



The Bishop's Palace

WELLS • SOMERSET

THE PALACE TRUST, A COMPANY LIMITED BY GUARANTEE

COMPANY NO. 09404519

REGISTERED CHARITY NO. 1160830 (ENGLAND & WALES)

CHARITY & GROUP CONSOLIDATED FINANCIAL STATEMENTS WITH

GROUP ANNUAL DIRECTORS REPORT

YEAR ENDED 31 DECEMBER 2020

THE PALACE TRUST

CHARITY & GROUP CONSOLIDATED FINANCIAL STATEMENTS WITH GROUP ANNUAL DIRECTORS REPORT

YEAR ENDED 31 DECEMBER 2020

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THE PALACE TRUST

REFERENCE & ADMINISTRATIVE INFORMATION

YEAR ENDED 31 DECEMBER 2020

Chair *Rear Admiral D Wood*

Vice Chair *Mr P Stickland*

Trustees/Directors

Mr M Blandford
Ms M Boylan
Dr K Brown (resigned 14 February 2021)
Very Revd Dr J Davies
Mr N Denison
Lady E Gass
Ms R Gofton (resigned 15 October 2020)
Rt Revd P Hancock (resigned 12 May 2021)
Mr Michael Minta (appointed 18 February 2021)
Ms G Nayler (resigned 15 October 2020)
Mrs N Nuttall (resigned 15 October 2020)
Mr B Roberts-Wray
Mr P Stickland
Mrs J Wills (appointed 3 March 2020)
Ms N Watts (From 27 April 2020 to 15 October 2020)
Rear Admiral D Wood

Company No. *09404519*

Charity Registered Number *1160830*

Registered Office *The Bishop's Palace*
Wells
Somerset
BA5 2PD

Company Secretary *Mrs R Martin*

Treasurer *Mr N Denison*

Auditor *Burton Sweet*
The Clock Tower
5 Farleigh Court
Old Weston Road
Flax Bourton
Bristol BS48 1UR

Bankers *National Westminster Bank plc*
7 High Street
Wells
Somerset
BA5 2AD

THE PALACE TRUST

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and financial statements for the 12 month period ended 31 December 2020. The financial statements have been prepared in accordance with the Financial Reporting Standard (FRS102) and the Charities SORP (FRS102) based thereon. The Trustees who served from 1 January to 31 December 2020 are listed on the previous page.

Strategic Aims

The charitable purposes of The Palace Trust are to preserve for the benefit of the public the fabric of The Bishop's Palace and to promote such charitable purposes as will advance the religious and other charitable work of the Church of England.

Today, The Palace Trust seeks to conserve The Bishop's Palace for future generations: welcoming all who seek a place of beauty, reflection and enjoyment. The charity fulfils its purpose by taking forward detailed actions that meet five strategic objectives covering:

1. Reach more and a wider range of people

Our ambition is to welcome 160,000 visitors to the Palace by 2025. The ambition is based on three approaches. First, the development of the visitor offer, with significantly improved interpretation around the built heritage of the site. Second, a broader, more dynamic public events programme. Third, making our heritage accessible to those who will benefit from it the most, who do not currently have the means to engage.

2. Be a national beacon for community engagement and wellbeing

We want the Palace to be a best practice model of community engagement. We are moving to a new way of working where people will always come first. We will start with our staff, volunteers and visitors and extend out beyond our moat to become the beating heart of our local community, welcoming supporting and engaging all who can benefit from our incredible resource. We will actively champion our gardens and programming as a resource for peoples on-going wellbeing.

3. Realise the next phase of The Bishop's Palace development

By 2025 The Palace Trust will have transformed the visitor experience of the Palace buildings. New interpretation will be engaging, immersive and will transform people's understanding and enjoyment of The Bishop's Palace.

4. Invest in a sustainable future

A sustainable future hangs on three key areas, sustainability in terms of environmental impact, financial and social sustainability as we re-engage people who may be fearful of reintegration into society following the pandemic. The Palace Trust will have a net zero carbon footprint by 2025 and will have rebuilt reserves depleted during the coronavirus pandemic.

5. Become a centre of excellence in the field of horticulture

The Gardens are the Palace's (as a heritage attraction) primary asset. The next step in furthering the work that has been done in the last twelve years is to make them a centre for training the next generation of gardeners.

Public Benefit

In setting The Palace Trust's preceding aims and following objectives and activities, the Trustees have given careful consideration to the Charity Commission's guidance on public benefit and continue to preserve and make accessible The Bishop's Palace and its fourteen acres of gardens to the public, as a place of historic, architectural and landscape interest.

The Palace Trust achieves its purpose by opening the site to the public throughout the year, aiming to engage a diverse audience through a programme of public events, activities, exhibitions, it's commercial activities and

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community engagement programme. The Bishop's Palace is central to the experience and enjoyment of Wells and will remain so as The Palace Trust continues to grow and expand its public offer. The Palace Trust undertakes an annual plan of conservation and repair works ensuring The Bishop's Palace remains in the public domain for future generations.

Objectives and Activities

Objectives

The Palace Trust continued to carry out the objectives for which it was established, namely, to preserve and make accessible The Bishop's Palace and its fourteen acres of gardens to the public, as a place of historic, architectural and landscape interest

Activities

The Palace and gardens had a difficult year in the face of the pandemic, closing its doors to the public for two months between March and May during Lockdown 1. The Palace building and café interior remained closed for much of the year, opening and closing according to the government regulations at the time. With green space at a premium, we were pleased to be able to keep the gardens open for the rest of the year for people's relaxation and wellbeing. All private events such as wedding receptions were cancelled but some public events and activities were able to go ahead in an adapted programme, such as outdoor theatre, adult and children's trails, a medieval weekend, and a Christmas programme of activities, namely "Christmas at the Palace". Community engagement activities grew throughout the year, as we worked closely with partners to assist the local community through the crisis, becoming an integral part of Wells Coronavirus Network – a coordinated response to assist those in need. We launched the "People's Ticket" giving visitors annual access to The Bishop's Palace for a £15 entrance ticket, replacing the £10 day ticket: this proved popular with local residents, and contributed to people's wellbeing.

