

Historic Royal Palaces

**Trustees' Report and Financial Statements
For the year ended 31 March 2025**



HISTORIC ROYAL PALACES

**Trustees' Report
and
Financial Statements**

**for the year ended
31 March 2025**

**Presented to Parliament by the Secretary of State for Culture, Media and
Sport by Command of His Majesty**

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Trustees' Report

Trustees

Sir Nicholas Coleridge CBE DL (Chair)
Jonathan Bewes (from 1 Oct 2024)
Lisa Burger CBE
James Chalmers (from 1 Jan 2025)
Camilla Finlay
Tom Harris (from 15 Apr 2025)
Sarah Jenkins
Dan Jones (from 15 Apr 2025)
Tim Knox FSA
General Sir Gordon Messenger KCB DSO OBE DL
Sir Michael Stevens KCVO (until 31 Dec 2024)
Dame Caroline Michel (from 15 Apr 2025)
Dr Jo Twist OBE
Sue Wilkinson OBE (until 30 Apr 2024)
Professor Michael Wood OBE (until 10 Mar 2025)
William Fall (until 14 Apr 2025)

Executive Team

John Barnes OBE (Chief Executive and Accounting Officer)
Nicola Andrews (Palaces Group Director)
Jane Crowther (Director of Corporate Services)
Anupam Ganguli (Finance Director)
Andrew Jackson CBE (Tower of London Director)
Antonia Newman (Director of Development)
Tom O'Leary (Public Engagement Director)
Adrian Phillips (Palaces and Collections Director)
Dan Wolfe (Commercial Director)

Registered Office

Hampton Court Palace, Surrey KT8 9AU

Auditors of the Group

The Comptroller and Auditor General, National Audit Office
157-197 Buckingham Palace Road, London SW1W 9SP

Bankers

Barclays Bank plc
1 Churchill Place, London E14 5HP

Solicitors

Farrer & Co
66 Lincoln's Inn Fields, London WC2A 3LH

Historic Royal Palaces

Charity registered with the Charity Commission for England and Wales
Registration number: 1068852

Historic Royal Palaces Enterprises Ltd

Company limited by share capital, Companies House: 03418583

Trustees' Report

Objectives and Activities

The Purpose and Activities of the Organisation

Historic Royal Palaces (HRP) was established in 1998 as a Royal Charter Body with charitable status. It is responsible for the care, conservation and presentation to the public of the unoccupied Royal Palaces: HM Tower of London (TOL), Hampton Court Palace (HCP), Kensington Palace State Apartments (KP), the Banqueting House (BH) at Whitehall and Kew Palace with the Royal Kitchens, Queen Charlotte's Cottage and the Great Pagoda. These palaces are owned by HM The King in right of Crown. HRP is contracted by the Secretary of State for Culture, Media and Sport to manage the five London palaces on his behalf. The contract is authorised until 31 March 2028.

HRP is also contracted by the Secretary of State for Northern Ireland to manage Hillsborough Castle and Gardens (HCG) in Northern Ireland. The Castle is owned by the Government and is the official residence in Northern Ireland of HM The King.

HRP is a Public Corporation but receives no public funding - all costs are met by self-generated income. HRP is governed by a Board of Trustees, all of whom are non-executive. The Chief Executive is accountable to the Board of Trustees.

Further information can be obtained from www.hrp.org.uk.

The charitable objects of HRP, as set out in its Royal Charter are, for the benefit of the nation:

- to manage, conserve, renovate, repair, maintain and improve the palaces to a high standard consistent with their status as buildings of Royal association and historic and/or architectural importance.
- to help everyone to learn about the palaces, the skills required for their conservation and the wider story of how monarchs and people together have shaped society by providing public access, by exhibitions, by events and education programmes, by the preparation of records, by research, by publications and by such other means as are appropriate.

Historic Royal Palaces Enterprises Limited is a company wholly owned by Historic Royal Palaces. It forms the charity's general trading arm, responsible for running the commercial activities such as retail, functions, sponsorship and other events at HRP. It Gift Aids its taxable profits to the Charity.

Transition year for new strategy

At the beginning of the year, and after our annual operating budget had been set, we launched our new strategy and ambition to become a *charity for everyone by reaching further, meaning more and acting for the future*. Activities and work during 2024/25 were delivered in the spirit of our new strategic direction and three strategic pillars. 2024/25 was therefore a transitional year in aligning our operational and strategic planning. In future years our planning will be tightly aligned to the strategy with clear, outcomes-focussed objectives.

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For the purpose of reporting on activities during this transitional year, achievements and performance are described below under the previous strategic aims of Palaces, Experiences, Culture and Money. We have reviewed and refined our approach to operational and financial planning throughout 2024/25 to bring it more in line with the framework set out in the new strategy.

Our enduring commitment

We will always love and look after the palaces in our care, open them to the public, generate the income which will make it all possible - we will achieve our goals through our people.

Our Royal Charter objects

Manage, look after, and improve the palaces to a high standard consistent with their status.

Help everyone to learn about the palaces, the stories and what it takes to look after them.

Our ambition

To be a charity for everyone.

Achievements and Performance

Performance Overview

The performance targets to measure our success in achieving our objectives remain unchanged. We monitor visit numbers, visitor satisfaction and operating surplus.

Measure	Target 2024/25 (*)	Performance
Visit Numbers	Achieve at least 3.95m visits across all sites	4.22m visitors
Visitor Satisfaction	Achieve the following scores, as measured through the ALVA benchmarking (new scale: 1 to 10): Enjoyment – 8.3 Value for Money – 8.0 Staff Friendliness & Welcome – 8.8 (An average of the scores for the 'welcome from the staff at the entrance' and 'staff helpfulness and friendliness')	8.0 8.5 9.3
Operating Surplus (**)	Deliver Operating Surplus of £32.1m	£45.3m operating surplus

(*) The targets were set in March 2024 as part of the internal annual budgeting process.

(**) This is an internal measure aligned with HRP's management accounts. After deducting expenditure on strategic projects (£10.4m) and irrecoverable VAT (£5.7m), the net surplus per the management accounts is £29.2m. Further adjustments relating to the onerous lease (£705k) and defined benefit pension (£646k) take the total surplus per the SOFA to £30.6m.

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Performance Summary

1. Palaces - Give the palaces a future as bright as their past

Through consistent year-on-year investment, we improve the condition, presentation, curation and records of the palaces. A notable conservation project of 2024/25 was on the Chapel Royal East Wall at Hampton Court Palace (HCP), supported by the Syder Foundation and the Leche Trust. The project focused on the conservation of Baroque art in the Chapel Royal and gave a rare opportunity for conservators to conduct in-depth assessments and essential stabilisation work - something that had not been possible for more than 20 years.

Our world-class Heritage Science work continued to go from strength to strength this year, and we were successful in securing funding from the UKRI Arts and Humanities Research Council's (AHRC) Research Infrastructure for Conservation and Heritage Science (RICHeS) programme to create a 'Research Vault' for Heritage Science Collections. We are one of 31 RICHeS projects supported by AHRC across the country, which will unlock the potential of existing heritage collections and provide access to untapped cultural assets.

Our loans and acquisitions programmes have continued too. This year we sent a carved stone badge of Jane Seymour from our collection to the National Portrait Gallery's 'Six Lives' exhibition, which attracted 67,591 visitors during its run from 20 June to 8 September 2024. There were nearly 100 additions to our collection, including a portrait of Wills Hill, 1st Earl of Hillsborough by Allan Ramsay, which was acquired by HRP under the Arts Council England Acceptance in Lieu scheme for display at Hillsborough Castle (HCG). The painting and frame were carefully conserved (with funding from the Apollo Foundation), and the painting is now on prominent display in the State Entrance.

Plans to digitise our collection have continued through the Stennett Legacy-funded Royal Ceremonial Dress Collection project, and Google Arts and Culture. We digitised 200 stunning pieces from our collection, including ultra-high resolution gigapixel images that enable audiences to zoom in on every stitch and sequin.

In 2024-25 our programme of work included the completion of 13 large Planned Maintenance projects on our estate – all prioritised through our decennial 'State of the Estate' condition surveys. Highlights included: repairs and redecorations to the East Front façade, electrical mains infrastructure upgrades at HCP, roof and masonry repairs to the Broad Arrow Tower, and barrier improvements at the East Gate of the Tower of London (TOL). Our Surveyor of the Fabric and Projects teams have also been busy progressing design and tenders for around eight other large projects scheduled for construction in next year's programme.

In 2024/25 our Major Projects have focussed on the development and delivery of initiatives that align with our ambition to be a charity for everyone. These include: the development of design proposals, planning applications and securing funding from the National Lottery Heritage Fund to help provide a high-quality education facility at the TOL; securing planning permission for the landscape prototype in the moat;

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developing improved access at the TOL - including West Gate and Middle Tower entry, East Drawbridge and ramp and stairs access to the moat; and extensive work at the Banqueting House, Whitehall, including steps towards decarbonisation and installing lift access. The latter was supported by the Garfield Weston Foundation and the Wolfson Foundation.

We completed access reviews for all palaces to inform our Access programme. Work continues around St Peter ad Vincula at the Tower of London and our efforts to make an accessible entrance for the chapel, supported by the Anthony & Elizabeth Mellows Charitable Trust. The project has provided the opportunity for one of the most important excavations at the Tower in the last 20 years - yielding some fascinating archaeological finds, including human remains, the foundations of a medieval chapel, fragments of stained glass, evidence of the fire of 1512 which led to the building of the existing Chapel, sewing needles, and cannon balls.

2. Experiences - create unique and memorable experiences, onsite, offsite and online

Helping everyone to learn about the palaces is in our Royal Charter, and providing access, enjoyment and engagement with the palaces onsite, offsite, and online is a strategic priority.

This year we have been busy at HCP opening new spaces, revamping our live performances and experimenting with new ways to make unique and memorable experiences. In July, we opened the Tudor World in the Wolsey Rooms, supported by the DCMS/Wolfson Museums and Galleries Improvement Fund. A multi-sensory experience created with accessibility and inclusive storytelling at its heart; this new display embodies our ambition to be a charity for everyone by revealing previously untold stories about the ordinary men and women who made the Tudor court flourish. In July we relaunched the Hampton Court Joust, embracing a high-octane stunt show approach to represent the sense of spectacle of royal jousts during the early reign of Henry VIII, to attract more families – a priority audience for the palace. We welcomed 28,365 people to the joust over four days. Now in its third year, Unheard Voices returned to Hampton Court in August. This six-week programme shone a light on the history of under-represented communities by working with writers, directors and performers with lived experience. It featured the marriage of James Howard (born a woman named Amy Poulter) and Arabella Hunt during the reign of Mary II, the story of Diego (an African who fled Spanish enslavement and worked as Francis Drake's interpreter and negotiator), and suffragette Sophia Duleep Singh in conversation with her godmother, Queen Victoria. Finally, Still The Hours arrived at HCP in March 2025 – a remarkable after-hours immersive audio tour unveiling the lives of forgotten women of the palace. This project was designed in consultation with local charities and a specialist dramaturg to make it as accessible as possible for visually impaired audiences.

Temporary exhibitions continued to be a core part of our offer at Kensington Palace (KP) and HCG. In March 2025, Dress Codes opened in Kensington, supported by our Associate Partners, the Blavatnik Family Foundation and Avis Charles Associates. The exhibition was a real cross-organisation achievement and included a special collaboration throughout its planning and development with a team of 'young

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producers' new to our palaces. From text to videos to music, their creativity was embedded throughout the exhibition and particularly in the final room where outfits they created and inspired by the Royal Ceremonial Dress Collection are on display. Following its successful display at KP in 2022, Royal Style in the Making opened at HCG in March 2025.

Peter Rabbit also arrived at HCG this Summer in the form of a family trail and accompanying themed retail and catering offer. The programme successfully brought a family audience to the castle and was so popular we're bringing him to HCP in Summer 2025.

This year the Tower of London won the Visit Britain Gold Award and was the most visited paid attraction of 2024 in ALVA's annual survey. Alongside maintaining excellent customer standards for our day visitors, in November 2024 we also hosted Poppy Fields at the Tower. This poignant and moving sell-out (25,000 tickets) after-hours lightshow explored themes of remembrance, loss and hope within the iconic walls – featuring imagery from our archives, the Royal Armouries and the Royal Fusiliers Museum. This audiovisual space created an environment for visitors to remember those who lost their lives in the first and second world wars.

Our Accessible Programme Pilot ramped up throughout the year as we delivered: deaf-led tours at Hampton Court; access resources including the online accessibility webpage, digital and print sensory maps, and a video to support disabled visitors plan their time at HCP; and an audio-described tour of The Indian Army at Hampton Court Palace. We also started a programme of neurodiversity training to help visitor-facing staff better support audiences. In January, we held our first ever Relaxed Hour at the Tower. This two-hour event was designed for neurodivergent and learning-disabled children (age 5-16) and their families. Crowd levels were limited, and access considerations were made to ensure families enjoyed the experience, free from loud sounds and low or harsh lighting.

Our online audiences were not left behind either. We relaunched our blog (and have so far reached 201,749 active users) and increased podcast audiences through series such as Tracey Borman's Elizabeth 1 – The women who shaped a Queen. Work continues improving our digital accessibility including enhancing our online resources, piloting virtual tours, producing audio description videos, and providing more British Sign Language tours for our Digital Visitor Guides. This year we've hit some big milestones on social media in pursuit of our ambition to reach further. We have surpassed 600k followers on Instagram and 400k on TikTok - our total social media following is now over 2.9 million. We've had great successes with content on our conservation work, history stories recounted by our curators, and even some viral trends, which help us to reach new audiences. Nine of our films reached over 1 million views this year on TikTok. We experimented partnering with a range of influencers and developing a new way of storytelling, with performance-led videos, helping us to tell inclusive stories in an engaging and empathetic way. In total, our content reached 99.5 million people.

The Community Partnerships programme continues to respond to social issues and individuals' needs, finding opportunities for people to connect with others, our palaces' stories and the wider world. The Community Access Scheme, now in its 12th

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year, includes 517 partners across palaces. We've welcomed 13,525 people through group visits, with a further 11,877 people making independent return visits. Warm and Welcome Space at KP, in partnership with Turning Point, is now its second year. In 2024/25, we provided 50 (250 hours) drop-in sessions and made 856 individual contacts with people over warm drinks, workouts, art making, board games, and chats. We planned, and walked the Five Palaces Walk together, raising £1,000 to support the programme.

The Amazing Days Out programme aims to support children with multiple barriers to visit our palaces and have a joyful, memory-making day out. We run this programme year-round, working in partnership with organisations who support families with financial, geographical, cultural, physical or health/wellbeing barriers. In December 2024 we invited seven groups to experience Christmas at Kensington. These were aimed at children who would struggle to enjoy a Santa's grotto due to sensory, behavioural, social, emotional and financial issues. Two events took place when the palace was closed to the public, allowing us to provide a more relaxed experience. On one of these dates, we welcomed the school choir from St Edwards Roman Catholic Primary School, a Kensington Enrichment Programme partner.

This year our schools programme has focussed on reaching schools nationally as well as locally. In 2024/25, thanks to multiple supporters, we expanded the Access Fund for Schools, reaching 20,181 participants. This doubled the number of children benefiting from this programme and extended the fund to schools in NI and ROI for Hillsborough Castle. We welcomed schools from every home nation and every county in England. Our touring show for secondary schools *Fire: A Princess' Guide to Burning Issues* went on tour in London and to the East Midlands reaching 7,302 students and teachers. Following the success of the 2022 Superbloom Schools project for the Platinum Jubilee, supported by the Clasper family, the initiative was extended to a further 25 schools per year in 2023, 2024 and 2025. Partner schools were selected for high levels of Pupil Premium, ESL, and SEND support, and each created a garden inspired by TOL's Moat in Bloom. The project aimed to support wellbeing, behaviour, and academic achievement through nature-based learning. Schools received expert training, classroom resources, and funding—culminating in an expenses-paid visit to the Tower.

We have also launched a variety of new digital content for schools including biographies, family trees, timelines, an interactive virtual tour of Beauchamp Tower, a suite of films and classroom resources for Key Stage 1 inspired by 'significant individuals' from Queen Victoria to John Blanke, and a new YouTube channel for schools *Teach with Historic Royal Palaces*.

