2010
	£	£
Amounts owed to parent company	<b>326,170</b>	206,021
Accruals and deferred income	<b>124,085</b>	114,564
Trade Creditors	<b>8,398</b>	2,704
	<b>458,653</b>	323,289

### 9 Share capital

	2011	2010
	£	£
Authorised:		
50,000 Ordinary shares of £1 each	<b>50,000</b>	50,000
Issued:		
50,000 Ordinary share of £1 each	<b>50,000</b>	50,000

# Royal Agricultural College Enterprises Limited

## Notes to the financial statements for the year ended 31 July 2011 (continued)

### 10 Revenue reserve

	2011	2010
	£	£
At 1 August 2010	311	311
Retained profit for the year	-	-
At 31 July 2011	311	311

### 11 Reconciliation of movements in Shareholders' funds

	2011	2010
	£	£
Profit for the financial year	-	-
Opening Shareholders' funds	50,311	50,311
Issue of Shares	-	-
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:

	2011	2010
	£	£
Gift aid:		
- in respect of current year	250,043	195,947