Achievements and Performance

The Palace experienced an excellent first quarter, opening, through Wells Heritage Partners, a new Tourist Information Centre and employing a member of staff as manager, with the objective of improving the visitor experience to the City. Excellent income was generated through site hire as a film venue in both January and February. This successful first quarter assisted financially as visitor numbers began to drop off in the second half of March.

In many respects, 2020, was a successful year for the Palace, despite the pandemic and the uncertain operating environment. Given the emphasis on outdoor activity and wellbeing, we received over 101,000 visitors to the site as they took advantage of the COVID safe environment of the gardens. We expected the People's Ticket to have a detrimental effect on membership sales, reducing it to up to 80% of 2019 figures. However, this was not the case, and sales remained robust at 75%. The People's Ticket had a positive effect on gift aid, increasing it by 20% in the second half of the year in comparison to 2019.

In some respects, the pandemic accelerated plans for greater community engagement and involvement. The Trust became an integral part of the community response to the pandemic, working with local community groups that formed the Wells Coronavirus Network assisting residents where needed. A short survey of visitors towards the end of the year provided evidence we were meeting our objective and were attracting audiences that had not previously visited the Palace. We worked hard to become a place of wellbeing, for example, by: installing "chatty benches" (sitting indicates you would appreciate a conversation); becoming the meeting place for Mendip Health Connections to hold their "Talking Cafes"; conducting a dementia audit and following up on its recommendations; conducting staff training on hidden disabilities and the provision of the Sunflower Lanyard that indicates a person has a hidden disability; and by taking out a joint lease with the Cathedral for carpark places and seeking planning permission for a gate directly into the Community Garden for people with disabilities. We were able to deliver an expanded "Christmas at the Palace" event with the objective of bringing

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joy to individuals and families at a time when people were most missing their loved ones and unable to spend time with them and which attracted record breaking numbers for a December. Our efforts were well rewarded, receiving our highest ever total score from VisitEngland as part of their Quality Assurance scheme and being invited as one of eight organisations to be a case study for innovation in the tourist industry during a challenging year.

The provision of volunteering opportunities at the Palace reduced during the year, especially as we tend to attract an older demographic. However, volunteering continued through Wells Coronavirus Network (WCN) and with funding from the Heritage Emergency Fund, we set up a new platform in conjunction with WCN, Lets Do It Wells, through Volunteer Makers. This allowed organisations across Wells and beyond to post volunteering opportunities that required a few minutes, a few hours, a day, or long term.

We received substantial funds from HMRC through the furlough system and other small grants. We took advantage of the decrease in VAT and Eat Out to Help Out. We received £250,000 grant through the Heritage Emergency Fund provided by the National Lottery Heritage Fund that assisted in both running and development costs to help us re-open and become a more resilient organisation. We are grateful to the Cultural Recovery Fund for their grant of £364,000 that paid for operational costs November 2020 to March 2021. These grants allowed us to; complete an exhibition celebrating 800 years of the Bishop's Palace; complete a Governance, Staffing and Activity Review; undertake an IT assessment and audit; buy new equipment for safe opening, including PPE and signage, and IT equipment for homeworking; and provide job security to all staff with the payment of all staff costs for over seven months.

Plans for Future Periods

The pandemic inevitably delayed development plans. However, a new five year strategy was developed that puts community engagement at the heart of all that we do. A renewed focus on community engagement and access and inclusion of vulnerable groups will ensure more people benefit from the Bishop's Palace. It is the Palace's ambition to substantially reduce its carbon footprint over the coming years, to increase its biodiversity, and to offer courses in horticulture. Whilst plans for renewed interpretation of the Palace building were delayed during 2020, we expect to accelerate those plans from 2021 onwards.

Financial Review

The Palace Trust's financial position improved over the year. At year end, the Trust had unrestricted net assets (excluding the trading subsidiary), of £932,045, £179,318 of which is designated. This position reflects our ability to innovate and act quickly in a crisis, attract grant funding, and continue as a location for filming. It is the charity's policy not to commit The Palace Trust to any new major programme of work until sufficient funds are accumulated in reserves to satisfy existing obligations.

The Trust held £49,170 as investments. It is the Trust's policy to place surplus funds into the CBF Investment Fund if they are not likely to be required in the short term.

Risk Policy

The Trustees undertook a comprehensive review of risks during the past year and maintain a register of those risks which would affect the reputation and financial status of The Palace Trust. This register is maintained by the Trustees and includes a ranking of risk that takes account of likelihood and severity of impact. Risks that could have a material impact on The Palace Trust are singled out for particular attention.

- A prolonged period of inclement weather. Wet weather can lead to a drop in footfall and thus visitor income. This is mitigated by steps taken to increase footfall in the shoulder months thereby reducing the reliance on summer months, and in the long term to develop the site as an all-weather attraction.

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- Long term conservation and use of the site. The Bishop's Palace and gardens is owned by the Church Commissioners and the long-term conservation and use of the site is governed by a Management Agreement between The Palace Trust and Church Commissioners. Regular communication in combination with a regularly reviewed agreement ensures continuity and preservation of the 800 year old Palace.
- The pandemic recovery plan is unsuccessful and further restrictions are enforced during the year, reducing visitor income. We will continue to adapt the visitor offer to the current measures, make use of government assistance, seek grant funding where possible and increase our reserves requirement.

Reserves Policy

At 31 December 2020, total reserves were £979,733 of which £nil was restricted and £179,318 was designated. Up to £300,000 is expected to be spent in progressing long term development projects in 2021.

It is the Trustees / directors' policy for unrestricted general reserves at the year-end to be of sufficient size to cover the period from January to March where The Palace Trust runs a deficit prior to the summer peak in income based on the budget for the year. Some adjustments are made based on cash flow and contingencies for 25% reduction in income over the first quarter. Due to emergency grant income, losses are expected to be minimal going into 2021. However, the risk of business interruption over the winter of 2021/2022 is such that with a reduced visitor income of 50%, the necessary reserves are calculated to be £300,000 at 31 December 2021.

Unrestricted general reserves were £800,415 at 31 December 2020. The reserves were around £500,000 above the targeted amount and the Trustees are pleased that The Palace Trust is able to withstand a pandemic.