As part of our preparation for the Henry VIII on Tour school's festival in June 2025, we have worked in partnership with the Royal School of Needlework and six heritage partners nationally to deliver outreach workshops to schools, engaging students in the history of Tudor royal progresses through classroom discussion and creative activities. Students have explored the logistical challenges of Henry VIII's tours—and produced embroidered flags and other creative outputs which will be featured at the festival.

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3. Culture - nurture a culture that unites us behind our strategy

In April 2024 we internally launched our new strategy and undertook a wide-ranging staff engagement and communication programme to share information, stories, and plans to encourage conversation. The programme included a special one-day training event for staff - enabling everyone to step away from their day jobs, immerse themselves in the themes of the strategy, and consider how they could take their own 'micro steps' in delivering it. 54 sessions were delivered between December and March 2025 and 94% of staff completed the programme. The new strategy messaging has also been incorporated into material for our new joiners, and our brand-new Staff Induction Marketplace launched in 2024 with successful events at HCP and the TOL. Work continues to consider how we can extend this engagement programme to contracted staff and volunteers.

This year, and in support of our new strategy, we reinstated our Apprenticeship Programme with support from the Gosling Foundation. By autumn we had welcomed 15 new apprentices in roles ranging from paralegal and event management to horticulture and conservation. In addition to these new recruits, 17 members of staff are being upskilled against apprenticeship standards this year. Our Apprenticeship Programme is becoming widely recognised externally - we have not only received nominations for various awards, but also secured external funding to help support the scheme in future years. Wider engagement work around the programme is being developed, including Teacher Encounters - events for teachers to learn about the different career pathways available at HRP and to see how their subject is applied practically in the HRP context. Teachers can use the insights gained to enrich their curriculum teaching, and help their students build a deeper understanding of the diverse range of pathways and routes into employment.

One of our paid internships in textile conservation, supported by The Clothworkers' Company and Buccleuch Living Heritage Trust, is now in its 15th year - showing our enduring commitment to sharing our knowledge and supporting career pathways in 'endangered' heritage skills. HRP's MA in Heritage Management, delivered jointly with Queen Mary University of London, is now in its seventh year. 33 students and scholarship students are currently benefiting from HRP staff expertise, enjoying over 40 masterclasses delivered by HRP's experts across all directorates and working with professionals in over 12 departments. Many members of the MA alumni have secured jobs in heritage and related sectors across the UK and abroad, acting as ambassadors for HRP's approach. Some have gone on to undertake PhDs and eight former students have secured jobs at HRP itself - including in Curating, Communities, Media and PR, Events, and Development.

Work has continued in identifying and removing barriers in our recruitment practices in line with our new ambition. This year we successfully delivered over 225 campaigns leading to the onboarding of 320 new joiners. A key project for our HR team - the Pay and Reward Review - was launched in April 2024. During the year, we completed the diagnostic phase generating encouraging findings and clear outputs to help inform the next phase of the project in 2025/26. Our Gender Pay Gap report for 2023-24 showed that our mean hourly gender pay gap was 4.03% (5.41% in 2022/23) and our median hourly gender pay gap was 7.93% (4.03% in 2022-23). Around 62% of our organisation identify as female and we have recruited a higher proportion of females since the last gender pay report.

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This year, we achieved significant milestones across various areas of technology and operations. We enhanced case management in the Contact Centre with Dynamics 365 integration into Outlook and deployed a new Ticketing Network to support our evolving processes. We strengthened our security by achieving Cyber Essentials, upgrading firewalls at HCP, introducing iTrent Single Sign-On, and conducting a Cyber Breach Tabletop Exercise with the Executive Team. Our commitment to innovation saw us rebrand the team, design a Windows 11 Zero Trust framework, and replace VPN with Windows Virtual Desktop in just three weeks. We also empowered our community through the launch of PowerBI and Office 365 Clubs. The launch of our new ticketing platform is progressing well, cementing another step forward. Altogether, it's been a transformative year of growth and resilience.

4. Money - generate the money to rebuild our charity

All our work is made possible by the income generated through admissions, retail, functions and events, and the generosity of our members, donors, patrons and sponsors. This year we welcomed 4.2m visitors to the palaces, generating £136.8m income for the charity. We continued our £1 ticket scheme across all sites throughout the year, selling 218k tickets in total. People with a £1 ticket also received a 50% discount on their food and drink and children in the group could eat for free.

We had a record year for catering with commission from sales for the period reaching £2.5m and retail sales reaching £19.5m. Since the reopening of the Orangery at KP in April 2024 we achieved a total sales figure of £2.9 million - selling over 45,000 afternoon teas and raising £36,503 for our Community Programme through our optional £1 afternoon tea donation.

We also had a record-breaking year for functions and events, bringing in £9.0m across all the venues – up 13% on last year. The re-opening of The Orangery for events at KP led to a 132% increase in revenue from 2023/24 to £1.7m. From welcoming over 5,000 guests for a corporate family day, to hosting the two-day Sustainable Markets Initiative, we generated over £1m from just three events at HCP and in total increasing revenue from 2023/24 by 27% to £4.1m. TOL also continued to be a very popular venue for events but also tours, with nearly 300 sold valuing £670k.

2024/25 was our second-best ever year for membership behind the record-breaking 2023/24 Coronation year. We recruited 90,617 new members and renewed 77,898, ending the year with a total audience of 160,622 members. Income from our membership subscriptions generated £5.7m for HRP, with an additional £775k generated through Gift Aid. Members made just over 300k visits to our sites this year, equating to £22 per member visit.

This year we launched our largest-ever fundraising campaign - Tomorrow's Tower - securing £1.9m already in donations and pledges towards the projects, including securing a development grant from the National Lottery Heritage Fund and £1 million from the Sandys Trust towards the educational transformation at the site. In addition, our Schools Access Fund was fully funded, The Lord Leonard and Lady Estelle Wolfson Foundation donated £90,000 towards our SEND programme development, and Wol Kolade and Richard Taylor led the fundraising to launch the new KP Schools Engagement programme, raising £109,000 this year.

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Financial Review

Funds and reserves

The trustees recognise the need to establish a level of free reserves that enables financial stability, is adequate to meet the requirements of working capital and acts as a cushion against fluctuations in income levels. Reserves enable HRP to make long-term commitments to projects. In determining a realistic level of reserves, several key factors are considered including the level of risk associated with the main income and expenditure streams, the adequacy of the controls in place to mitigate those risks and other contingencies available to call on in emergencies. This is balanced by the general legal duty that trustees are under to apply income funds on the objects of the charity within a reasonable period of receiving them. In the past, designated funds were created to protect long-term commitments to major projects.

Prior to the pandemic, we had built designated funds of £22.4m for this purpose but, due to the sudden and devastating impact of COVID-19, trustees agreed at the end of 2019/20 to transfer all designated funds to free reserves to meet operating commitments during 2020/21 and subsequently 2021/22.

The free reserves target in 2024/25 was £20m, which we have achieved.

	Funds as at 31 March 2025 £000	Funds as at 31 March 2024 £000	Funds as at 31 March 2023 £000	Funds as at 31 March 2022 £000
General (Free) reserves	20,000	14,000	5,000	(1,243)
Designated funds	68,350	45,081	12,361	-
Fixed assets	31,785	31,699	30,398	28,826
Pension plan	7,204	6,558	7,276	9,437
Unrestricted funds	127,339	97,338	55,035	37,020
Restricted funds	7,662	7,101	6,832	7,103
Total funds	135,001	104,439	61,867	44,123

Restricted funds (£7.7m)

These are funds subject to specific restrictions imposed by donors that are still within the wider objects of the charity.

Unrestricted funds (£127.3m)

These are funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. They are made up of:

- **Free reserves (£20.0m)**

Part of the unrestricted funds that are not held as fixed assets or designated for other purposes. This is higher than the pre-pandemic levels of free reserves, in order to ensure a greater level of resilience.

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- **Designated funds (£68.4m)**

We have designated funds from our general funds towards our major projects and strategic programmes. This consists of the following:

- A Carry-Forward Fund of £2.1m to complete projects and programmes from 2024/25 that need to be carried over and completed in 2025/26.
- The Redevelopments Designated Fund of £27.8m is in respect of large-scale capital projects such as: Tomorrow's Tower (expenditure until 2029/30); Banqueting House (lifts and lighting 2025/26, Rubens ceiling work over the next 10 years); and Hillsborough City Deal associated projects (beginning in 2025/26, ramping up in 2027/28 and 2028/29).
- The Infrastructure Fund of £22.5m, primarily covering the increased levels of planned maintenance expenditure, budgeted at c£8m per annum for the next eight years, with an ambition of an increase to £12m per annum.
- The "Other" Designated Fund of £16.0m includes our ambitious plans to increase expenditure on digital and technology to exceed £3.5m pa in 2025/26 rising sharply thereafter, and significant increases in spend on sustainability projects over the next 10 years, including decarbonization of palaces.

- **Fixed asset fund (£31.8m)**

A permanent designated fund is matched to fixed assets, as this cannot be quickly utilised to realise cash in the event this is required. The part of the general fund represented by fixed assets is therefore excluded from free reserves, as generally a charity could not dispose of all or the majority of these assets and continue its operations as a going concern.

- **Pension plan (£7.2m)**

The pension surplus or liability recorded in the Consolidated and Charity Balance Sheet is calculated annually for accounting purposes under FRS102. As at 31 March 2025, the pension surplus has been calculated as £7.2m (2024: £6.6m) and shown in the accounts in accordance with accounting standards. Details of the retirement benefit scheme are disclosed in Note 11.

The defined benefit pension scheme is also valued for funding purposes by an actuary in a more detailed assessment, every three years. The last triennial valuation was at 31 March 2024 and showed a surplus of £3.8m. This valuation was performed during 2024/25.

HRP, as employer, agreed with the trustees of the scheme that no deficit contributions will be required between May 2022 and June 2025. See Note 11 for further information on the different valuations of the scheme. The scheme was closed to future accrual on 31 March 2019. HRP will continue to meet the expenses of the scheme and levies to the Pension Protection Fund.

The Statement of Financial Activities

Total visits of 4.2m in 2024/25 (4.3m visits in 2023/24) were higher than budget of 3.9m. The strong visitor performance was particularly pronounced at Hampton Court

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Palace with a strong spring line-up of Lindt and the Tulip Festival and a very successful Halloween experience. Kensington Palace outperformed budget following the successful opening of the new Untold Lives exhibition and at the Tower of London, the US market performed well, outstripping other markets and the Halloween and Christmas offers proved popular with domestic audiences.

Total income was £ 138.6m (£134.4m in 2023/24), with visitor-facing activities generating £115.5m (£114.7m in 2023/24), supported by further strong performances in both Functions and Events and Development Income. Total grants were £3.0m (£1.3m in 2023/24). This income was achieved whilst keeping costs under control and has resulted in HRP achieving its largest operational surplus to date of £45.3m (£42.6m in 2023/24).

The Balance Sheet

Overall total funds increased during the year by £30.6m. Fixed assets remained at £38.9m, excluding £19m in long-term cash deposits. Debtors have increased by £2.2m, reflecting increased activity. Creditors falling due within one year have increased by £5.8m, reflecting increased activity and £4.5m repayments due on the Culture Recovery Fund (CRF) loan in the next 12 months. Overall, net current assets increased by £6.0m year on year.

The provision for an onerous lease has decreased by £0.7m. Long-term creditors decreased as the first interest repayment on the £40m CRF loan took place in March 2025.

Cash Flow

The net cash inflow from operating activities for the 12-month period was £27.8m (£41.0m in 2023/24). The cash balances increased to £17.0m (£16.3m in 2023/24) with a further £105.0m being invested in short term deposits (£96.0m in 2023/24).

Finance & Investment policy

The trustees continued to adhere to the investment policy over the period. The receipt of the £40m CRF loan in March 2021, in a global context that was still uncertain, resulted in a re-balancing of investments in both term and risk profile.

In 2024/25, the Finance & Investment Committee agreed to release bonds as they matured and not invest in new bonds. The bond portfolio investment returned 4.40% against 4.59% in 2023/24.

The multi-asset portfolios performed in line with the market and their respective benchmarks, with a combined annualised return of -0.38% interest/dividend income return (12.82% 2023/24).

HRP's investment policy is currently as follows:

Trustees' Report

Investment objectives

- Capital preservation is the priority.
- In order to balance immediate cash requirements, medium-term future capital and commercial investment plans (3-year operating plans), HRP investments aim to achieve regular annual income returns and long-term income growth.

Risk mitigation

- Achieve flexibility through the broad categories of asset types, maturity dates and institutions.
- Except for deposits with the Bank of England, no more than 33% of total cash and investments balance to be with a single counterparty.
- Cash balances to be deposited with institutions with a credit rating of at least equal to the upper tier of the lower medium grade.

Amount invested and time horizon

- Up to £10m may be invested in a fixed income portfolio with an average maturity date of no more than 4 years.
- Investment in global multi asset portfolios is no more than 5% of the total projected cash & investments balance.
- Funds are primarily invested on the money market in the UK on 3-to-24-month fixed term deposits (with the majority in 12 months or less maturity). This allows a balanced spread of maturity over a 2-year horizon to ensure maximum return while retaining instant access.

Ethical Investment

- HRP's assets should be invested with regard to its charitable aims and reviewed on a regular basis. The trustees have not elected to adopt an exclusionary policy but will exclude and reject individual investments if they are perceived to conflict with the charity's purpose and values.

Going Concern and Future Plans

The 2025/26 operating budget has been set to build on the positive performance of 2024/25. Income targets have been set to reflect our latest visitor number target of 4.4m. Expenditure budgets have taken into consideration the strategic aims and the current economic climate.

Whilst the future is always uncertain and we have seen a slowdown in the sector, forecasts are made on best estimates. We will be reviewing these assumptions in the second half of 2025/26 in the light of global uncertainties and their impact on inbound tourism.

Performance will continue to be scrutinised closely throughout the year and significant deviation from our current income assumptions may be mitigated by imposing stricter controls on expenditure rather than drawdown on reserves, if deemed appropriate. We are well placed to hold back expenditure to create further financial headroom should circumstances require.

The Board of Trustees is content to adopt the going concern basis for preparing these financial statements. Further details are provided in Note 1 (r).

Trustees' Report

Report of the People Committee

Membership

During the year, the following trustees served on the People Committee: Sarah Jenkins (Chair), Tim Knox FSA, Sue Wilkinson OBE, Sir Nicholas Coleridge CBE DL and General Sir Gordon Messenger KCB DSO OBE DL.

Policy statement

The remit of the People Committee is governed by the legal framework of HRP as set out in the Royal Charter. In establishing the level of remuneration for each Director, the People Committee considers the guidelines laid down by the Combined Code and HM Treasury and has a remuneration policy similar to comparable and competing organisations. This policy aims to ensure that remuneration packages are in line with the general market practice and consistent with recruiting and retaining Directors of the highest calibre.

Members of the Board of Trustees receive no remuneration. However, they are entitled to claim expenses and to make charges if instructed by the Charity to apply their specialist skills and knowledge. Details are set out in Note 9 to the accounts.

Review of activity during the year

The Committee reviewed and approved a number of changes to HRP's approach to pay, reward and recognition of its people. The Committee also discussed outcomes of the prior year's Investors in People survey, plans for a series of staff engagement workshops on the new organisational strategy and an outline structure for future meetings of the Committee.

Details of the emoluments of the Chief Executive are set out in Note 10 to the accounts, together with information on the number of employees whose remuneration (excluding pension contributions) exceeds £60,000.

Trade Union relationships

We continue to work in partnership with the Trade Unions and their local representatives. To facilitate information flows and discussion between the organisation and Trade Union representatives, partnership meetings are regularly held.



Sir Nicholas Coleridge CBE DL
Chair of the Board of Trustees
Hampton Court Palace, Surrey KT8 9AU

15 July 2025

Trustees' Report

Governance Statement

Structure and Governance Framework

HRP's governance reflects its constitution and contractual responsibilities. We are directly accountable to the Charity Commission through the Chair and Trustees but also accountable to Government through the Chief Executive (as Accounting Officer). The contract with Government includes a management statement and a financial memorandum with which we comply.