Structure, Governance and Management

Constitution of The Palace Trust

The Palace Trust was set up in 1968 by Trust Deed in order to preserve The Bishop's Palace in Wells for: inspection by the public as a place of historic and architectural interest; and the advancement of charitable worth of the Church of England in a manner chosen from time to time by the Trustees and approved by the Church Commissioners.¹

Today, The Palace Trust continues to work towards these charitable aims, by opening The Bishop's Palace and its fourteen acres of gardens up to the public and running it as a heritage site, visitor attraction and registered charity.

Organisational Structure and Management

The Board of Trustees meet on a monthly basis to discuss organisational progress and to agree major decisions around strategy and budget. The Chief Executive is responsible for implementing the organisational strategy and for devising and implementing the business plan. Department heads are responsible for the day to day running of The Bishop's Palace including visitor services, catering, marketing, venue hire, volunteer management, gardening, property, and collections.

¹ The Bishop's Palace is owned by The Church Commissioners, with control of the land and buildings delegated to The Palace Trust, as outlined in a Management Agreement.

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A total of 41 staff (27 full time equivalents) were employed by the Trust and its subsidiary during the 12 month period ended 31 December 2020 with 33 in post at 31 December 2020 (21 full time equivalents). Whilst volunteering inevitably reduced over the year, we are confident it will return to a more normal levels in 2021.

Recruitment, induction and training of Trustees

Trustees are appointed according to the skills and experience required to deliver a successful operation. New Trustees are recruited via advertisement and application. Interviews are carried out by a Trustee panel before a decision on whether to appoint is made. There is currently no minimum or maximum length of service for a Trustee, but following the Governance review, this is expected to change. New Trustees are provided with an induction pack and associated papers, which include a copy of the Governing Documents, previous audited accounts, recent Trustees' meeting minutes, dates of forthcoming meetings, plus information on the history of The Bishop's Palace and the objects and organisational structure of The Palace Trust. A detailed induction programme is in place involving the Chair of Trustees and key members of staff.

Relationship with other entities

The management of catering, events (both corporate and private) and filming is undertaken by Palace Enterprises (Wells) Ltd ('PEL'), which is a wholly owned subsidiary of The Palace Trust. Income generated by this subsidiary may be donated to the charity by way of an annual Gift Aid donation if available from distributable profits.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the group and of the incoming resources and application of resources, including income and expenditure, of the group for the year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company or the group will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011 and the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Provision of Information to Auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware and that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditor are aware of that information.

Appointment of Auditor

The Trustees / Directors have appointed Burton Sweet for the audit of the 2020 financial statements.

This report was approved by the Board on 20th May 2021 and signed on its behalf by:

Rear Admiral David Wood
Chair

The Palace Trust
The Bishop's Palace
Wells, Somerset BA5 2PD

THE PALACE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PALACE TRUST

YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of The Palace Trust (the "the parent Charity") and its subsidiary, Palace Enterprises (Wells) Limited (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's members those matters we are required to state in them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the Charity's affairs as at 31 December 2020 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with international Standards in Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity or the 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.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial

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YEAR ENDED 31 DECEMBER 2020

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity, the group and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report (incorporating the director's report). We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Charity's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Charity or its subsidiary or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PALACE TRUST

YEAR ENDED 31 DECEMBER 2020

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our understanding of the nature, sector, laws and regulations, control environment and enquiry into the current events and activities of the Charity and Group reduces the risk of non-detection.

Our response to the risk of irregularities included reviews of minutes, analytical procedures, the enquiry of management, consideration of provisions, sample testing, journal testing and the assessment of accounting policies and judgements.

The experience and scepticism of our team to irregularities informed our process. Due to the nature of irregularities, our ability to detect them reduces where such transactions are deliberately hidden, not material or appear to be in-line with expectations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm This description forms part of our auditor's report.

Joshua Kingston ACA (Senior Statutory Auditor)

For and on behalf of Burton Sweet Chartered Accountants and Statutory Auditor

The Clock Tower
5 Farleigh Court
Old Weston Road
Flax Bourton
Bristol BS48 1UR

Date:

THE PALACE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Including Income & Expenditure Account)

YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Income from:						
Donations and legacies	2	758,635	-	-	758,635	164,587
Charitable activities	3	410,029	-	-	410,029	434,642
Other trading activities	4	447,492	-	-	447,492	851,563
Investments	7	2,667	-	-	2,667	2,957
Total income		<u>1,618,823</u>	<u>-</u>	<u>-</u>	<u>1,618,823</u>	<u>1,453,749</u>
Expenditure on:						
Raising funds	5	485,939	-	-	485,939	641,598
Charitable activities	8	697,542	15,443	11,400	724,385	694,677
Total expenditure		<u>1,183,481</u>	<u>15,443</u>	<u>11,400</u>	<u>1,210,324</u>	<u>1,336,275</u>
Gains/(losses) on investments	16	3,164	-	-	3,164	7,249
Net income/(expenditure)	10	<u>438,506</u>	<u>(15,443)</u>	<u>(11,400)</u>	<u>411,663</u>	<u>124,723</u>
Transfers between funds	22	(60,274)	60,274	-	-	-
Net movement in funds before taxation		<u>378,232</u>	<u>44,831</u>	<u>(11,400)</u>	<u>411,663</u>	<u>124,723</u>
Tax on profit/loss of ordinary activities	17	-	-	-	-	11
Net movement in funds		<u>378,232</u>	<u>44,831</u>	<u>(11,400)</u>	<u>411,663</u>	<u>124,734</u>
Total funds at 1 January	22	<u>422,183</u>	<u>134,487</u>	<u>11,400</u>	<u>568,070</u>	<u>443,336</u>
Total funds at 31 December	22	<u>800,415</u>	<u>179,318</u>	<u>-</u>	<u>979,733</u>	<u>568,070</u>

The group has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the group are classed as continuing

The notes on pages 15 to 29 form part of these financial statements
See note 13 for fund-accounting comparative figures

THE PALACE TRUST

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Including Income & Expenditure Account)