Memoranda of Understanding governing operations in areas of common interest are in place with key partner bodies, such as the Royal Household and the Royal Armouries.

The Charity's governance is aligned with the Charity Governance Code endorsed by the Charity Commission. HRP is also subject to the Freedom of Information Act and Environmental Information Regulations.

Details of the trustees are given in the Administrative Details section on page 4. The Board consists of a Chair and up to eleven trustees, chosen for their skills and experience. All are non- executive and unpaid.

The Chair is appointed by the Sovereign on the advice of the Secretary of State. Four trustees are appointed by the Sovereign, of whom three are ex-officio appointments: the Director of the Royal Collection; the Keeper of the Privy Purse and the Lord Chamberlain (unless they choose not to take up the appointment, in which case the Sovereign may appoint someone to take their place, as currently). The remaining trustees are appointed by the Secretary of State, two of whom are ex-officio; the Constable of the Tower of London and the Chair of the Campaign Board.

The appointments are initially for three years. With the exception of ex-officio appointments, trustees may be appointed for a further two periods of up to three years, subject to review at the end of each period.

Trustees are recruited through open advertisement and appointed following an interview process. New trustees are supported through an induction process tailored to their needs and experience. This includes meetings with HRP staff and colleagues on the Board, visits to HRP sites and a substantial amount of information and guidance on their responsibilities as charity trustees, and about the organisation.

The Chief Executive is granted a general delegation to act on behalf of the trustees, except for matters reserved for decision by the trustees. Such matters include approval of strategic plans, annual budgets and major projects, remuneration of the Directors, acceptance of donations over a set amount and variations to governing documents.

The Trustees and Chief Executive (as Accounting Officer) are jointly responsible for maintaining a sound system of internal control that:

- supports the achievement of HRP's charitable and strategic objectives, while

Trustees' Report

safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in

- *Managing Public Money*; and
- ensuring compliance with the Management Statement and Financial Memorandum.

There are four sub-committees of the Board:

The Audit & Risk Assurance Committee formally reports annually to the Board on the adequacy of HRP's arrangements for governance, risk management and internal control. During the year the following trustees served on the Committee: Michael Stevens (Chair), Nicholas Coleridge, William Fall and James Chalmers. Ian Starkey was a co-opted member.

Oversight of financial and investment activities is provided by the Finance & Investment Committee, whose remit includes reviewing the balance of risk/return, the impact of external factors, and HRP's financial policies and controls. During the year, the Committee comprised the following trustees: Nicholas Coleridge (Chair), Jonathan Bewes, Lisa Burger, James Chalmers, Michael Stevens and William Fall.

Remuneration policy for the Chief Executive and Directors of HRP is agreed by the People Committee which also oversees and advises on issues concerning HRP's human resources, working with the Executive to ensure HRP is a great place to work and all HRP staff feel included, valued and respected. During the year the following trustees served on the Committee: Sarah Jenkins (Chair), Tim Knox, Nicholas Coleridge and Gordon Messenger.

The Nominations & Governance Committee reviews and advises on Board performance, trustee appointments and succession planning, and makes recommendations to the Board to ensure the appropriate balance of competencies, skills, experience and diversity on the Board of Trustees. During the year the following trustees served on the committee: Nicholas Coleridge (Chair), James Chalmers, Sarah Jenkins, Michael Stevens and Jo Twist.

The Board agrees the terms of reference for each committee and reviews them regularly to ensure they remain fit for purpose.

The work of the Board is further supported by the Campaign Board, which brings specialist expertise on fundraising to HRP. Jonathan Bewes chairs this Board.

Further trustee input to HRP's work comes through informal advisory/working groups, set up as and when required, where trustees work with members of the Executive Team to advise on particular areas such as major projects. The Company Secretary provides counsel and administrative support to the Board.

The trustees' and directors' register of interests and their biographical details are available for inspection on application to the Company Secretary. Day to day management of HRP is carried out by an Executive Team. The Executive Team is chaired by the Chief Executive and comprises Directors of Palaces & Collections, Finance, Palaces Group, Tower, Commercial, Public Engagement and Corporate

Trustees' Report

Services and is supported by the Company Secretary.

Governance Effectiveness

The performance and effectiveness of the Board, its committees and of individual trustees is reviewed by the Chair in consultation with trustees each year, with periodic external reviews undertaken in line with the best practice recommended in the Charity Governance Code.

Trustee attendance at Board and Committee meetings is monitored and discussed with each trustee as part of each Board Effectiveness Review. The attendance record of individual trustees is summarised in the table below:

Trustee	Board	Audit & Risk Assurance Committee	Finance & Investment Committee	People Committee	Nominations & Governance Committee
Nicholas Coleridge	4/4	3/4	3/3	3/3	1/1
Lisa Burger	4/4		3/3		
Camilla Finlay	3/4				
Sarah Jenkins	3/4			3/3	1/1
Tim Knox	3/4			3/3	
Gordon Messenger	4/4			2/3	
Michael Stevens (until 31 Dec 24)	3/3	3/3	2/3		0/1
Jo Twist	2/4				1/1
Sue Wilkinson	0/1			0/1	
Michael Wood (until 10 Mar 25)	3/4				
Jonathan Bewes (from 1 Oct 24)	1/2		2/3		
James Chalmers (from 1 Jan 25)	2/2	2/2	1/2		
William Fall (Note 1)	1/3	2/4	1/3		
Ian Starkey (Note 2)		4/4			

Note 1: William Fall was Chair of the Campaign Board until Oct 2024

Note 2: Ian Starkey is a co-opted member of the Audit & Risk Committee.

Trustees' Report

Highlights of Board Committee Reports

The Board of Trustees meets regularly throughout the year. Minutes of trustee meetings are produced by the Company Secretary and published on HRP's website once approved by the Board.

The Chief Executive provides an update on charitable activity and impact at each trustee board meeting and financial performance of the organisation is also reviewed at each meeting through summary management information that reports key aspects of financial performance and key non-financial organisational performance indicators. Updates on major projects are also provided at each meeting.

The work of committees of the Board is reviewed by trustees through circulation of the minutes and verbal reports from the Chair of each committee.

The scheme for delegating authority reserves a number of matters for decision by trustees. These matters are considered at Board meetings and include approval of expenditure above a certain limit. Variations to budgeted approved expenditure of more than the lower of 10% or £750,000 on any project are also referred to the Board for further approval. The threshold for approval of projects and contracts at the Board is £750,000 excluding VAT, although projects not agreed in budgets will still be brought to trustees' attention.

During the year, the Board monitored and considered the progress of the organisation through strategic updates on the palaces, experiences, culture and money and continued supporting the Executive in the development and delivery of a new strategy for HRP.

Audit & Risk Assurance Committee agendas were similarly structured, considering matters of risk management, the external audit and internal audit plans and progress against recommended actions. HRP's internal audit provision is outsourced to RSM. RSM provide assurance to the Audit & Risk Assurance Committee at each meeting and annually through a programme of audit work agreed in advance with trustees.

The Finance and Investment Committee reviewed HRP's financial performance, current and projected cash balances, the allocation between investment asset types and term deposits, the spread of counterparties, the rates of return and the retention levels for instant access.

The Nominations and Governance Committee provided guidance on trustee appointment requirements, and other governance arrangements, including the Board's performance review process. This year the Committee met to consider trustee vacancies and refinements to organisational governance to reflect and best support delivery of HRP's new strategy.

Trustees' Report

Risk Management Statement

The trustees of HRP have considered the major risks to which HRP is exposed and satisfied themselves that systems or procedures are established to manage those risks.

The responsibility for the management and control of HRP rests with the Board of Trustees and therefore they are involved in the key aspects of risk management, particularly in setting the parameters of the process and reviewing and considering the results. The trustees do not undertake each aspect of the process themselves; they delegate elements of the risk management process to HRP staff and professional advisers. The trustees review and consider the key aspects of the process and results. The level of involvement is such that the trustees can make this risk management statement with reasonable confidence.

The Audit & Risk Assurance Committee is a sub-committee of the Board. The purpose of the Committee is to support the Board and the Chief Executive Officer (CEO)/Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, control, and the integrity of the financial statements and annual report.

The Audit & Risk Assurance Committee is responsible for reviewing management's mechanisms for the assessment and management of risk, the planned activity of external and internal audit and the results of their work, the adequacy of management's responses to issues identified by audit activity and the adequacy of assurances relating to corporate governance. In line with best practice, the Committee publishes an annual report on its work for the Board.

Strategic leadership of the risk management process comes from the Executive Team, and the trustees and CEO/Accounting Officer oversee the process. The Audit & Risk Assurance Committee reports annually to the Board on the effectiveness of the internal control system established to ensure that the aims, objectives and key performance targets of HRP are achieved in the most economic and effective manner. Directors, managers and staff are responsible for identifying, assessing and managing the corporate and operational risks in their areas.

HRP's system of governance, risk and control is based on the three lines of defence model as per HM Treasury and Institute of Internal Auditor's guidance. There is an escalation process to ensure key and emerging risks are reviewed at the correct level as they arise.

- Risk and control monitoring at the first line of defence (front line operations) occurs throughout HRP and is recorded via operational risk registers and detailed management information. The project management framework and project governance structure include detailed guidance to ensure that risk is a fundamental part of each project from start to finish.
- The second line of defence is formed of a strategic risk register which is reviewed at least quarterly by the Executive Team and the Audit & Risk Assurance

Trustees' Report

Committee, and annually by the Board of Trustees. The Executive Team approves HRP's risk management policy.

- The Executive Team is responsible for communicating HRP'S risk management policy to staff, maintaining the risk registers, monitoring changes in the strategic risk profile and reporting significant changes to the trustees. The Executive Team also assesses future risks and opportunities annually as part of the Operating Plan process.
- Internal Audit is outsourced to RSM to ensure it continues to provide robust independent assurance to the Executive Team and the Board of Trustees. The internal auditors take a risk-based approach to audits and operate in compliance with Public Sector Internal Audit Standards. RSM will provide an annual report to the CEO, the Audit & Risk Assurance Committee and the Board.

HRP's risk appetite is a balance between managing risk, enhancing innovation and creativity, whilst carefully weighing up risks with all rewards and our charitable and strategic objectives. HRP considers risk and its management in a structured way to ensure that the identification, assessment and management of risk is linked to the achievement of HRP's objectives and that all areas of risk are covered - for example, financial, governance, operational and reputational. The corporate ("Strategic") risk register at HRP focuses on high impact and/ or likelihood risks aligned with our strategy. Major risks are those risks that have a major impact and a probable or highly probable likelihood of occurring and would have a major impact across any area of HRP.

The Board has gained assurance that the data quality of the information it receives is sound through a mix of audit work on data held and challenges of the data presented.

A summary of the most significant risks are:

Risk	Controls in place
Sustained or protracted loss of income which has an impact on the current level of reserves	Annual Operating Plan prepared and reviewed by trustees. Tight control over expenditure and further work being undertaken to improve accuracy of expenditure forecasts. Major Incident Plan in place and is regularly tested.
Inability to effectively respond operationally to an incident or disruption	Detection controls in place. Detailed corporate Major Incident Plan in place including site specific security plans and emergency procedures and scenario testing. One-on-one incident management training for Duty Management. Mandatory training for all staff on security and incidents in place.
Cyber attack	Policies and Procedures, anti-phishing and anti-virus / malware controls, cyber E-learning and regular external audits in place. Sophisticated and comprehensive, testing, monitoring and alerting systems in place. Decommissioning legacy infrastructure.

Trustees' Report

Risk	Controls in place
	<p>Increased team capacity in this area.</p> <p>Suppliers complete Cyber Questionnaire.</p> <p>Cyber Essentials Plus accreditation achieved since 31st March.</p>
<p>Failure to recruit, manage and retain the right quality and staff mix</p>	<p>New strategy finalised and shared with all staff through active engagement sessions to obtain buy-in.</p> <p>Annual pay increases benchmarked against sector.</p> <p>Plans to address themes identified in recent IIP survey in progress.</p> <p>Relevant policies, training and support in place.</p> <p>Succession plans for senior team developed.</p> <p>Performance conversation tools and guidance for managers developed.</p>
<p>Significant fire, health, safety and environment or safeguarding incident</p>	<p>Fire, HSE, accident/incident policies, processes and training in place.</p> <p>Internal inspections, assessment and audit programmes in place and outcomes overseen by internal committees.</p> <p>Annual review of fire, HSE effectiveness undertaken.</p> <p>Safeguarding policy and training in place, leads appointed.</p>
<p>Failure to execute the organisational change required to successfully deliver a strategy that aligns to stakeholders</p>	<p>Strategy implementation in progress, supported by external change management experts.</p> <p>Supporting strategies and programmes in place or in development (e.g., Audience Development Plans, new Digital & Technology and Schools and Communities' strategies).</p> <p>Since October 2024 all staff have taken part in strategy engagement training sessions.</p> <p>A three-year Operating Plan in place with objectives clearly aligned to the new strategy; measures and metrics in place to track progress.</p> <p>A number of organisational change projects identified and launched including in the areas of organisational design, internal governance, process efficiencies, and performance management.</p> <p>Close monitoring of progress by the Executive and senior leadership team.</p>
<p>HRP's digital provision doesn't meet the future needs of the organisation or its visitors</p>	<p>New Digital Strategy agreed and being implemented. This aligns with wider HRP strategy to focus on visitors' and stakeholders' needs.</p> <p>Trustee working group established to provide oversight.</p> <p>Significant investment in new technology, infrastructure, headcount and training to improve visitor experience and to support staff.</p>
<p>Climate change adversely affects our estate and our ability to operate as a visitor attraction</p>	<p>Overarching sustainability programme prioritised as part of our corporate strategy, which will oversee HRP's work to respond to the impact of climate change and to reduce its own environmental footprint.</p> <p>Sustainability action plan for next 3 years approved and communicated.</p> <p>Sustainability champions established across the organisation.</p> <p>Strong partnership network established across the heritage sector.</p> <p>All ongoing and new projects reviewed for opportunities to improve</p>

Trustees' Report

Risk	Controls in place
	sustainability performance/decarbonise. Climate change risk assessment methodology devised. Decarbonisation reports completed for HCP and TOL. Procurement processes amended to include sustainability requirements as standard.
Inclusive Histories: Poor reception of new content by visitors, media and stakeholders	Content based on careful and authentic research overseen by the Curator of Inclusive History. Governance role of the Editorial Programming Group and subgroup on Inclusive Histories. Focussed involvement of Community Partners and the HRP Inclusivity Network as appropriate. Ethical Frameworks developed. Communication strategies for key inclusive history initiatives. Resilience training for staff key staff working on inclusive histories.
Collections Security: Loss or damage to collections and late awareness of that loss or damage	Comprehensive Collections Management, Heritage Asset Incident, and Security policies and procedures in place. Spot checks and audits carried out by partner organisation(s) and external and internal auditors. Periodic security inspections on behalf of Government Indemnity Insurance (GIS) and Fine Art Insurance.

General Data Protection Regulations (GDPR) effective since May 2018 set out clear requirements for management and control of personal data. Over the last financial year, HRP has taken effective measures to demonstrate our ongoing compliance with data protection legislation. In 2024/2025 we had cause to notify the Information Commissioner's Office of one minor data protection incident.



Sir Nicholas Coleridge CBE DL
Chair of the Board of Trustees



John Barnes OBE
Chief Executive and Accounting Officer

15 July 2025

Other Reports and Disclosures

Sustainability and Climate Action

In June 2024, following the launch of the wider Charity for Everyone strategy, we formally released our Sustainability Action Plan, in response to the Act for the Future pillar. The plan launch coincided with Show Your Stripes Day on the 21st of June 2024, which saw us project the Warming Stripes created by Prof. Ed Hawkins onto the White Tower.

The Sustainability Action Plan is separated into three core delivery areas:

1. **People** - Engage our colleagues and visitors, talk to them about our plans and inspire them to play a more active role both within our organisation and in their own lives and communities.
2. **Data** - Improve the consistency and quality of our data collection and reporting of our Scope 1 and 2 emissions, including a timeline for the capture of Scope 3 emissions, and assessing the health of our green spaces with a nature baseline.
3. **Actions** - Identify and implement immediate actions which will help us achieve nature-positive, carbon net zero across our estates and value chain by 2050.

Progress within our People delivery area has been more limited compared to other parts of the plan in 2024/25. However, this is expected to accelerate in 2025/26 following the successful recruitment of a Sustainability Officer in May 2025. A key responsibility of this role will be to lead the Sustainability Champions Network, helping to increase its impact across HRP.

Encouragingly, a staff survey conducted in February 2025 revealed that 82% of respondents were aware of the Sustainability Action Plan—surpassing our target of 75%—and 51% reported being clear or somewhat clear about their role within it. These results are promising for the first year of the plan and highlight significant potential to further grow awareness and understanding over the next two years.

In 2024/25, we made significant strides in the delivery of our Data workstream, largely thanks to the addition of a new role within the Sustainability team: the Energy and Sustainability Analyst. This role has been instrumental in formalising our data collection processes, greatly enhancing our reporting capabilities, and collaborating with utility providers to reduce the reliance on estimated readings—from over 78% in 2023/24 to just 8% in 2024/25. This dramatic improvement in billing accuracy has increased confidence in our consumption and emissions data, while also enabling quicker identification of potential maintenance issues. The Analyst will play a central role in 2025/26 as we baseline new categories in Scope 3 for the first time.

We also initiated the process of assessing the health and value of our natural estate. In partnership with the Ecology Coop, we began consolidating existing ecological data across our sites and supplementing it with new surveys and data sources. For the first time, we will collect soil carbon samples this year to estimate the land's carbon sequestration potential. These insights will inform recommendations in 2025/26 for

Other Reports and Disclosures

improved land management practices and help identify areas requiring climate mitigation and adaptation strategies.

2024 marked the final year of the Moat in Bloom project, paving the way for the design and construction of the permanent scheme, set to open in 2027. Once established, the new scheme will offer a richer variety of habitats than the flower meadow it replaces, while also enhancing surface water flood defences and creating new opportunities for water harvesting. In autumn 2024, several prototypes were installed to test the proposed water management systems and layout configurations.

We have continued to make sensitive upgrades to our building fabric to improve energy efficiency, for example secondary glazing has been added to the Royal Kitchens at Kew to improve winter conditions for staff. We have also trialled a number of new products in this area, working closely with our colleagues at Historic England to find solutions to tackle the variety of window types and designs.

We have begun the detailed decarbonisation feasibility and design stages for some of our biggest users, considering various drivers for change. Some, like the Waterloo Block (the largest user at the Tower and second largest in the HRP estate) are driven by their consumption and the opportunities presented by other projects in the building. Others, such as Apartments 39, 39A and 45 at Hampton Court are driven by a more urgent need to upgrade ageing boiler systems.

The appointment of a Senior Project Manager for Decarbonisation—joining in June 2025—will bring the dedicated expertise and capacity needed to accelerate our energy programme.

Decarbonising our buildings will be the process of many years, in the meantime we are looking at ways to reduce the consumption, and extend the lives of, our existing gas plant. We installed M2G on a number of older systems in 2024/25, this product reduces the amount of gas consumed through ‘dry cycling’ of the boiler and so far, we’ve seen significant reductions in consumption in areas such as Kensington Palace. The M2G dashboard is showing saving of 364 KgCo₂e saved since installation, and we expect the savings to increase as controls are improved

Beyond the Energy workstream, we have also made significant progress across other areas of the programme. In Gardens and Parks, we’ve begun redesigning the Great Fountain Garden with the aim of enhancing soil health, biodiversity, and climate resilience—while preserving the historic character of the space. Much of the current planting in this area is cultivated on-site in the Nursery, which is the largest consumer of gas across the entire HRP estate. As such, a key objective of this project is to reduce our reliance on the glasshouses to help lower carbon emissions. We are excited to be partnering with designer Ann-Marie Powell on this initiative.

Our total carbon emissions for 2024/25 were 3,642 tCO₂e representing a 21% decrease on our 2019 baseline (see table below). The reduction in Scope 1 and 2 emissions is 31% against baseline, our Action Plan is targeting a 46% reduction of these scopes by 2027.

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Table 1 - HRP Greenhouse Gas emissions

*data restated

Greenhouse Gas Emissions (tCO ₂ e)	2024/25	2023/24*	2022/23	2021/22	2020/21	2019
Scope 1	1,621	1,515	1640	1,519	1,075	2,367
Scope 2	1,145	1,151	1,064	1,010	839	1,631
Subtotal	2,766	2,666	2,704	2,529	1,914	3,998
Scope 3	876	130	80	36	79	608
Total	3,642	2,796	2,784	2,565	1,993	4,606

The significant increase in total emissions reported for 2024/5 compared to 2023/4 (30%) is largely caused by improved data rather than increased emissions. The introduction of the Analyst role to the team last year has enabled us to expand and improve our data collection for emissions. As a result, there are a number of additions to this year's data:

- emissions from vehicle fuel at Hillsborough Castle & Gardens;
- emissions from waste at Hampton Court, HM Tower of London and Kensington Palace;
- well-to-tank and transmission and distribution emissions for gas and electricity supplies;
- emissions from mains water treatment.

There has also been an update to the scope 1 and 2 emissions reported for 2023/24. This is due to some of the consumption used in that year being billed and reported in April 2024, along with improvements to our metering systems and business mileage figures.

Additionally for the first time we have included the emissions from the royal buildings managed by HRP situated in Kew Gardens. The emissions from these sites have previously been reported within the boundary of the Royal Botanic Gardens Kew. These emissions total approximately 33 tCO₂e across scopes 2 and 3.

In 2024/25, HRP's electricity contract was on a REGO-backed blended zero carbon/UK renewables tariff, with a 50/50 split between nuclear and renewables, for all palaces and warehouses except Kew and Hillsborough, which are on REGO-backed 100% renewables and a standard tariff respectively. Adjusting our calculations to account for this, the total emissions for 2024/25 would reduce to 2,415 tCO₂e as shown below. We have moved to a new tariff for our London sites for 2025/26 which procures from REGO-backed 100% renewable sources.

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Table 2 - HRP's emissions adjusted to take account of the blended electricity tariff

Greenhouse Gas Emissions (tCO ₂ e)	2024/25
Scope 1	1,621
Scope 2	141
Scope 3	653
Total	2,415

Recognising the increase in carbon emissions caused by the significant improvements to data, we have also run a 'like-for-like' report (see Table 3). This shows a rise of 120 tCO₂e (1.8%) in Scopes 1 and 2 year-on-year, and an increase of 71 tCO₂e (55%) in Scope 3 emissions..

Table 3: Like-for-like comparison of emissions

Greenhouse Gas Emissions (tCO ₂ e)	2024/25	2023/24	2022/23	2021/22	2020/21	2019
Scope 1	1,594	1,515	1,640	1,519	1,075	2,367
Scope 2	1,120	1,151	1,064	1,010	839	1,631
Subtotal	2,714	2,666	2,704	2,529	1,914	3,998
Scope 3	201	130	80	36	79	608
Total	2,915	2,796	2,784	2,565	1,993	4,606

Our intensity measure for SECR (streamlined energy and carbon reporting) is 'per visitor'. Based on 4.22m physical visitors to our sites in 2024/25, we emitted 0.86kg of CO₂e per visitor at a total level and 0.69kg on a like-for-like basis (0.67kg in 2023/24).

Other Reports and Disclosures

Whistleblowing Disclosure

Whistleblowing policy

HRP is committed to maintaining high ethical standards and takes all concerns seriously. We have a policy in place to support HRP's values/ethics and ensure compliance with the Public Interest Disclosure Act 1998 (PIDA) and subsequent amendments under the Enterprise and Regulatory Reform Bill 2013 and the Bribery Act 2010.

There are a number of different routes suggested for reporting concerns in addition to the direct management and HR routes:

- Internally, individuals can disclose their concerns to appropriate internal specialists, a specific email address managed by the Whistleblowing Officer and the Company Secretary or directly to the Corporate Services Director (The Whistleblowing Officer) and The Chief Executive, Chair of the Audit and Risk Assurance Committee or the Chair of Trustees, or via HRP's employee assistance providers CIC.
- Externally, people can report issues to external bodies such as legal advisers, Minister of the Crown or statutory regulators.
- There were no whistleblowing incidents reported during 2024/25.

Suppliers' payment policy

HRP observes the principles of the CBI Prompt Payment code. The code requires bills to be paid in accordance with contractual obligations, or where no such conditions exist, within 30 days of the receipt of the goods or services, or the presentation of a valid invoice, whichever is the latter. It is the policy of HRP to pay all invoices not in dispute in accordance with contractual terms. Payments are made fortnightly and include all invoices received in Finance and due for payment by the time of the next payment run.

During 2024/25, 74% of supplier invoices were paid within 30 days of date of invoice (45% in 2023/24). The improvement is due to a new Purchase Invoice Manager system. This payment performance is not adjusted for invoices delayed for payment due to a query with the supplier.

Related parties

Details of material dealings with any related parties are set out in Note 24.

Other Reports and Disclosures

Fundraising Regulator

- We are registered with the Fundraising Regulator and abide by the Code of Fundraising Practice and the Fundraising Promise. We are not aware of any failure to comply with the scheme. We received no complaints about our fundraising practices during the year.
- We did not engage any professional fundraisers to fundraise from individuals during the year. Two groups of volunteers solicited personal donations on behalf of HRP: our Campaign Board, and our Hillsborough Castle Board. We have invested in fundraising resources within HRP in preparation for the targets of strategic projects.
- The activities of the Campaign Board were monitored through three board meetings during the year and sub-group meetings focused on specific fundraising streams. Two trustees are members of the Campaign Board, which ensures the trustees have a high degree of awareness of what the Board does and the activities of its individual members. The Hillsborough Castle Board met three times in the 2023/24 financial year. Membership includes one trustee of HRP. The Chief Executive of HRP also attends all meetings.
- Tailored approaches for high value grants were made throughout the year to companies, charitable trusts and philanthropists. In each case new approaches, and reports on existing funding, were shared in compliance with relevant data privacy regulations. Individuals solicited for gifts were either introduced to the charity by existing supporters or contacted us in the first instance. We avoided practices that risk being unreasonably intrusive or persistent.
- Direct marketing in a fundraising context was limited to advertising in our Members' magazine, HRP e-newsletters and more tailored updates to existing supporters and contacts who have either opted-in or not opted-out, as appropriate.
- In-person donations are solicited and taken only by staff and volunteers within HRP's sites. These are taken onsite via contactless and cash donation boxes, or via signposting to our website and text-to-donate.

Statement of Responsibilities

Statement of Trustees' and Accounting Officer's responsibilities

Law applicable to incorporated charities in England and Wales requires the Trustees of Historic Royal Palaces to prepare financial statements for each financial year. The Secretary of State (with the consent of HM Treasury) has also directed the Trustees to prepare a statement of accounts in the form, and on the basis, set out in the Accounts Direction. The Secretary of State also requires the Accounting Officer to prepare for each financial year a statement of accounts.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs, the net income and cash flows of the Historic Royal Palaces and its group during the year. In preparing those financial statements, the Trustees and Accounting Officer are required to comply with the requirements of FRS 102: UK GAAP and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102). In addition, they shall also have regard to the Government Financial Reporting Manual. In particular to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures being disclosed and explained in the financial statements;
- ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to assume that the Charity and the Group will continue in operation;
- confirm that the Trustees' Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Trustees' Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and
- observe the Accounts Direction issued by The Secretary of State (with the consent of HM Treasury), including the relevant accounting and disclosure requirements.

The Trustees and Accounting Officer have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that Historic Royal Palaces' auditors are aware of that information. As far as we are aware there is no relevant audit information of which the auditors are unaware.

The Trustees are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of Historic Royal Palaces and its group and which enable them to ensure that the financial statements comply with the applicable law. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of Historic Royal Palaces and its group and to prevent and detect fraud and other non-compliance with laws and regulations.

Statement of Responsibilities

The Principal Accounting Officer for the DCMS has designated the Chief Executive as the Accounting Officer for Historic Royal Palaces and its group. His responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records and for the safeguarding of the Historic Royal Palaces' and its group's assets, are set out in Managing Public Money published by HM Treasury.



Sir Nicholas Coleridge CBE DL
Chair of the Board of Trustees



John Barnes OBE
Chief Executive and Accounting Officer

15 July 2025

The Audit Report of the Comptroller and Auditor General to the Board of Trustees and the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of Historic Royal Palaces and its Group for the year ended 31 March 2025.

The financial statements comprise Historic Royal Palaces and its Group's:

- Consolidated and Charity Balance Sheets as at 31 March 2025;
- Consolidated Statement of Financial Activities and Consolidated Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Historic Royal Palaces and its Group's affairs as at 31 March 2025 and its net income for the year then ended; and
- have been properly prepared in accordance with the Charities Act 2011 and the Secretary of State directions issued, with the consent of HM Treasury, under the Royal Charter.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of Historic Royal Palaces and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical

The Audit Report of the Comptroller and Auditor General to the Board of Trustees and the Houses of Parliament

responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Historic Royal Palaces and its group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Historic Royal Palaces and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Trustees' Report but does not include the financial statements and my auditor's report thereafter. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Trustees' Report subject to audit have been properly prepared in

The Audit Report of the Comptroller and Auditor General to the Board of Trustees and the Houses of Parliament

accordance with Secretary of State directions issued, with the consent of HM Treasury, under the Royal Charter; and

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Historic Royal Palaces and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Trustees' Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by Historic Royal Palaces and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Trustees' Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Historic Royal Palaces and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the applicable financial reporting framework; and
- assessing Historic Royal Palaces and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

The Audit Report of the Comptroller and Auditor General to the Board of Trustees and the Houses of Parliament

the going concern basis of accounting unless the Trustees and the Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

My responsibility is to audit and express an opinion on the financial statements in accordance with section 151 of the Charities Act 2011.

My 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 a report that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Historic Royal Palaces and its Group's accounting policies and its key performance indicators.
- inquired of management, Historic Royal Palaces' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Historic Royal Palaces and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Historic Royal Palaces and its Group's controls relating to Historic Royal Palaces' compliance with the Charities Act 2011 and Managing Public Money;
- inquired of management, Historic Royal Palaces' head of internal audit and those charged with governance whether:

The Audit Report of the Comptroller and Auditor General to the Board of Trustees and the Houses of Parliament

- they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams and the relevant internal and external specialists, including IT and pensions experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Historic Royal Palaces and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of Historic Royal Palaces and its Group's framework of authority and other legal and regulatory frameworks in which Historic Royal Palaces and its Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Historic Royal Palaces and its Group. The key laws and regulations I considered in this context included the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board of Trustees and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I addressed the risk of fraud in revenue recognition, assessing the recognition of income in line with the accounting framework and undertaking procedures to test the significant income streams subject to the risk of fraud.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The Audit Report of the Comptroller and Auditor General to the Board of Trustees and the Houses of Parliament

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

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
16 July 2025

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road Victoria, London, SW1W 9SP

Consolidated Statement of Financial Activities

for the year ended 31 March 2025

<i>Note</i>	Unrestricted funds	Restricted funds	Total 2025	Total 2024
	£000	£000	£000	£000

INCOME

Donations and legacies:

Grants	3	55	2,990	3,045	1,302
Donations		680	-	680	1,015
Gifts in Kind		3	118	121	358
		738	3,108	3,846	2,675

Income from other trading activities:

Retail income		19,691	-	19,691	19,977
Functions and events		7,796	-	7,796	6,770
Licenses, rent & recharges	4	5,702	-	5,702	5,421
Sponsorship		890	-	890	1117
		34,079	-	34,079	33,285

Income from investments:

		6,268	-	6,268	4,899
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Income from charitable activities:

Admissions	5	84,734	-	84,734	84,949
Membership		6,385	-	6,385	5,565
Concessions		3,284	-	3,284	3,013
		94,403	-	94,403	93,527

Total Income

6	135,488	3,108	138,596	134,386
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EXPENDITURE

Costs of raising funds:

Fundraising		1,234	-	1,234	1,164
Retail activities		12,446	-	12,446	12,602
Investment management costs		2	-	2	5
Other commercial activities		3,682	-	3,682	3,534
	7	17,364	-	17,364	17,305

Expenditure on charitable activities:

Palaces		34,920	1402	36,322	25,518
Experiences:					
Public Access		28,478	164	28,642	24,273
Interpretation and learning		16,253	961	17,214	16,716
Money - Organisational Growth		6,312	5	6,317	5,519
Culture		2,799	15	2,814	1,913
	7	88,762	2,547	91,309	73,939

Consolidated Statement of Financial Activities

for the year ended 31 March 2025

Continued from previous page

Defined Pension scheme net interest cost/(income)	11	(322)	-	(322)	(353)
Total Expenditure	7	105,804	2,547	108,351	90,891
Net (losses)/gains on investments	14	(7)	-	(7)	148
Net Income / (Expenditure)		29,677	561	30,238	43,643
Actuarial (loss)/gain on pension plan	11	324	-	324	(1,071)
Net movement in funds		30,001	561	30,562	42,572
Fund balances brought forward at 1 April	6	97,338	7,101	104,439	61,867
Fund balances carried forward at 31 March	6	127,339	7,662	135,001	104,439

Note: The amounts shown above derive from continuing activities. There were no recognised gains or losses other than those disclosed above.