YEAR ENDED 31 DECEMBER 2020

		Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
	Note					
Income from:						
Donations and legacies	2	684,272	-	-	684,272	165,736
Charitable activities	3	410,029	-	-	410,029	434,642
Other trading activities	4	104,561	-	-	104,561	219,426
Investments	7	2,667	-	-	2,667	2,957
Total income		<u>1,201,529</u>	<u>-</u>	<u>-</u>	<u>1,201,529</u>	<u>822,761</u>
Expenditure on:						
Raising funds	5	45,304	-	-	45,304	41,275
Charitable activities	8	697,542	15,443	11,400	724,385	694,677
Total expenditure		<u>742,846</u>	<u>15,443</u>	<u>11,400</u>	<u>769,689</u>	<u>735,952</u>
Gains/(losses) on investments	16	3,164	-	-	3,164	7,249
Net income/(expenditure)	10	<u>461,847</u>	<u>(15,443)</u>	<u>(11,400)</u>	<u>435,004</u>	<u>94,058</u>
Transfers between funds	22	(60,274)	60,274	-	-	-
Net movement in funds		<u>401,573</u>	<u>44,831</u>	<u>(11,400)</u>	<u>435,004</u>	<u>94,058</u>
Total funds at 1 January	22	<u>351,154</u>	<u>134,487</u>	<u>11,400</u>	<u>497,041</u>	<u>402,983</u>
Total funds at 31 December	22	<u>752,727</u>	<u>179,318</u>	<u>-</u>	<u>932,045</u>	<u>497,041</u>

The group has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the group are classed as continuing

The notes on pages 15 to 29 form part of these financial statements
See note 14 for fund-accounting comparative figures

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BALANCE SHEET

AS AT 31 DECEMBER 2020

Company Number: 09404519

	Note	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Fixed assets					
Tangible assets	15	177,851	122,904	147,409	110,347
Investments	16	49,169	49,170	46,005	46,006
		227,020	172,074	193,414	156,353
Current assets					
Stock		5,317	-	11,647	-
Debtors	18	45,309	178,015	110,270	122,452
Cash at bank and in hand		876,139	667,351	416,879	335,504
		926,765	845,366	538,796	457,956
Creditors: amounts falling due within one year	19	(124,052)	(85,395)	(164,140)	(117,268)
Net current assets		802,713	759,971	374,656	340,688
Total assets less current liabilities		1,029,733	932,045	568,070	497,041
Creditors: amounts falling due after more than one year	19	(50,000)	-	-	-
Net assets		979,733	932,045	568,070	497,041
Funds					
Unrestricted funds					
General funds	23	752,727	752,727	351,154	351,154
Non-charitable trading funds	23	47,688	-	71,029	-
Designated funds	23	179,318	179,318	134,487	134,487
Restricted funds	23	-	-	11,400	11,400
Total funds		979,733	932,045	568,070	497,041

The Trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

These financial statements were approved by the Trustees on and are signed on their behalf by:

.....
Rear Admiral David Wood
Chair

The notes on pages 15 to 29 form part of these financial statements

THE PALACE TRUST

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £
Net cash inflow from operating activities	20		518,989	125,953
Non-operational cash flows				
Investing activities				
Payments for tangible fixed assets		(62,396)		(30,007)
Investment income		<u>2,667</u>		<u>2,957</u>
			(59,729)	(27,050)
Net cash inflow for the year	21		<u>459,260</u>	<u>98,903</u>

Cashflow restrictions

Charity law prohibits the use of net cash inflows on any endowed or other restricted fund to offset net cash outflows on any fund outside its own Objects, except on special authority. In practice, this restriction has not had any effect on group cash flows for the year.

The notes on pages 15 to 29 form part of these financial statements

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention, with the exception of listed investments which are included at market value. The financial statements have been prepared under the 'small companies' provisions of the Companies Act 2006 and in accordance with the Financial Reporting Standard FRS102 and the Charities Statement of Recommended Practice (SORP FRS102) based thereon.

The charity is a public benefit entity as defined under FRS102.

There are no material uncertainties about the charity's ability to continue as a going concern, despite the significant uncertainty being caused by the worldwide COVID-19 crisis. Whilst the Trustees expect there to be a significant impact on the charity's operations and reserves in the coming months and years, the charity has sufficient reserves to be able to meet these challenges.

Basis of consolidation

The Consolidated Statement of Financial Activities (SOFA), Consolidated Balance Sheet and Consolidated Cash Flow Statement consolidate the financial statements of the Charity and its subsidiary, Palace Enterprises (Wells) Limited. The results of the subsidiary are consolidated on a line by line basis.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not have been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Income

All income is included in the Statement of Finance Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income such as life membership income is deferred where the conditions for receipt are not met at the end of the accounting period.

Income represents the total income receivable during the period, including gate receipts, shop sales, interest and dividends received, and gift aid receipts. Lifetime membership income is considered donated income and recognised upon receipt.

Gifts donated for resale are included as income when they are sold. No amounts are included in the financial statements for service donated by volunteers.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Expenditure

All expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered and has been included under expense categories that aggregate all costs for allocation to activities.

Expenditure on raising funds includes those incurred in trading activities.

Charitable activities include expenditure on maintaining The Bishop's Palace and includes both direct costs and support costs relating to those activities.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements. Governance costs are included within charitable activity support costs.

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are classified as such when they have a value over £100 and a useful life of over one year. They are stated at cost less depreciation, which is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Tangible fixed assets - Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated economic life.

Computer hardware and software	3-5 years straight line
Fixtures and Fittings	20% straight line
Outdoor equipment	2-15 years straight line
Catering equipment	20% straight line

Assets transferred from the old Palace Trust (Charity No. 256356) were transferred at the net book value on 1 May 2015 and are depreciated on a straight line basis with the duration based on how many months they had remaining on the former Palace Trust before declining to a nil value rounded to the nearest year.

Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Investments in subsidiaries are valued at cost less provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Winding up or dissolution of the charity

If upon winding up or dissolution of the charity there remain any assets, after satisfaction of all debts and liabilities, the assets represented by the accumulated fund shall be transferred to some other charitable body or bodies having similar objects to the charity.

2 Donations and legacies

Group & Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Donations	35,884	-	-	35,884	21,261
Gift Aid Donation from subsidiary Palace Enterprises (Wells) Ltd	24,518	-	-	24,518	1,149
Grants					
Church Commissioners	89,500	-	-	89,500	85,112
Job Retention Scheme	49,993	-	-	49,993	-
NLHF Heritage Emergency Fund	250,000	-	-	250,000	-
NLHF Cultural Recovery Fund	182,450	-	-	182,450	-
Refunded tax	51,927	-	-	51,927	58,214
Charity sub-total	684,272	-	-	684,272	165,736
Job Retention Scheme	56,232	-	-	56,232	-
Eat Out to Help Out	15,649	-	-	15,649	-
Business Rates Relief	27,000	-	-	27,000	-
Inter-group eliminations	(24,518)	-	-	(24,518)	(1,149)
Group donations and legacies	758,635	-	-	758,635	164,587

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 Donations and legacies (*continued*)

Prior year comparative	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2019 £
Donations	20,361	-	900	21,261
Gift Aid Donation from subsidiary Palace Enterprises (Wells) Ltd	1,149	-	-	1,149
Grants				
Church Commissioners	85,112	-	-	85,112
Refunded tax	58,214	-	-	58,214
Charity sub-total	164,836	-	900	165,736
Inter-group eliminations	(1,149)	-	-	(1,149)
Group donations and legacies	163,687	-	900	164,587

3 Income from charitable activities Group & Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Entrance fee	334,083	-	-	334,083	334,167
Membership income	75,946	-	-	75,946	100,475
	410,029	-	-	410,029	434,642

Income from charitable activities in the prior year has been classed as unrestricted general funds.

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

4 Income from: Other trading activities

Group & Charity	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Shop income	1,567	-	-	1,567	13,640
Event sponsorship	-	-	-	-	1,500
Management fee income - Palace					
Enterprises (Wells) Limited	74,080	-	-	74,080	137,529
Event income	17,994	-	-	17,994	54,499
Solar panel income	2,136	-	-	2,136	1,458
Rental income	8,784	-	-	8,784	10,800
Charity sub-total	104,561	-	-	104,561	219,426
Restaurant income	322,013	-	-	322,013	514,269
Event catering	3,035	-	-	3,035	100,409
Event site hire	(8)	-	-	(8)	56,621
Retail income	20,197	-	-	20,197	59,442
Film income	63,466	-	-	63,466	38,171
Other income	8,308	-	-	8,308	754
Subsidiary sub-total	417,011	-	-	417,011	769,666
Inter-group eliminations	(74,080)	-	-	(74,080)	(137,529)
Group income from other trading activities	447,492	-	-	447,492	851,563

Income from other trading activities in the prior year has been classed as unrestricted general funds.

5 Expenditure on: Raising funds

Group & Charity	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
<i>Direct costs</i>					
Event costs	27,347	-	-	27,347	22,575
Commission sales expense	8,459	-	-	8,459	9,355
Support costs (note 9)	9,498	-	-	9,498	9,345
Charity sub-total	45,304	-	-	45,304	41,275
<i>Direct costs - subsidiary</i>					
Cost of goods sold	109,891	-	-	109,891	228,869
Other direct costs	24,046	-	-	24,046	26,156
Wages, salaries and agency staff	255,015	-	-	255,015	289,456
Overheads - subsidiary	51,683	-	-	51,683	55,842
Management charge	74,080	-	-	74,080	137,529
Donation to parent	24,518	-	-	24,518	1,149
Subsidiary sub-total	539,233	-	-	539,233	739,001
Inter-group eliminations	(98,598)	-	-	(98,598)	(138,678)
Group expenditure on raising funds	485,939	-	-	485,939	641,598

Expenditure on raising funds in the prior year has been classed as unrestricted general funds.

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

6 Calculation of net income / (expenditure) from trading activities

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Charity	59,257	-	-	59,257	178,151
Subsidiary	(23,341)	-	-	(23,341)	30,665
Inter-group eliminations	24,518	-	-	24,518	1,149
Group net income / (expenditure) from trading activities	60,434	-	-	60,434	209,965

Net income/(expenditure) from trading activities in the prior year has been classed as unrestricted general funds.

7 Investment Income Group & Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Dividends and interest received	2,667	-	-	2,667	2,957

Investment income in the prior year has been classed as unrestricted general funds.

8 Expenditure on: Charitable activities Group & Charity

	Direct Costs £	(Note 9) Support Costs £	Total 2020 £
Preserve the fabric of the Palace and Grounds:			
Maintenance costs	82,047	6,668	88,715
Garden maintenance	29,110	48,190	77,300
Public access and education	2,996	555,374	558,370
	114,153	610,232	724,385

Prior year comparative

	Direct Costs £	(Note 9) Support Costs £	Total 2019 £
Preserve the fabric of the Palace and Grounds:			
Maintenance costs	64,125	9,360	73,485
Garden maintenance	19,719	37,882	57,601
Public access and education	7,704	555,887	563,591
	91,548	603,129	694,677

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

9 Support costs Group & Charity

	Expenditure on: Raising funds	Expenditure on: Charitable activities	Total 2020	Total 2019
	£	£	£	£
Rent, rates, light and heat	-	38,974	38,974	40,500
Cleaning costs	-	26,326	26,326	18,268
Advertising	2,844	25,593	28,437	42,125
Office costs	-	48,593	48,593	43,532
Subscriptions	-	3,395	3,395	2,954
Legal fees	-	4,350	4,350	-
Professional fees	-	28,099	28,099	12,039
Accountancy	-	18,394	18,394	14,657
Bank charges	-	1,041	1,041	1,935
Staff training and recruitment	-	1,917	1,917	7,645
Travel and entertainment	-	3,379	3,379	12,981
Wages and salaries	6,654	388,493	395,147	392,713
Depreciation	-	15,443	15,443	17,185
Governance costs - charity				
Auditors fees - audit	-	5,500	5,500	5,375
Auditors fees - accountancy	-	735	735	565
	9,498	610,232	619,730	612,474