The notes on pages 45 to 81 form an integral part of these accounts.

Consolidated and Charity Balance Sheet

as at 31 March 2025

	<i>Note</i>	Group 2025 £000	Charity 2025 £000	Group 2024 £000 Restated*	Charity 2024 £000 Restated*
Fixed assets:					
Intangible assets		-	-	2	2
Tangible assets	12	26,408	26,408	26,439	26,439
Heritage assets	13	10,302	10,302	10,183	10,183
Investments	14	2,266	2,266	2,298	2,298
Long-term cash deposits		19,000	19,000	-	-
		57,976	57,976	38,922	38,922
Current assets:					
Stocks - goods for resale		2,203	-	2,247	-
Debtors	15	11,870	17,762	9,701	13,080
Short-term cash deposits		105,000	105,000	96,000	96,000
Cash at bank and in-hand		17,033	10,032	16,253	12,551
		136,106	132,794	124,201	121,631
Creditors:					
Amounts falling due within one year	16	26,353	23,097	20,494	17,979
Net current assets		109,753	109,697	103,707	103,652
Total assets less current Liabilities excluding Pension Plan asset/liability		167,729	167,673	142,629	142,574
Creditors: Amounts falling due after more than one year	17	36,588	36,588	40,279	40,279
Provision for liabilities and charges	18	3,344	3,344	4,469	4,469
Net assets excl Pension Plan asset/liability		127,797	127,741	97,881	97,826
Pension Plan asset/(liability)	11	7,204	7,204	6,558	6,558
Net assets including Pension Plan liability		135,001	134,945	104,439	104,384
Funds:					
Unrestricted funds		127,339	127,283	97,338	97,283
Restricted funds		7,662	7,662	7,101	7,101
Total funds	6	135,001	134,945	104,439	104,384

*Debtors and Creditors falling due within one year have been restated (see Notes 15 and 16).
The notes on pages 45 to 81 form an integral part of these accounts.

These financial statements were approved by the Trustees and the Accounting Officer on 15 July 2025 and were signed on their behalf by



Sir Nicholas Coleridge CBE DL
Chair of the Board of Trustees



John Barnes OBE
Chief Executive and Accounting Officer

Consolidated Cash Flow Statement

for the year ended 31 March 2025

	<i>Note</i>	2025 £000	2024 £000 Restated*
Cash flows from operating activities			
Net cash inflow/(outflow) from operating activities (<i>Note A below</i>)		27,882	40,911

Cash flows from investing activities:

Purchase of tangible assets	12	(2,822)	(3,625)
Purchase of heritage assets	13	(119)	-
Redemption of investments	14	-	985
Interest received		6,107	2,366
Net (purchase)/sale of short-term deposits*		(28,000)	(37,000)
Net cash used in investing activities		(24,834)	(37,274)

Cash flows from financing activities:

Interest paid on Culture Recovery Loan		(2,268)	-
Net cash used in financing activities		(2,268)	-

Cash and cash equivalents at the beginning of the year		16,253	12,616
Change in cash and cash equivalents		780	3,637
Cash and cash equivalents at the end of the year		17,033	16,253

Analysis of cash and cash equivalents

Cash at bank and in hand		17,033	16,253
Total cash and cash equivalents		17,033	16,253

Note A: Reconciliation of net income/expenditure to net cash inflow from operating activities:

Net Income/(Expenditure) from charitable and trading activities		30,238	43,643
Net (Gains)/Losses on Investments	14	7	(148)
Intangible amortisation		2	-
Interest income*		(6,268)	(4,899)
Interest expense on Culture Recovery Loan*		858	843
Pension scheme: non-cash movements	11	(322)	(353)
Gifts in kind	13	0	(358)
Depreciation & amortisation	12	2,827	2,339
(Profit)/Loss on disposal of fixed assets	12	0	3
(Increase)/Decrease in stocks	2	44	226

Consolidated Cash Flow Statement

for the year ended 31 March 2025

Continued from previous page

(Increase)/Decrease in debtors	15	(3,020)	(1,249)
Increase/(Decrease) in creditors: current liabilities*	16	4,645	(464)
Increase/(Decrease) in long term creditors*	17	(14)	10
Increase/(Decrease) in provisions for liabilities & charges	18	(1,125)	1,337
Other non-cash movements		10	(19)
Net cash inflow/(outflow) from operating activities		27,882	40,911

Analysis of changes in net debt:

	As at 1 Apr-24 £000	Cash flows £000	Other non- cash changes £000	As at 31 Mar-25 £000
Cash and cash equivalents				
Cash	16,253	780	-	17,033
	16,253	780	-	17,033
Borrowing				
Debt due within one year	(2,268)	2,268	(4,536)	(4,536)
Debt due after one year	(40,259)	-	3,677	(36,582)
	(42,527)	2,268	(859)	(41,118)

	As at 1 Apr-23 £0	Cash flows £000	Other non- cash changes £000	As at 31 Mar-24 £0
Cash and cash equivalents				
Cash	12,616	3,637	-	16,253
Borrowing				
Debt due within one year	-	-	(2,268)	(2,268)
Debt due after one year	(41,684)	-	1,425	(40,259)
	(41,684)	-	(843)	(42,527)

*The interest expense and increase/(decrease) in current and long-term creditors have been restated.

The notes on pages 45 to 81 form an integral part of these accounts.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

1 Accounting Policies

The following accounting policies are applied consistently in dealing with items which are considered material in relation to the financial statements of the Charity, Historic Royal Palaces (HRP), and its trading subsidiary, Historic Royal Palaces Enterprises Ltd (HRPE), together 'the Group'.

a) Status of charity

HRP is a registered charity (No: 1068852) established by Royal Charter.

b) Basis of preparation

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities (effective 1 January 2019), applicable United Kingdom accounting standards (FRS 102) and the Charities Act 2011. The financial statements are prepared on a going concern basis under the historical cost convention (see also Note 1 q). They are prepared in accordance with the Accounts Direction a copy of which can be obtained from the Finance Director or Head of Financial Accounting issued by the Secretary of State in accordance with HRP's Royal Charter.

HRP meets the definition of a public benefit entity under FRS 102.

Upcoming changes to standards

The FRS 102 Periodic Review 2024 issued in September 2024, which is effective for accounting periods beginning on, or after, 1 January 2026, will result in changes to the accounting and disclosure of key areas such as income and leases. Management has not yet quantified the impact these changes will have upon the financial statements as they await the issuance of the revised Charities Statement of Recommended Practice, also effective for the 2026/27 accounts, which will provide interpretation of the changes to FRS 102 for the Charities sector.

c) Basis of consolidation

The Group accounts consolidate HRP and its subsidiary, HRPE Ltd, which has a co-terminus year-end. Consolidation is carried out on a line-by-line basis.

d) Funds

Incoming resources and resources expended are allocated to particular funds according to their purpose.

Unrestricted funds – the unrestricted funds include income from admissions, donations and other income received without restriction including retained profits of HRPE Ltd. Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Trustees may earmark unrestricted funds for a particular project or use, without restricting or committing the funds legally. Such amounts are known as designated funds.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Restricted funds - restricted funds include those receipts, which are subject to specific restrictions imposed by donors, including grants towards specific conservation and improvement projects undertaken at the palaces.

e) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Group is entitled to the income, receipt is probable, and the amount can be quantified with reliable accuracy. The following specific policies apply to categories of income:

- **Grants** – include operating and project grants and contributions. Grants related to performance and specific deliverables, are accounted for as the Group earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before receipt, the income is accrued.
- **Donations** - include major gifts and appeals. Donations are recognised when received or on a receivable basis where receipt is probable and there is entitlement to the income.
- **Gifts in Kind** – where donated to the Group, are included at market value at the time of receipt.
- **Retail income** – relates to sales of goods, souvenirs and guidebooks. Income is recognised upon sale of the goods.
- **Functions and Events** – includes income from corporate and private events, weddings and events. It is accounted for in the month that the event is due to take place.
- **Licences, Rents & Recharges**– income is accounted for on a pro-rata basis over the period to which the income relates.
- **Sponsorship** – relates primarily to corporate sponsorship of exhibitions and education programmes. Income is accounted for evenly over the period of sponsorship.
- **Investments** - investment income is recorded in the period it is earned.
- **Admissions** – income is recognised upon visitor entry. Any donations on admissions (and related gift aid) are recognised at the point of sale.
- **Membership** - income that is attributable to visits that members make to HRP sites is deferred and released to the SOFA equally over the period to which the membership relates. The portion of life membership subscriptions deemed to be of the nature of a gift is recognised in full in the year in which it is received, with the remainder deferred and released to income in equal instalments over the average period over which the life membership is expected to be used. Gift Aid income resulting from membership is recognised at the point when the membership is sold.
- **Concessions** – concessions includes income from our cafés and restaurants and is accounted for in the period it relates.

f) Resources expended

All expenditure is accounted for on an accruals basis and is classified under the principal categories of 'Costs of raising funds' and 'Charitable activities'. The expenditure classifications comprise direct expenditure, including staff costs,

Notes to the Consolidated Accounts

for the year ended 31 March 2025

attributable to the activity. Support costs, which include functions such as Accounting, Payroll, Procurement, Information Systems and Governance Costs are allocated across the categories of costs of raising funds and expenditure on charitable activities. The basis of the cost allocation is explained in the Notes to the accounts.

g) Tangible fixed assets

Tangible fixed assets costing more than £5,000 are capitalised at a value net of VAT and included at cost and are not revalued. All expenditure on repairing and maintaining the original fabric of the buildings and on non-revenue generating improvements is written off in the year incurred. All improvements to the fabric of the buildings, with the aim of raising or increasing revenue, are capitalised. Assets purchased by or gifted to the Charity's predecessors prior to September 1989 have not been capitalised.

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their useful economic lives. The guidance on useful economic lives are as follows:

New buildings	20 - 50 years
Building refurbishments	10 - 20 years
Fixtures and fittings	3 - 10 years
Plant and machinery	5 - 20 years
Furniture and equipment	3 - 10 years
Exhibitions	3 - 10 years
Vehicles	3 - 5 years
Computer hardware	3 - 5 years

h) Heritage Assets

SORP 2019 defines heritage assets as assets of historical and artistic importance that are held to advance preservation, conservation and the educational objectives of the Charity. Those heritage assets acquired since September 1989 are reported in the balance sheet at cost or, in the case of donated assets, at an approximate valuation estimated by HRP's curators to be an appropriate market value at the time of acquisition. Such assets are not depreciated as they are deemed to have indeterminate lives and a high residual value. Regular impairment reviews of heritage assets are undertaken.

Those items that were purchased by or gifted to the Charity's predecessors prior to September 1989 have not been capitalised. These comprise the majority of the collection but trustees do not consider that relevant cost or valuation information can be obtained at a cost commensurate with the benefit to readers of the financial statements. This is because of the diverse nature of the assets held, the volume, and the lack of comparable market values.

Further information about HRP's collection of heritage assets is set out in the Notes

Notes to the Consolidated Accounts

for the year ended 31 March 2025

to the Accounts.

i) Investments, Short-term cash deposits and cash at hand & in bank

Investment income comprises interest receivable from cash at bank and liquid resources as well as income from investments held in a fixed income bond portfolio and multi-assets funds. All investments are held to provide investment returns. Dividend income is recognised on a receivable basis.

Fixed income investments are short-dated high credit rated bonds with fixed and determinable coupons. The bonds are retained with the intention and ability to be held to maturity. The bond portfolio is measured at fair value.

The investments in multi-asset funds are measured at market value each year.

Funds placed on money market deposits are short-term cash deposits of up to 18 months and are defined as liquid resources. All liquid resources are held in commercial banks with appropriate credit ratings, in line with HRP's investment policy at the time of contracting.

Funds held in cash or in current/premium accounts are defined as cash at bank and in hand. They represent the deposits and cash used to finance HRP on a day-to-day basis.

j) Investment in subsidiary

In the Charity's accounts, the investment in its subsidiary undertaking, HRPE Ltd, is stated at cost.

Historic Royal Palaces Inc. is a US-based private non-operating foundation. This is not consolidated into the Group accounts, as it is not controlled by the Charity.

k) Current assets & liabilities

Stock consists of purchased goods for resale. Stock is stated at the lower of cost and net realisable value. Cost of sales is determined on a weighted average cost basis and includes all costs of purchase such as associated transportation charges. Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

l) Financial instruments

HRP primarily carries financial instruments in the form of a concessionary loan from the Culture Recovery Fund initially recognised at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

HRP also has basic financial instruments in the form of cash, debtors and creditors at fair value, other than where a provision for specific doubtful debts has been

Notes to the Consolidated Accounts

for the year ended 31 March 2025

made. Since almost all of these are expected to be realised within one year, there is no material difference between fair value and historical cost. Fixed income investments are measured at fair value.

m) Leases

The Group has no finance leases. Costs relating to operating leases are charged in the Statement of Financial Activities over the life of the lease. Income from operating leases is recognised over the life of the lease.

n) Pensions

The Charity operates a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of HRP. From October 2002, the scheme was closed to new members and from April 2019, the scheme was closed to future accruals. The Charity has implemented the full reporting requirements of FRS 102: Employee Benefits in relation to the defined benefit scheme.

The present value of HRP's liability for its obligations and the fair value of the scheme assets are calculated by an independent actuary. The net asset or liability is recognised in the Balance Sheet and is treated as an unrestricted fund.

Changes in the net asset or liability during the period that result from employee service or interest on the net liability are recognised in the appropriate heading in the Consolidated Statement of Financial Activities in that period. Changes as a result of actuarial gains or losses are recognised in 'Other recognised gains or losses'.

A group personal pension scheme based on defined contributions was established for new members of established staff and staff on contracts exceeding 1 year with effect from October 2002. An additional group personal pension scheme based on defined contributions was set up for casual staff and staff on contracts of less than 1 year with effect from October 2013. The cost to HRP of both defined contribution schemes is the contributions due during the year, recognised on an accruals basis.

o) Taxation

As a charity, HRP is exempt from corporation tax under section 505 ICTA 1988. HRPE normally distributes its profits before tax by Gift Aid to the Charity to leave reserves at or close to nil. The amount gift aided in 2024/25 was £8,443,280 (£8,326,017 in 2023/24).

Admissions to the palaces administered by HRP are exempt from VAT under Schedule 9 of the VAT Act 1994. Due to this exemption, approximately 70.8% of VAT incurred by HRP is irrecoverable in 2024/25 (67.0% in 2023/24).