Prior year comparative

	Expenditure on: Raising funds	Expenditure on: Charitable activities	Total 2019
	£	£	£
Rent, rates, light and heat	-	40,500	40,500
Cleaning costs	-	18,268	18,268
Advertising	4,213	37,912	42,125
Office costs	-	43,532	43,532
Subscriptions	-	2,954	2,954
Professional fees	-	12,039	12,039
Accountancy	-	14,657	14,657
Bank charges	-	1,935	1,935
Staff training and recruitment	-	7,645	7,645
Travel and entertainment	-	12,981	12,981
Wages and salaries	5,132	387,581	392,713
Depreciation	-	17,185	17,185
Governance costs - charity			
Auditors fees - audit	-	5,375	5,375
Auditors fees - accountancy	-	565	565
	9,345	603,129	612,474

Support costs are split between fundraising costs and charitable activity costs based upon usage. Only expenditure in the charity is considered to be support costs and able to be allocated between charitable activities and fundraising costs.

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

10 Net income

This is stated after charging:

	Group 2020	Charity 2020	Group 2019	Charity 2019
	£	£	£	£
Depreciation of tangible fixed assets	31,954	15,441	28,367	17,163
Auditors fees - audit	9,900	5,500	9,240	5,375
Auditors fees - accountancy	1,155	735	725	565

There were no Trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the period ended 31 December 2019.

The total Trustees' expenses paid during the year ended 31 December 2020 to one trustee for travel expenses were £1,558 (2019: £1,708).

The total Trustee, key management personnel and other related party donations in the year were £nil (2019: £1,400).

11 Staff costs and numbers

	Group 2020	Charity 2020	Group 2019	Charity 2019
	£	£	£	£
The aggregate payroll costs were:				
Wages and salaries	593,033	361,267	606,409	345,235
Social security costs	36,064	20,529	33,824	19,658
Employers pension	17,850	11,411	14,612	10,431
Redundancy costs	1,940	1,940	-	-
	648,887	395,147	654,845	375,324

The average weekly number of employees during the year, calculated on the basis of average headcount, was as follows:

	Group 2020	Charity 2020	Group 2019	Charity 2019
	No.	No.	No.	No.
Management and administration	12	9	15	11
Other staff	27	15	34	15
	39	24	49	26

The average weekly number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	Group 2020	Charity 2020	Group 2019	Charity 2019
	No.	No.	No.	No.
Management and administration	8	6	11	7
Other staff	16	8	18	8
	24	14	29	15

No employee received emoluments of more than £60,000.

The key management personnel (which consists of the Trustees, the Chief Executive, Development Project Manager and Head Gardener) employee benefits totalled £106,633 (2019: £86,304) for the Group & Charity.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and applied for charitable purposes. The charity's trading subsidiary, Palace Enterprises (Wells) Limited, attracts corporation tax only to the extent that profits remain within it to grow its activities. Further available profits are donated responsibly to the charity.

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

13 Consolidated fund-analysis comparative figures

Group	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2019 £
Income from:				
Donations and legacies	163,687	-	900	164,587
Charitable activities	434,642	-	-	434,642
Other trading activities	851,563	-	-	851,563
Investments	2,957	-	-	2,957
Total income	1,452,849	-	900	1,453,749
Expenditure on:				
Raising funds	641,598	-	-	641,598
Charitable activities	667,370	19,445	7,862	694,677
Total expenditure	1,308,968	19,445	7,862	1,336,275
Gains/(losses) on investments	7,249	-	-	7,249
Net income/(expenditure)	151,130	(19,445)	(6,962)	124,723
Transfers between funds	(13,825)	13,825	-	-
Net movement in funds before taxation	137,305	(5,620)	(6,962)	124,723
Tax on profit of ordinary activities	11	-	-	11
Net movement in funds	137,316	(5,620)	(6,962)	124,734
Total funds at 1 January 2019	284,867	140,107	18,362	443,336
Total funds at 31 December 2019	422,183	134,487	11,400	568,070

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

14 Consolidated fund-analysis comparative figures

Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2019 £
Income from:				
Donations and legacies	164,836	-	900	165,736
Charitable activities	434,642	-	-	434,642
Other trading activities	219,426	-	-	219,426
Investments	2,957	-	-	2,957
Total income	821,861	-	900	822,761
Expenditure on:				
Raising funds	41,275	-	-	41,275
Charitable activities	667,370	19,445	7,862	694,677
Total expenditure	708,645	19,445	7,862	735,952
Gains/(losses) on investments	7,249	-	-	7,249
Net income/(expenditure)	120,465	(19,445)	(6,962)	94,058
Transfers between funds	(13,825)	13,825	-	-
Net movement in funds	106,640	(5,620)	(6,962)	94,058
Total funds at 1 January 2019	244,514	140,107	18,362	402,983
Total funds at 31 December 2019	351,154	134,487	11,400	497,041

15 Tangible fixed assets

Group

	Computer equipment £	Furniture, fittings and equipment £	Outdoor equipment £	Catering equipment £	Totals £
Cost					
At 1 January 2020	22,511	14,090	126,408	87,465	250,474
Additions	8,946	2,205	12,830	38,415	62,396
At 31 December 2020	31,457	16,295	139,238	125,880	312,870
Depreciation					
At 1 January 2020	12,353	12,372	28,070	50,270	103,065
Charge for the year	4,564	1,124	9,521	16,745	31,954
At 31 December 2020	16,917	13,496	37,591	67,015	135,019
Net book value					
At 31 December 2020	14,540	2,799	101,647	58,865	177,851
At 31 December 2019	10,158	1,718	98,338	37,195	147,409

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

15 Tangible fixed assets (*continued*)

Charity

	Computer equipment £	Furniture, fittings and equipment £	Outdoor equipment £	Catering equipment £	Totals £
Cost					
At 1 January 2020	22,511	14,090	126,408	19,743	182,752
Additions	8,946	2,205	12,830	4,017	27,998
At 31 December 2020	31,457	16,295	139,238	23,760	210,750
Depreciation					
At 1 January 2020	12,353	12,372	28,070	19,610	72,405
Charge for the year	4,564	1,124	9,521	232	15,441
At 31 December 2020	16,917	13,496	37,591	19,842	87,846
Net book value					
At 31 December 2020	14,540	2,799	101,647	3,918	122,904
At 31 December 2019	10,158	1,718	98,338	133	110,347

16 Fixed asset investments

Group

	Unlisted securities £	Total 2020 £	Total 2019 £
Opening balance	46,005	46,005	38,756
Unrealised gains/(losses)	3,164	3,164	7,249
	49,169	49,169	46,005
		Total 2020 £	Total 2019 £
Historical cost of investments		33,593	33,593

The unlisted investments comprise 2,400 shares in the Central Board of Finance of the Church of England Investment Fund.
All investments are held in the UK.