Notes to the Consolidated Accounts

for the year ended 31 March 2025

p) Provisions

Provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

q) Key judgements and estimates

The Group makes estimates and assumptions concerning the future which will impact the accounting estimates. The significant judgements and estimates made in preparing these accounts are disclosed throughout the document, and briefly outlined below:

- the useful economic lives of tangible and intangible assets are assessed regularly and amended when necessary, impacting the annual depreciation and amortisation charge for assets; the heritage assets valuation is reviewed annually for indicators of impairment.
- the retail stock valuation and associated provisioning is assessed throughout the year with consideration for condition and saleability.
- valuations for the bond and multi-asset portfolios rely on the estimates provided by the relevant investment managers.
- HRP has an obligation to pay pension benefits to the members of its defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on factors including the discount rate on corporate bonds, salary increases, life expectancy, inflation and asset valuations. Management estimates these factors in determining the net pension obligation in the balance sheet with the support from independent external actuaries. The recognition of any pension surplus or deficit in the accounts is a key judgement.
- Provisions include amounts for an onerous lease provision. The onerous lease provision is in relation to sub-let premises where the unavoidable costs of meeting obligations under the contract exceed the expected economic benefits. Key assumptions relate to usable space, and the opportunity cost of alternative storage space. It is assumed that 15,109 sq. ft of the space is usable for storage at a rate of £20.00 per sq. ft. An RPI value of 3.6% has been used in the provision calculation, which is the compound annual growth rate of RPI since 1987. The discount rate used is 5.33%, which is the rate for 30-year government bonds as at 31st March 2025.
- When assessing the going concern, several visitor forecast scenarios were used to inform projections for income, expenditure and cash-flows. Other key considerations included the liquidity of unrestricted funds and reserves, overdraft and borrowing facilities and all other forms of financial assistance available to the organisation.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

r) Going Concern

The trustees have considered all factors and risks that may influence the company within the next 12 months. These include continuing global conflicts and the international and domestic economic outlook. They have reviewed the organisation's resilience in the light of these in terms of income projects, measures to improve liquidity and risk mitigation actions.

Global outlook

According to the OECD June 2025 report, global GDP growth is projected to slow from 3.3% in 2024 to 2.9% this year and next year.

The slowdown is concentrated in the United States, Canada, Mexico, and China. GDP growth in the United States is projected to decline from 2.8% in 2024 to 1.6% in 2025 and 1.5% in 2026. In the euro area, growth is projected to strengthen modestly from 0.8% in 2024 to 1.0% in 2025 and 1.2% in 2026.

Domestic & Sector Outlook

Per the Office for Budget Responsibility's March 2025 economic & fiscal outlook, domestic output stagnated in the second half of 2024 and business and consumer confidence have trended lower.

The outlook has also become more uncertain with the two geopolitical risks of upward pressure on defence spending and a tightening of global trade restrictions.

CPI inflation is now forecast to rise from 2.5 per cent in 2024 to 3.2 per cent in 2025. Bank Rate is expected to fall from its current level of 4.5 per cent to 3.8 per cent from mid-2026 onwards.

International tourism recovered to 99% of pre-pandemic levels in 2024, per the UNWTO (World Tourism Organization). The latest UN Tourism Confidence Index shows positive prospects for 2025, although economic and geopolitical headwinds continue to challenge international tourism and confidence levels.

The March 2025 statement from the Association of Leading Visitor Attractions (ALVA) reported that the total number of visits to ALVA sites in 2024 was 157.2 million, which was a 3.4% increase on the previous year. However, there has been a slowdown in the sector in early 2025.

Organisation context

Income & Expenditure and cash flow projections are based on assumptions which support the 2024/25 operating budget. The assumptions have been agreed by the relevant managers and directors in charge of the revenue streams for HRP.

Overall assumptions have been reviewed by the Executive were approved by trustees at the February 2025 board meeting.

Performance will be scrutinised very closely through the quarterly forecasts and

Notes to the Consolidated Accounts

for the year ended 31 March 2025

significant deviation from our current income assumptions will be offset by imposing higher controls on expenditure.

Visitor assumptions

Visitor assumptions drive visit income and HRPE Ltd's retail income projections. The visit number target for 2025/26 is 4.437m, a slight increase on 2024/25 and 93% of the pre-Covid actual achieved in 2019/20.

The increase is primarily driven by an initiative at the Tower to attract more visitors in the cold shoulder months with promotional discounted ticket price offers. Kensington Palace visit numbers are also expected to increase slightly on current year forecast with the extension of 7 day opening across a larger part of the year. Hampton Court Palace numbers are expected to fall slightly due to maintenance works in the second half of the year which will impact both capacity and programming.

We will be reviewing these assumptions in the second half of 2025/26 in the light of global uncertainties and their impact on travel.

Liquidity, Borrowing

HRP is forecast to remain cash positive throughout 2025/26. This includes repayments for the Culture Recovery Loan, which started in 2025.

Risks and further actions

The Directors have identified the following mitigations against continuing and emerging risks and have further levers to call upon if needed:

Additional cost savings include: continuing to hold headcount vacancies; re-introducing payroll saving initiatives; removing discretionary operating expenditure currently phased in the latter part of the year; using periods of closure or working from home to rein in site costs including cleaning, heating, power etc.; deferring project expenditure if visit performance falls behind budget; and, generally, reviewing and restricting operating expenditure by monitoring committed versus non-committed expenditure throughout the year.

Summary

The trustees take comfort from the financial performance in 2024/25, year-to-date results since the beginning of 2025/26 and the organisation's future plans. They will be closely reviewing the impact of global events on our visitor numbers and income. However, the fact that the company's model has been successful and has historically generated profits also supports this opinion that the organisation will continue as a going concern.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

2. Historic Royal Palaces Enterprises Ltd

The Charity has one wholly owned trading subsidiary, Historic Royal Palaces Enterprises Limited (HRPE Ltd), with a paid-up share capital of £2. HRPE Ltd is incorporated in the UK (registration number 03418583). The principal activities of the company are retail, functions, and other events held at the palaces managed by the Charity. A summary of its trading results and its net assets is shown below. Audited accounts are filed with the Registrar of Companies.

Profit and loss account

	2025 £000	2024 £000
Turnover (other trading activities)	29,603	29,421
Cost of sales (costs of raising funds)	(6,139)	(6,620)
Gross profit	23,464	22,801
Administrative expenses	-15,147	(14,539)
Interest receivable	127	69
Profit on ordinary activities before taxation	8,444	8,331
Taxation	(1)	(5)
Total profit for the financial year	8,443	8,326
Amount distributable under Gift Aid to HRP	(8,443)	(8,326)
Retained in subsidiary	-	-

Balance Sheet as at 31 March 2025

	2025 £000	2024 £000
Stocks - goods for resale	2,203	2,247
Debtors	2,095	1,157
Cash	7,001	3,702
Current liabilities	(11,244)	(7,051)
Creditors due after more than one year	-	-
Net assets	55	55
Share capital and reserves	55	55

Notes to the Consolidated Accounts

for the year ended 31 March 2025

3. Grant Income

Total grant income of £3,045k (2023/24: £1,302k) includes funding of £461k from government bodies as follows (2023/24: £471k):

Grantor	Amount	Purpose
Arts & Humanities Research Council Fund	£405k	Henry VIII on Tour project, Riches Programme
Local Councils	£3k	Projects at Hillsborough
Heritage Lottery Fund	£53k	Tomorrow's Tower

4. Licence, rent & recharges income

Licence & rent income includes a range of activities which can be summarised as follows:

	2025 £000	2024 £000
Licences	2,379	2,504
Recovery of Costs	1,813	1,356
Rents	1,335	1,398
Other Income	175	163
Total licence & rent income	5,702	5,421

5. Admissions income

Admissions income includes visitor admissions, gift aid on admissions, car park, royal passes, etc. and can be broken down as follows:

	2025 £000	2024 £000
Tower of London	68,321	66,210
Hampton Court Palace	7,611	7,887
Kensington Palace	6,150	8,392
Hillsborough Castle	718	658
Other palaces	118	127
Education	1,113	1,044
Other admissions income	703	631
Total admissions income	84,734	84,949

Notes to the Consolidated Accounts

for the year ended 31 March 2025

6. Total funds (Group basis)

£23.4m has been transferred from free reserves to designated funds (£23.3m) and fixed assets (£0.1m).

Current Year Total Funds:	Funds as at 1 April 2024 £000	Incoming resources 2024/25 £000	Resources expended 2024/25 £000	Reval'n 2024/25 £000	Transfers between funds 2024/25 £000	Funds as at 31 March 2025 £000
<u>Unrestricted funds</u>						
General (Free)reserves	14,000	135,166	(105,804)	(7)	(23,355)	20,000
Designated funds	45,081	-	-	-	23,269	68,350
Fixed assets	31,699	-	-	-	86	31,785
Pension plan	6,558	322	-	324	-	7,204
Total	97,338	135,488	(105,804)	317	-	127,339
<u>Restricted funds</u>						
Donated assets	4,924	0	0	-	-	4,924
Hillsborough Castle & Gardens	298	80	(193)	-	-	185
Hampton Court Palace projects	779	39	(241)	-	-	577
Tower of London projects	330	1,310	(400)	-	-	1,240
Kensington Palace projects	30	150	(33)	-	-	147
Banqueting House project	439	275	(714)	-	-	(0)
AHRC-funded Research projects	34	651	(498)	-	-	187
Support for Heritage & re-opening	(1)	0	0	-	-	(1)
Other projects	268	603	(468)	-	-	403
Total	7,101	3,108	(2,547)	-	-	7,662
Total funds	104,439	138,596	(108,351)	317	-	135,001

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Prior Year Total Funds:	Funds as at 1 April 2023 £000	Incoming resources 2023/24 £000	Resources expended 2023/24 £000	Reval'n 2023/24 £000	Transfers between funds 2023/24 £000	Funds as at 31 March 2024 £000
<u>Unrestricted funds</u>						
General (Free)reserves	5,000	132,491	(89,618)	148	(34,021)	14,000
Designated funds	12,361	-	-	-	32,720	45,081
Fixed assets	30,398	-	-	-	1,301	31,699
Pension plan	7,276	353	-	(1,071)	-	6,558
Total	55,035	132,844	(89,618)	(923)	-	97,338
<u>Restricted funds</u>						
Donated assets	4,566	358	-	-	-	4,924
Hillsborough Castle & Gardens	241	486	(429)	-	-	298
Hampton Court Palace projects incl. <i>Field of the Cloth of Gold</i>	752	322	(295)	-	-	779
Tower of London projects incl. Tower Entry	276	104	(50)	-	-	330
Kensington Palace projects incl. Orangery Learning Centre and the Sunken Garden statue	45	35	(50)	-	-	30
Banqueting House project	661	-	(222)	-	-	439
AHRC-funded Research projects	-	268	(234)	-	-	34
Support for Heritage & re-opening	(1)	-	-	-	-	(1)
Other projects	292	322	(346)	-	-	268
Total	6,832	1,895	(1,626)	-	-	7,101
Total funds	61,867	134,739	(91,244)	(923)	-	104,439

- **Free reserves**

Part of the unrestricted funds that are not held as fixed assets or designated for other purposes. This is now higher than the pre-pandemic levels of free reserves, in order to ensure a greater level of resilience.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

- **Designated funds**

We designate funds from our general funds towards our ‘big moments’, major projects and strategic programmes. This consists of £27.8m for Redevelopments and Conservation projects, £22.5m for Infrastructure projects and £16.0m on other programmes including Digital and Sustainability, in addition to £2.1m to complete projects in 2025/26 that were underway in 2024/25.

Further details about the Designated funds are included on page 14 of the Finance Review.

- **Transfers between funds**

As set out in our Reserves policy in the Funds and Reserves section, a permanent designated fund is matched to fixed assets, as this cannot be quickly utilised to realise cash in the event of a cash requirement. Any excess above this is designated at trustees’ discretion.

- **Donated assets funds**

These refer to restricted heritage assets and donated items including work of art and artefacts (see Note 13 for more details).

Analysis of net assets between funds

Fund balances of the Group and Charity at 31 March 2025 are represented by:

	Unrestricted funds £000	Restricted funds £000	2025 £000	Unrestricted funds £000	Restricted funds £000	2024 £000
Intangible assets	1	-	1	2	-	2
Tangible assets	26,408	-	26,408	26,439	-	26,439
Heritage assets	5,378	4,924	10,302	5,259	4,924	10,183
Investments	2,266	-	2,266	2,298	-	2,298
Net current assets	126,014	2,738	128,752	101,530	2,177	103,707
Creditors > one year	(36,588)	-	(36,588)	(40,279)	-	(40,279)
Provisions	(3,344)	-	(3,344)	(4,469)	-	(4,469)
Pension Asset	7,204	-	7,204	6,558	-	6,558
Total net assets	127,339	7,662	135,001	97,338	7,101	104,439

Notes to the Consolidated Accounts

for the year ended 31 March 2025

7. Total expenditure (Group basis)

	Total direct costs £000	Allocation of support costs £000	Total 2025 £000	Total 2024 £000
Costs of raising funds:				
Fundraising	1,111	123	1,234	1,164
Retail activities	10,952	1,494	12,446	12,602
Investment management costs	2	-	2	5
Other commercial activities	3,314	368	3,682	3,534
Total	15,379	1,985	17,364	17,305

Expenditure on charitable objectives:

Palaces	33,171	3,151	36,322	25,518
Experiences:				
Public Access	25,308	3,334	28,642	24,273
Interpretation & Learning	15,421	1,793	17,214	16,716
Money – Organisational Growth	5,799	518	6,317	5,519
Culture	2,523	291	2,814	1,913
Total	82,222	9,087	91,309	73,939

Other:

Exceptional Items	-	-	-	-
Pension Finance/(Income) Costs	(322)	-	(322)	(353)

Total	97,279	11,072	108,351	90,891
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Resources expended include charges for:	Total 2025 £000	Total 2024 £000
Auditors' remuneration (<i>The auditors did not provide any non-audit services</i>):		
Audit - HRP	89	79
- HRPE	38	37
Operating lease charges	1,124	1,104
Stock recognised as an expense	6,022	6,282
Impairment of stock (included in cost of sales)	116	338
Depreciation charged on fixed assets:		
Tangible	2,825	2,247
Intangible	0	92
Corporation tax	1	5

Notes to the Consolidated Accounts

for the year ended 31 March 2025

8. Support costs (Group basis)

	Information Systems £000	Finance Department £000	Employee Services £000	Management Costs £000	Governance Costs £000	Total 2025 £000	Total 2024 £000
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Costs of raising funds:

Fundraising	72	16	4	22	9	123	123
Retail activities	593	612	30	186	73	1,494	1,578
Other commercial activities	176	108	9	53	22	368	385

Charitable expenditure:

Palaces	974	1,703	49	304	121	3,151	2,425
Experiences: Public access	1,682	831	85	528	208	3,334	2,855
Interpretation and learning	845	534	43	266	105	1,793	1,554
Money – Organisation Growth	154	290	8	47	19	518	492
Culture	143	78	7	45	18	291	187
Total	4,639	4,172	235	1,451	575	11,072	9,599

The basis of apportionment for support costs is staff headcount (see Note 10), except for the Finance Department which is based upon expenditure excluding payroll.

Governance Costs (included in Support costs) (*)	2025 £000	2024 £000
Internal and external audit	205	184
Trustee expenses and costs	20	9
Management costs	350	277
Total	575	470

(*) Trustees and the Chairman also attend sub- committees alongside staff of HRP. The costs associated with those meetings are included in the support costs.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

9. Remuneration of trustees

None of the trustees received any remuneration during the year in connection with services to the Charity or its subsidiary. Reimbursement of travel and subsistence expenses incurred by 8 trustees (2023/24: 3) whilst carrying out their responsibilities for the Charity totalled £11,497 (2023/24: £3,196) for the year ended 31 March 2025. Liability insurance for trustees is included as part of HRP's total insurance cost.

10. Staff numbers and costs (Charity only. HRPE Ltd has no employees)

None of the Trustees received any remuneration during the year in connection with services to the Charity or its subsidiary.

a) Average staff numbers

	2025 FTE	2024 FTE
Fundraising	13.1	13.7
Retail activities	108.0	112.5
Other Commercial Activities	32.0	35.7
Palaces	177.5	162.9
Experiences:		
Public Access	306.7	269.4
Interpretation and Learning	154.1	134.7
Money – organisational growth	28.0	28.3
Culture	26.1	16.6
Support functions	64.6	59.1
Total	910.1	832.9

b) Staff costs

	2025 £000	2024 £000
Wages and salaries	37,259	31,278
Loss of office	21	52
Severance & ex gratia payments	26	74
Social security costs	3,861	3,078
Pension costs	5,170	4,271
Total	46,337	38,753
Agency staff	878	842
Total	47,215	39,595

FTE increased by 9.3% year on year.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

c) Pay bands

Excluding the Chief Executive, there were 91 staff during the year earning in excess of £60,000 (2023/24: 62). None were in the defined benefit scheme closed to accruals since 1 April 2019 (2023/24: -). All 91 were in the defined contribution scheme (2023/24: 62) where the employer contributions were £ 1,669,204 (2023/24: £1,033,461). This includes a compensation payment to those who were in the defined benefit scheme when it closed.

The number of employees, excluding the Chief Executive, whose total remuneration, including bonuses and staff benefits, but excluding employer's pension contributions, was over £60k was as follows:

	2025 No. of Staff	2024 No. of Staff
£60,001 to £70,000	44	23
£70,001 to £80,000	14	15
£80,001 to £90,000	22	15
£90,001 to £100,000	3	-
£100,001 to £110,000	0	-
£110,001 to £120,000	0	1
£120,001 to £130,000	1	3
£130,001 to £140,000	3	4
£140,001 to £150,000	3	-
£150,001 to £160,000	0	1
£160,001 to £170,000	1	-
Total	91	62

The remuneration of the Chief Executive in 2024/25 was £196,136 (2023/24: £188,854) with employer pension contributions of £59,718 (2023/24: £23,760*) and staff benefits of £1,115 (2023/24: £1,049).

Excluding the Chief Executive, the total remuneration to the Executive Board was £1,121,788 (2023/24: £1,058,481) with employer pension contributions of £369,500 (2023/24: £308,434) and staff benefits of £7,135 (2023/24: £6,721).

*Figure has been restated to remove double-counting of bonus in 2023/24.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

11. Retirement benefits (Group & Charity)

a) Historic Royal Palaces Pension Scheme

HRP operates a defined benefit scheme in the UK. The scheme is closed to new entrants and was closed to future accrual from 31 March 2019. This is a separate trustee administered fund holding the pension scheme assets to meet long-term pension liabilities.

The most recent full triennial actuarial valuation was carried out at 31 March 2024 and showed a surplus of £3.8m, which includes an allowance for the scheme assets to meet the expenses of running the scheme. Therefore, no contributions are required from the Charity and scheme expenses will be paid from the scheme assets. A new schedule of contributions came into force on 26 March 2025 which confirms that, excepting PPF levies and insurance premia, future expenses will be paid by the Scheme. The funding position will be revisited at the next triennial valuation as at 31 March 2027.

A qualified actuary, independent of the scheme's sponsoring employer, updated to 31 March 2025 the annual accounting valuation required under Section 28 of FRS 102. The major assumptions used by the actuary are shown below. The basis of apportionment for pension expense costs is payroll costs.

Present values of defined benefit obligation, fair value of assets and defined benefit asset/ (liability):

	31/03/2025 £000	31/03/2024 £000	31/03/2023 £000
Fair value of plan assets	66,019	72,955	74,869
Present value of defined benefit obligation	58,815	66,397	67,593
Surplus / (Deficit) in plan	7,204	6,558	7,276
Defined benefit asset/(liability) to be recognised	7,204	6,558	7,276

A note on pension valuations

Two valuations are included in the notes to the accounts. They use different assumptions and are at different points in time.

Actuaries employed by HRP undertake a triennial valuation based on a set of prudent assumptions determining how much future funding the scheme may require. The last valuation was at 31 March 2024 and showed a surplus of £3.8m.

Each year, the scheme is valued at fair value under accounting standard FRS102 using 'best estimate' assumptions. As at 31 March 2025, this year's valuation produced a surplus of £7.2m (2022/23: £6.6m). As the charity is entitled under the scheme rules to net refunds at least equivalent to the amount of the asset recognised, it is this figure that is shown in the accounts. This is in line with interpretation statement IFRIC 14.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Given the significant increase in gilt market-implied RPI price inflation in 2021/22 year and evidence from the Government Actuary's Department (September 2021) and the Bank Of England (November 2021), the scheme actuary recommended introducing an inflation risk premium adjustment 0.2% p.a. in 2021/22 to reduce any potential market distortion. This remained in place for 2024/25.

Reconciliation of opening and closing balances of the defined benefit obligation:

	Period Ending 31/03/2025 £000	Period Ending 31/03/2024 £000
Defined benefit obligation at start of period	66,397	67,593
Interest expense	3,176	3,212
Benefit payments from plan assets	(3,154)	(2,733)
Actuarial losses / (gains):		
- Changes in assumptions	(8,354)	(2,276)
- Changes in experience	750	601
Defined benefit obligation at end of period	58,815	66,397

Reconciliation of opening and closing balances of the fair value of plan assets:

	Period Ending 31/03/2025 £000	Period Ending 31/03/2024 £000
Fair value of scheme assets at start of period	72,955	74,869
Interest income	3,498	3,565
Actuarial (losses)/ gains	(7,280)	(2,746)
Contributions by the employer	-	-
Benefits paid	(3,154)	(2,733)
Expenses	-	-
Fair value of plan assets at end of period	66,019	72,955

The actual return on the plan assets over the period ended 31 March 2025 was a loss of £7,280k (£2,746k loss in 2023/24).

Given the closed position of the Scheme, a high proportion of the assets have been chosen to be invested in bonds with the expectation that their characteristics will match, and to that extent provide a hedge against, the liabilities. In 2024, the increase in discount rates for corporate bonds caused a reduction in the value of the assets and a corresponding fall in the value of the Scheme liabilities.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Defined benefit cost recognised in Statement of Financial Activities (SOFA):

	Period Ending 31/03/2025 £000	Period Ending 31/03/2024 £000
Expenses	-	-
Net Interest cost/(income)	(322)	(353)
Total expense recognised in SOFA	(322)	(353)

Defined benefit costs recognised in other comprehensive income:

	Period Ending 31/03/2025 £000	Period Ending 31/03/2024 £000
Return on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(7,280)	(2,746)
Experience gains and losses arising on the plan liabilities – gain / (loss)	(750)	(601)
Net effects of changes in the demographic and financial assumptions	8,354	2,276
Total amount recognised in other comprehensive income – gain/(loss)	324	(1,071)

Assets	31/03/2025 £000	31/03/2024 £000	31/03/2023 £000
Equities	8,216	15,194	27,843
Debt instruments	55,465	44,909	34,684
Property	-	-	10,846
Cash	2,056	11,903	1,496
Other	282	949	-
Total assets	66,019	72,955	74,869

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Assumptions	31/03/2025 % per annum	31/03/2024 % per annum	31/03/2023 % per annum
Discount Rate	5.80%	4.90%	4.85%
Inflation (RPI)	3.15%	3.20%	3.25%
Inflation (CPI)	2.75%	2.70%	2.65%
Salary growth	2.75%	2.70%	2.65%
Allowance for:			
Revaluation of deferred pensions of CPI or 5% p.a. if less	2.75%	2.70%	2.65%

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.50%	2.50%	2.50%
Pension in payment increases of RPI or 5% p.a. if less	3.00%	3.00%	3.00%
Pension in payment increases of RPI or 3% p.a. if less	2.30%	2.30%	2.30%
Pension in payment increases of RPI	3.25%	3.30%	3.35%
Commutation of pension for cash at retirement	70% of Post A Day	70% of Post A Day	70% of Post A Day

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies at age 60 years:

	31/03/2025	31/03/2024	31/03/2023
Male currently aged 60	25.2	26.0	26.5
Male currently aged 40	26.8	27.6	28
Female currently aged 60	28.1	28.2	28.5
Female currently aged 40	29.7	29.8	30

The Virgin Media Ltd verses NTL Pension Trustees II decision, handed down by the High Court in June 2023, considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out scheme cannot be altered unless the actuary confirmed that the scheme would continue to satisfy the statutory standards.

The Scheme was contracted out and the trustees, based on the current facts and circumstances around this case, do not believe there is a material risk of an impact on the scheme funding and will continue to work with their advisers as case law evolves.

b) Defined Contribution Schemes

A group personal pension scheme based on defined contributions was set up for new members of established staff and staff on contracts exceeding one year with effect from October 2002. The cost for the year was £ 5,325,414 (2023/24: £4,039,095), with no outstanding contributions at the balance sheet date. The cost forms part of staff costs that as stated in note 1(f) are classed as direct expenditure attributable to the activity and are all from unrestricted funds.

An additional group personal pension scheme based on defined contributions was set up for casual staff and staff on contracts of less than 1 year with effect from October 2013, to meet pension auto-enrolment requirements. The cost for the year was £57,992 (2023/24: £65,784), with no outstanding contributions at the balance sheet date.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

12. Tangible fixed assets (Group & Charity)

	Buildings & refurbishm ents	Fixtures & fittings	Furniture, equipment & exhibitions	Computers	Plant, machinery & vehicles	Assets in course of construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2024	33,159	11,431	3,870	784	5,859	695	55,798
Additions	-	1,559	368	-	534	361	2,822
Disposals	-	(232)	(71)	(6)	(131)	-	(440)
Transfers to Heritage assets	-	-	-	-	-	(27)	(27)
Transfers within Tangible fixed assets	51	600	197	-	29	(876)	1
At 31 March 2025	33,210	13,358	4,364	778	6,291	153	58,154
Accumulated depreciation							
At 1 April 2024	15,165	5,450	2,840	657	5,247	-	29,359
Charge for the year	1,323	1,017	193	43	251	-	2,827
Disposals	-	(232)	(71)	(6)	(131)	-	(440)
At 31 March 2025	16,488	6,235	2,962	694	5,367	-	31,746
Net book value							
At 31 March 2025	16,722	7,123	1,402	84	924	153	26,408
At 31 March 2024	17,994	5,981	1,030	127	612	695	26,439

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Use of Fixed Assets

The net book value as at 31 March 2025 represents fixed assets used for:

Fundraising	-	-	-	-	-	-	-
Retail activities	362	185	-	2	43	-	592
Other commercial activities	-	1	7	1	-	-	9
Charitable expenditure:							
Palaces	9,770	1,892	1,285	38	507	128	13,620
Experiences							
Public access	1,025	35	46	39	361	-	1,506
Interpretation and learning	5,565	5,010	64	3	13	25	10,680
Money – Grow our impact	-	-	-	1	-	-	1
Culture	-	-	-	-	-	-	-
At 31 March 2025	16,722	7,123	1,402	84	924	153	26,408

Notes to the Consolidated Accounts

for the year ended 31 March 2025

13. Heritage assets (Group & Charity)

Cost and net book value	Artefacts 2025 £000	No.	Artefacts 2024 £000	No.	Artefacts 2023 £000	Artefacts 2022 £000	Artefacts 2021 £000
Balance as at 1 April	10,183	469	9,806	463	9,601	9,173	9,156
Additions, at cost	119	8	1	1	159	42	17
Transfers from assets in the course of construction	-	-	18	3	-	303	-
Disposals	-	-	-	-	-	-	-
Donated works, at deemed value			358	2	46	83	-
Balance as at 31 March	10,302	477	10,183	469	9,806	9,601	9,173
Made up of: Interpretation and learning	10,302	477	10,183	469	9,806	9,601	9,173

There were three significant additions to Heritage Assets in the year, valued at £82,110.

A bridesmaid's dress from the 1947 wedding of Princess Elizabeth (HM Queen Elizabeth II), designed by Sir Norman Hartnell, which was acquired via auction purchase at £39,360. This purchase was funded by Art Fund (Registered Charity Number 209174), the ACE/V&A Purchase Grant Fund, and the William Brake Foundation (Registered Charity Number 1023244).

Three pieces of clothing worn by Queen Victoria, including a tartan skirt, silk peignoir (dressing gown) and embroidered cotton underdress, which were purchased together at £30,000.

Finally, two miniature almanacs given by Queen Charlotte to Anne Dundas Viscountess Melville (Lady of the Bedchamber 1813-1818), and a spinning wheel given by Queen Charlotte to Mary Marchioness of Buckingham, were purchased with other items, totalling £12,750.

a) Further information on HRP's collections of heritage assets

The palaces are not owned by HRP, but by HM The King on behalf of the nation. Expenditure on their conservation is recognised in the Statement of Financial Activities when it is incurred.

Notes to the Consolidated Accounts

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The main categories of accessioned heritage assets, including those shown on the balance sheet, are:

- The Royal Ceremonial Dress Collection (c10,000 accessioned items), an important Designated collection of largely British royal and court ceremonial dress, established at Kensington Palace in 1984;
- The general collection (c9,000 accessioned items), consisting of paintings, drawings, prints, furniture, sculpture, furnishing textiles, decorative arts and social history objects, chiefly displayed as part of the historic furnished interiors at the palaces;
- Architectural drawings archive (c22,000 accessioned items), containing both modern and historic drawings and copies.
- Architectural and archaeological materials salvaged or excavated from the palaces. These are primarily used as a research archive. (c10,000 accessioned items).

HRP also displays items on short and long-term loan. In particular:

- The majority of the important works of art displayed “at home” at our palaces and stored form part of the Royal Collection, owned by HM The King on behalf of the nation and administered by the Royal Collection Trust (c8,000 items);
- The displays of arms, armour and related material at the Tower of London belong to the Royal Armouries (c 900 items).
- The artwork collection and other items on display at Hillsborough Castle (c1,500 items).
- Collection of jewellery associated with Queen Victoria from a private owner on display at Kensington Palace

Our collections remain on public display whenever possible. Storage is normally limited to items providing a research resource, unsuitable for display for conservation reasons or archaeological finds. We loan historic objects from our collections to public exhibitions and museum/ gallery displays.

The priority for acquisition or long-term loan of heritage assets is to enhance and explain the palaces and the people who populated them with relevant objects. Acquisitions are made by purchase or donation, taking into account our Collections Development Policy. Significant acquisitions require trustee approval and activity is driven by our Acquisition Strategy with priority given to items that meet multiple criteria as detailed in our Collections Development Policy.

Exceptionally, the trustees will approve the disposal of objects for curatorial reasons but not disposal motivated by financial reasons. The principle of retaining disposed items in public ownership is preferred. Any proceeds of sale are applied for the benefit of the collections. Any disposals are processed in accordance with our Collections Development Policy.

b) Heritage assets of particular importance

The most significant heritage asset shown on the balance sheet is the van Dyck portrait of Princess Mary, received as a donation from the Museums Libraries and Archives Council in 2008/09 and valued at acquisition at £1.5m.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Of particular significance and not shown on the balance sheet is the only surviving in-situ ceiling painting by Peter Paul Rubens, at the Banqueting House, installed in 1636.

We display and provide day-to-day care for the Crown Jewels in the Tower of London. Like the palaces themselves, the Crown Jewels are owned by HM The King in right of Crown.

c) Management and Conservation

HRP maintains a register of heritage assets, which includes records of ownership, conservation status and location. The conservation and curatorial teams manage the collections, including loan items, in accordance with the policies approved by trustees. These teams report to the Palaces & Collections Director.

The long-term conservation requirements of the collections are identified and prioritised by HRP's conservators through a programme of condition audits and detailed in our Conservation and Collections Care Policy and State of the Interior Estate programme.

14. Investments

HRP held £2.3m (2023/24: £2.3m) in Fixed Asset Investments as at 31st March 2025. These investments fall into three main vehicles, the movement on each is shown in the tables below:

Bond Portfolio	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Balance as at 1 April	1,141	1,141	2,106	2,106
Effective interest earned	15	15	-	-
Interest coupons received	(42)	(42)	-	-
Bonds purchased	-	-	-	-
Bonds redeemed		0	(985)	(985)
Gain / (Loss) on valuation	38	38	20	20
Balance as at 31 March	1,152	1,152	1,141	1,141

These consist of short dated, investment grade, sterling, fixed income securities. The bond portfolio is intended to be held to maturity.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Ethical Investment Fund	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Balance as at 1 April	442	442	402	402
Units disposed of	-	-	-	-
Gain / (Loss) on revaluation	(19)	(19)	40	40
Balance as at 31 March	423	423	442	442

This is a diversified multi-asset fund with ethical and responsible investment standards. It consists of global and UK equities, with a proportion allocated to infrastructure & operating assets, property and cash.