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

16 Fixed asset investments (*continued*)

Charity	Unlisted securities £	Total 2020 £	Total 2019 £
Opening balance	46,006	46,006	38,757
Unrealised gains/(losses)	3,164	3,164	7,249
	<u>49,170</u>	<u>49,170</u>	<u>46,006</u>
		Total 2020 £	Total 2019 £
Historical cost of investments		<u>33,594</u>	<u>33,594</u>
Charity investments at market value comprise:			
		Total 2020 £	Total 2019 £
Shares in the Central Board of Finance of the Church of England Investment Fund		49,169	46,005
Shareholding in Palace Enterprises (Wells) Limited		1	1
		<u>49,170</u>	<u>46,006</u>

All the fixed asset investments are held in the United Kingdom. Palace Enterprises (Wells) Limited (Company No. 03013064) is a wholly owned subsidiary of The Palace Trust, a company limited by guarantee (Company No. 09404519). A summary of the trading results for the subsidiary is set out in note 17.

17 Principal subsidiaries

Company name	Country	Percentage shareholding	Principal activity
Palace Enterprises (Wells) Limited	England and Wales	100%	Provision of catering services

Palace Enterprises (Wells)

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Turnover	515,892	769,666
Cost of sales	(388,952)	(544,481)
Gross profit	<u>126,940</u>	<u>225,185</u>
Administrative expenses	(125,763)	(193,371)
Profit/(loss) on ordinary activities before taxation	<u>1,177</u>	<u>31,814</u>
Tax on profit/loss on ordinary activities	-	11
Profit/(loss) for the period	<u>1,177</u>	<u>31,825</u>
Shareholders funds/(deficit) brought forward	71,029	40,353
Profit/(loss) for the period	<u>1,177</u>	<u>31,825</u>
	<u>72,206</u>	<u>72,178</u>
Charitable donation (profit gift-aided to Trust)	(24,518)	(1,149)
Shareholders funds/(deficit) carried forward	<u>47,688</u>	<u>71,029</u>

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

18 Debtors

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Trade debtors	16,868	16,942	72,713	37,206
Amount owed by group undertakings	-	127,922	-	50,743
Prepayments and accrued income	25,001	24,933	37,557	34,503
Other debtors	3,440	8,218	-	-
	<u>45,309</u>	<u>178,015</u>	<u>110,270</u>	<u>122,452</u>

19 Creditors: amounts falling due within one year

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Amounts falling due within one year				
Trade creditors	39,659	35,014	68,618	58,839
Social security, pensions and other taxes	17,884	9,408	14,840	8,126
Other creditors	488	488	180	180
VAT	-	-	26,013	15,132
Accruals and deferred income	66,021	40,485	54,489	34,991
	<u>124,052</u>	<u>85,395</u>	<u>164,140</u>	<u>117,268</u>

Amounts falling due after more than one year

Loans	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
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20 Reconciliation of net movement in funds to net cash inflow from operating activities

	2020 £	2019 £
Statement of Financial Activities: Net movement in funds	411,663	124,734
Investment income	(2,667)	(2,957)
Depreciation	31,954	28,367
Unrealised net (gain) / loss on investments	(3,164)	(7,249)
(Decrease) / increase in creditors: Due within one year	(40,088)	37,430
(Decrease) / increase in creditors: Due after more than one year	50,000	-
(Increase) / decrease in debtors	64,961	(57,682)
(Increase) in stock	6,330	3,310
Net cash inflow from operating activities	<u>518,989</u>	<u>125,953</u>

21 Analysis of changes in cash flow during the year

	2020 £	2019 £	Change
Cash at bank and in hand	<u>876,139</u>	<u>416,879</u>	<u>459,260</u>
	2019 £	2018 £	Change
Cash at bank and in hand	<u>416,879</u>	<u>317,976</u>	<u>98,903</u>

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

22 Movement in funds Group

	At 1-Jan 2020 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	At 31-Dec 2020 £
Restricted Funds						
Great Hall	11,400	-	(11,400)	-	-	-
	<u>11,400</u>	<u>-</u>	<u>(11,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted funds						
Designated funds						
Palace interpretation	24,140	-	-	-	-	24,140
Fixed assets	110,347	-	(15,443)	28,000	-	122,904
Cultural Recovery Fund	-	-	-	32,274	-	32,274
General funds						
General fund	351,154	1,201,529	(742,846)	(60,274)	3,164	752,727
Unrestricted funds subtotal	<u>485,641</u>	<u>1,201,529</u>	<u>(758,289)</u>	<u>-</u>	<u>3,164</u>	<u>932,045</u>
Charity funds	<u>497,041</u>	<u>1,201,529</u>	<u>(769,689)</u>	<u>-</u>	<u>3,164</u>	<u>932,045</u>
Palace Enterprises (Wells) Limited	71,030	515,892	(539,233)	-	-	47,689
Inter-group eliminations	(1)	(98,598)	98,598	-	-	(1)
	<u>71,029</u>	<u>417,294</u>	<u>(440,635)</u>	<u>-</u>	<u>-</u>	<u>47,688</u>
Total funds (Group)	<u>568,070</u>	<u>1,618,823</u>	<u>(1,210,324)</u>	<u>-</u>	<u>3,164</u>	<u>979,733</u>