Multi-Asset Investment Fund	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Balance as at 1 April	715	715	627	627
Units disposed of	-	-	-	-
Gain / (Loss) on revaluation	(26)	(26)	88	88
Balance as at 31 March	689	689	715	715

This is a balanced mixed asset fund with a focus on funds that contribute to society or the environment. It includes global and UK growth equity funds, with a proportion allocated to corporate bonds, gilts, and cash.

Notes to the Consolidated Accounts

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15. Debtors

	Group 2025 £000	Charity 2025 £000	Group 2024 £000 Restated*	Charity 2024 £000 Restated*
Trade debtors	2,657	1,945	3,536	2,829
Amounts due from subsidiary	0	7,985	-	4,536
Other debtors	236	236	99	99
Prepayments and accrued income	8,977	7,596	6,066	5,616
Total	11,870	17,762	9,701	13,080

*Other debtors have been restated to remove amounts which relate to the subsequent financial year and where there was a corresponding deferred income balance.

All of the above debtors are due within one year.

In 2021/22, HRP Audit & Risk Assurance Committee Trustees approved a long-term update in the service charge calculation to better reflect changes in the structure of the organisation.

The changes implemented from 2021/22 are as follows:

- The payroll recharge is now broken into two parts: a direct re-charge for dedicated trading. An apportioned charge for the pool of 'mixed' trading/charity staff, where roles cover both retail and admissions in Palaces Group. The apportionment is based on the respective income generated by Admissions and Retail activity.
- The facility recharge now reflects a simple new mechanism to allocate a 'fair' portion of shared accommodation and support costs to HRPE. It is based on a percentage of turnover scale.

Turnover	Facility charge %
Less than £5m	10%
£5m to £10m	15%
£10m - £20m	18%
£20m +	21%

Notes to the Consolidated Accounts

for the year ended 31 March 2025

16. Creditors: amounts falling due within one year

	Group 2025 £000	Charity 2025 £000	Group 2024 £000 Restated*	Charity 2024 £000 Restated*
Trade creditors	2,879	2,622	1,177	1,150
Amounts drawn down on the Culture Recovery Fund Loan Facility	4,536	4,536	2,268	2,268
Taxation and social security	1,174	1,024	949	859
Other creditors	1,008	1,010	917	886
Accruals	7,897	7,303	7,513	6,780
Deferred income	8,859	6,602	7,670	6,036
Total	26,353	23,097	20,494	17,979

*Deferred income has been restated to remove amounts where income had not been received in the year and there was a corresponding debtor balance.

Accruals include accrued annual leave of £1.5m (2023/24: £1.3m).

Deferred Income

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Balance at the beginning of the year	7,670	6,036	8,658	7,604
Amount released to income in year	(7,450)	(5,858)	(8,548)	(7,504)
Amount deferred in year	8,639	6,424	7,560	5,936
Balance at the end of the year	8,859	6,602	7,670	6,036

Deferred Income comprises advance visitor bookings, rent, membership income and function and event deposits.

17. Creditors: amounts falling due after more than one year

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Trade creditors	6	6	20	20
Amounts drawn down on the Culture Recovery Fund Loan Facility	36,582	36,582	40,259	40,259
Total	36,588	36,588	40,279	40,279

In 2020/21, HRP was awarded a £40m repayable loan from the Culture Recovery Fund for Heritage jointly managed by the Arts Council England (ACE) and the National Lottery Heritage Fund (NLHF). This was part of the £1.57 billion rescue package announced by the DCMS to safeguard cultural and heritage organisations

Notes to the Consolidated Accounts

for the year ended 31 March 2025

across the UK from the economic impact of COVID-19. The loan attracts a 2% interest rate which accrues from its March 2021 receipt. After a four-year repayment holiday, the loan must be repaid in 21 equal repayment instalments (from March 2025) over a ten- year period and by March 2035.

18.Provisions for liabilities and charges

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Balance as at 1 April	4,469	4,469	3,132	3,132
Amounts used in year (HRPPS pension)	(420)	(420)	(455)	(455)
Amounts reversed in year (Onerous Lease)	(705)	(705)	(377)	(377)
New provisions in year due within 1 year	-	-	477	477
New provisions in year due after 1 year	-	-	1,692	1,692
Balance as at 31 March	3,344	3,344	4,469	4,469

The provision includes £3.34m for an onerous lease provision (2023/24: £4.05m) and £nil for pension scheme closure compensation payments (2023/24: £420k).

The calculation of the onerous lease provision takes into account the unavoidable costs of meeting the obligations under the contract of £17.4m (2023/24: £21.6m), and the expected economic benefits of £14.0m (2023/24: £17.6m), discounted to present value.

A number of key assumptions included in the calculation have been based on information available from external surveyors, historical trends, and projections available at this present time.

The key assumptions included in the calculation of the expected economic benefit relate to usable space, and the “opportunity cost” of alternative storage space. It is assumed that 15,109 sq. ft of the space is usable for storage. A 5% variance in the assumption has an impact on the provision of £626k.

The rents for alternative local storage spaces vary between £17.50 - £30 per sq. ft. An opportunity cost of £20.00 per sq. ft. has been assumed in the calculation. If the low end of this range is used, the provision increases by £1.6m.

Per the lease, rent increases in line with RPI. Service charge and insurance are assumed to do the same. An RPI value of 3.6% has been used in the provision calculation, which is the compound annual growth rate of RPI since 1987 (2023/24: 3.6%). An increase in RPI of 0.5% would increase the provision by £328k. A decrease of 0.5% would decrease the provision by £271k.

The discount rate used is 5.33%, which is the rate for 30-year government bonds as at 31st March 2025 (2023/24: 4.47%). This is deemed the most appropriate rate as it is

Notes to the Consolidated Accounts

for the year ended 31 March 2025

the opportunity cost from investment income foregone. An increase of 0.5% would decrease the provision by £322k. A decrease of 0.5% would increase the provision by £399k.

19. Financial commitments under operating leases

The Group and Charity had the following future minimum lease payments under non-cancellable operating leases (with landlord-only break clause) for each of the following periods:

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
< 1 year	1,124	912	1,104	893
Between 2 -5 years	4,070	3,222	4,243	3,396
> 5 years	33,760	33,760	40,134	39,922
Total payable	38,954	37,894	45,481	44,211

An onerous lease provision has been made in respect of a lease for the period to 2028 (refer to Note 18).

20. Operating lease receipts

The Group and Charity had the following future minimum rental income under non-cancellable operating leases for each of the following periods:

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
< 1 year	353	273	301	252
Between 2 -5 years	755	563	714	714
> 5 years	-	-	-	-
Total receivable	1,108	836	1,015	966

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21. Capital commitments

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Contracted capital commitments as at 31 March 2025, for which no provision has been made in the accounts:	886	886	41	41

Commitments include no amount (2024: nil) relating to projects funded by donations from third parties.

22. Contingent liabilities

Either HRP or the Secretary of State may give one year's notice of termination of the contract to manage the palaces. Upon termination, a calculated net asset value would revert to the Secretary of State, being the lower of the value of the net assets transfer of £7.795m on 1 April 1998 (indexed for inflation and as revised for material changes in accounting policy) or the value of the equivalent assets held at the date of termination of the contract.

23. The summary financial performance of the charity alone

	Unrestricted funds £000	Restricted funds £000	Total 2025 £000	Total 2024 £000
INCOME				
Donations and legacies:				
Grants	55	2,990	3,045	1,302
Donations	680	-	680	1,015
Gifts in Kind	3	118	121	358
	738	3,108	3,846	2,675
Income from other trading activities:				
Functions and events	647	-	647	389
Licences, rent & recharges	3,683	-	3,683	3,330
	4,330	-	4,330	3,719
Income from investments:	6,142	-	6,142	4,831
Income from charitable activities:				
Admissions	84,734	-	84,734	84,949
Memberships	6,385	-	6,385	5,565
Concessions	3,284	-	3,284	3,013

Notes to the Consolidated Accounts

for the year ended 31 March 2025

	94,403	-	94,403	93,527
Other Income:				
Gift aid distributed from HRPE	8,443	-	8,443	8,326
Service charge from HRPE	12,624	-	12,624	12,067
Total Income	126,680	3,108	129,788	125,145
EXPENDITURE				
Costs of raising funds:				
Fundraising	1,240	-	1,240	1,157
Retail activities	4,003	-	4,003	3,439
Investment management costs	2	-	2	5
Other commercial activities	2,104	-	2,104	2,213
	7,349	-	7,349	6,814
Expenditure on charitable activities:				
Palaces	35,527	1,401	36,928	26,046
Experiences:				
Public access	28,764	165	28,929	24,614
Interpretation and learning	16,438	961	17,399	16,946
Money – Organisational Growth	6,415	5	6,420	5,645
Culture	2,826	15	2,841	1,938
	89,970	2,547	92,517	75,189
Defined Pension scheme net interest cost	(322)	-	(322)	(353)
Total Expenditure	96,997	2,547	99,544	81,650
Net (losses)/gains on investments	(7)	-	(7)	148
Net Income / (Expenditure)	29,676	561	30,237	43,643
Actuarial (loss)/gain on pension plan	324	-	324	(1,071)
Net movement in funds	30,000	561	30,561	42,572
Fund balances brought forward at 1 April	97,283	7,101	104,384	61,812
Fund balances carried forward at 31 March	127,283	7,662	134,945	104,384

Notes to the Consolidated Accounts

for the year ended 31 March 2025

24. Related party transactions

This note lists material transactions with other entities in which either trustees or senior employees of HRP or their close family members hold positions of authority. It also details all transactions with trustees, except remuneration of trustees covered in Note 9 and donations made by them, nil in 2024/25, (2023/24: nil).

The Palaces and much of their contents are held by HM The King in right of Crown. These contents are the responsibility of The Royal Collection Trust.

HRP is contracted by the Secretary of State to manage the five London palaces on her behalf. This contract has been re-authorised until 31 March 2028.

The contribution to the Charity's funds by its wholly owned subsidiary, Historic Royal Palaces Enterprises Limited is disclosed in Note 2.

The figures in brackets represent the amounts due at the balance sheet date.

Related party	Connected party (a)	2025 £000	2024 £000	Detail of transaction
Association des Residences Royales Europeennes (ARRE)	John Barnes (Chief Executive of HRP) is a member of ARRE on behalf of HRP	- (nil)	9 (nil)	Charges made to HRP by the Association for HRP's annual membership
The Attingham Trust	Tim Knox (trustee of HRP) is a Member of Council at The Attingham Trust	- (nil)	9 (nil)	Charges made to HRP for services in relation to a summer school
The Choral Foundation, Chapel Royal, Hampton Court Palace	Jane Crowther (Director of HRP) is a trustee of The Choral Foundation	7 (nil)	4 (nil)	Charges for choral services and recitals made by the Choral Foundation to HRP

Notes to the Consolidated Accounts

for the year ended 31 March 2025

The Foundation of the Chapels Royal of HM Tower of London	General Sir Gordon Messenger (trustee of HRP) is Chair & Andrew Jackson (Director of HRP) is a trustee of the Foundation	13 (nil)	7 (nil)	Charges made by the Foundation to HRP for choral services at HM Tower of London
Historic Royal Palaces Inc. (HRP Inc.) (b)	John Barnes (Chief Executive of HRP) is President of HRP Inc., Antonia Newman (Director of HRP) and Anupam Ganguli (Finance Director of HRP) are respectively director and treasurer of HRP Inc.	25 (nil)	- (nil)	Grants received by HRP from HRP Inc. for Kensington Palace Dress Codes exhibition
		63 (nil)	8 (nil)	Grants received by HRP from HRP Inc. for Tower of London projects
		8 (nil)	167 (79)	Grants received to support Hillsborough Castle Schools and Communities and Wild about Wellbeing projects
		25 (nil)	81 (43)	Grants received by HRP from HRP Inc. for general purposes
The Privy Purse Charitable Trust	James Chalmers (trustee of HRP) is a trustee of the Trust	67 (27)	- (nil)	Charges made by HRP to PPCT for share of staff costs
Royal Armouries (RA)	Lord Houghton (was a trustee of HRP from August 2016 until July 2022) is a trustee of RA General Sir Gordon Messenger (trustee of HRP from Aug 2022) is a trustee of RA	425 (449)	327 (424)	Charges made by RA to HRP & HRPE for goods and services provided at HM Tower of London
		6 (nil)	9 (nil)	Recovery of costs from RA for goods, services and maintenance provided by HRP at HM Tower of London

Notes to the Consolidated Accounts

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Royal Household (RH)	James Chalmers (trustee of HRP) is Keeper of the Privy Purse and Receiver General of the Duchy of Lancaster	49 (14)	82 (20)	Charges made by RH to HRP for rent and services provided at Kensington Palace & vetting clearance costs
		3 (nil)	3 (nil)	Charges made by HRP and HRPE to RH for share of staff costs and grazing licence
Royal Collection Trust (RCT), and Royal Collection Enterprises Limited (RCEL), which is a wholly owned subsidiary of RCT	James Chalmers (trustee of HRP) is Keeper of the Privy Purse	- (nil)	1 (nil)	Charges made by RCEL to HRP and HRPE for the right to produce images of Royal Collection items and for the purchase of goods for resale.
	Tim Knox (trustee of HRP) is a Director of RCEL and Director of the Royal Collection at RCT	57 (nil)	54 (nil)	Recovery by RCT from HRP of a proportion of the costs of maintaining and recording Royal Collection and other items displayed in the palaces, and from HRPE for the purchase of goods for resale
Todd Longstaffe-Gowan Ltd	Tim Knox (trustee of HRP) is a director at Todd Longstaffe-Gowan Ltd	21 (nil)	20 (nil)	Charges made by Todd Longstaffe-Gowan Ltd to HRP for garden design

- (a) Copies of the trustees' register of interests and their biographical details are available from the Head of Governance, Apartment 39, Hampton Court Palace, Surrey KT8 9AU.
- (b) Historic Royal Palaces, Inc. is an entity independent of Historic Royal Palaces. Whilst its object is to support the work of Historic Royal Palaces, how this is expressed is the responsibility of the Board alone. This independence is required to maintain US charity status. Current arrangements, in which Historic Royal Palaces' staff have a seat ex-officio on the Board (Antonia Newman) and fill the officer posts of the US charity (John Barnes as President, Anupam Ganguli, Finance Director as Treasurer, Lydia Lawrence, Patrons and Philanthropy Officer as Secretary), provide sufficient communication and co-operation with the Board whilst retaining the US charity's independence.

25. Financial instruments

Disclosure is required of the role financial instruments have played during the year in creating or changing the risks HRP faces in undertaking its activities.

Notes to the Consolidated Accounts

for the year ended 31 March 2025

Liquidity and Credit Risk

Long-term liquidity was secured by the receipt of a £40m long-term repayable finance loan from the CRF fund in March 2021. Surplus funds are held on short-term fixed interest rate deposits with institutions with low credit risk ratings. Risks relating to interest rates are managed by budgeting conservatively for investment income. HRP has no finance leases.

Since most income was generated from donations, grants, and visitors to the Palaces, most of HRP's income was received as cash.

HRP is exposed to a credit risk of £2.7m trade debtors (2023/24: £3.5m). The risk is not considered significant since major customers are known to HRP or are required to pay for services in advance. We have made provisions against bad debts where applicable.

HRP has no overdraft facility.

Market risk

HRP is subject to market risk in that the defined benefit pension fund holds investments.

HRP is subject to credit and market risk in its investment portfolio (Note 14). These risks are mitigated by investing only in investment grade bonds and by using a professional investment manager.

HRP is not subject to any significant foreign currency risk.

26. Post balance sheet events

There have been no significant events after 31 March 2025 that require adjustment to, or disclosure in the financial statements.

The financial statements were approved by the Accounting Officer and Trustees and authorised for issue on the date the Comptroller and Auditor General signed the independent auditor's report.

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