Previous year Group

	At 1-Jan 2019 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	At 31-Dec 2019 £
Restricted Funds						
Dragon's Lair	2,500	-	(2,500)	-	-	-
Great Hall	14,362	-	(2,962)	-	-	11,400
Internship	1,500	900	(2,400)	-	-	-
	<u>18,362</u>	<u>900</u>	<u>(7,862)</u>	<u>-</u>	<u>-</u>	<u>11,400</u>
Unrestricted funds						
Designated funds						
Palace interpretation	26,400	-	(2,260)	-	-	24,140
Fixed assets	113,707	-	(17,185)	13,825	-	110,347
General funds						
General fund	244,514	821,861	(708,645)	(13,825)	7,249	351,154
Unrestricted funds subtotal	<u>384,621</u>	<u>821,861</u>	<u>(728,090)</u>	<u>-</u>	<u>7,249</u>	<u>485,641</u>
Charity funds	<u>402,983</u>	<u>822,761</u>	<u>(735,952)</u>	<u>-</u>	<u>7,249</u>	<u>497,041</u>
Palace Enterprises (Wells) Limited	40,354	769,666	(738,990)	-	-	71,030
Inter-group eliminations	(1)	(138,678)	138,678	-	-	(1)
	<u>40,353</u>	<u>630,988</u>	<u>(600,312)</u>	<u>-</u>	<u>-</u>	<u>71,029</u>
Total funds (Group)	<u>443,336</u>	<u>1,453,749</u>	<u>(1,336,264)</u>	<u>-</u>	<u>7,249</u>	<u>568,070</u>

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

22 Movement in funds (*continued*)

Designated funds

The Palace interpretation fund relates to a large development project currently in the planning phase. This includes a high walkway along the top of the Great Hall ruin and fresh interpretation in the Palace building.

The fixed assets fund represents the net book value of the assets held by the charity.

The cultural recovery fund represents funds designated to support the charity through the COVID-19 pandemic.

Restricted funds

The Dragon's Lair fund relates to the interactive interpretation area for children constructed in 2016, with maintenance expenditure in each subsequent year.

The Great Hall fund relates to the conservation and development of the Great Hall ruin.

The Internship fund relates to donations and grants to help pay a modest salary to a summer intern.

Inter-group eliminations

A donation to the Trust from Palace Enterprises of £24,518 (2019: £1,149) and a management charge of £74,080 (2019: £137,529) was charged to Palace Enterprises by the Trust during the year. The management charge was for overhead costs including staff time, advertising and heat and light. These items have been removed from the consolidated SOFA and are included in the Inter-group eliminations along with the elimination of Enterprise's share capital upon consolidation.

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

23 Analysis of net assets between funds

	Restricted funds £	Designated funds £	Unrestricted funds £	Total £
Tangible fixed assets	-	122,904	-	122,904
Fixed asset investments	-	-	49,170	49,170
Cash at bank and in hand	-	-	667,351	667,351
Other current assets	-	56,414	36,206	92,620
Charity	-	179,318	752,727	932,045
Palace Enterprises (Wells) Limited	-	-	47,689	47,689
Inter-group eliminations	-	-	(1)	(1)
Group	-	179,318	800,415	979,733

Previous year

	Restricted funds £	Designated funds £	Unrestricted funds £	Total £
Tangible fixed assets	-	110,347	-	110,347
Fixed asset investments	-	-	46,006	46,006
Cash at bank and in hand	11,400	-	324,104	335,504
Other current assets	-	24,140	(18,956)	5,184
Charity	11,400	134,487	351,154	497,041
Palace Enterprises (Wells) Limited	-	-	71,030	71,030
Inter-group eliminations	-	-	(1)	(1)
Group	11,400	134,487	422,183	568,070

24 Related party transactions

Nicola Nuttall was a trustee in the year and was charged £6,300 (2019: £10,800) in rent for the use of the Gatehouse. A balance of £nil (2019: £nil) was outstanding at the year-end. This is considered to be a market rent.

THE PALACE TRUST

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2020

The following pages do not form part of the statutory financial statements
which are the subject of the auditor's report on pages 8 to 10

THE PALACE TRUST

CHARITY DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2020

	Total Funds 2020 £	Total Funds 2019 £
Income From:		
<i>Donations and legacies</i>		
Gift Aid Donation from subsidiary Palace Enterprises (Wells) Ltd	24,518	1,149
Donations	35,884	21,261
Grants		
Church Commissioners	89,500	85,112
Job Retention Scheme	49,993	-
NLHF Heritage Emergency Fund	250,000	-
NLHF Cultural Recovery Fund	182,450	-
Refunded tax	51,927	58,214
	684,272	165,736
<i>Investment income</i>		
Dividends and interest received	2,667	2,957
Gain on investments	3,164	7,249
	5,831	10,206
<i>Charitable activities</i>		
Entrance fee	334,083	334,167
Membership income	75,946	100,475
	410,029	434,642
<i>Other trading activities</i>		
Shop income	1,567	13,640
Event sponsorship	-	1,500
Management fee income - Palace Enterprises (Wells) Limited	74,080	137,529
Event income	17,994	54,499
Solar panel income	2,136	1,458
Rental income	8,784	10,800
	104,561	219,426
Total income	1,204,693	830,010

THE PALACE TRUST

CHARITY DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2020

	Total Funds 2020 £	Total Funds 2019 £
Expenditure on:		
<i>Direct Raising Funds Costs</i>		
Event costs	27,347	22,575
Commission sales expense	8,459	9,355
	<u>35,806</u>	<u>31,930</u>
<i>Direct Charitable Activities Costs</i>		
Preserve the fabric of the Palace and Grounds:		
Maintenance costs	82,047	64,125
Garden maintenance	29,110	19,719
Public access and education	2,996	7,704
	<u>114,153</u>	<u>91,548</u>
<i>Support Costs</i>		
Rent, rates, light and heat	38,974	40,500
Cleaning costs	26,326	18,268
Advertising	28,437	42,125
Office costs	48,593	43,532
Subscriptions	3,395	2,954
Legal fees	4,350	-
Professional fees	28,099	12,039
Accountancy	18,394	14,657
Bank charges	1,041	1,935
Staff training and recruitment	1,917	7,645
Travel and entertainment	3,379	12,981
Wages and salaries	395,147	392,713
Depreciation	15,443	17,185
Governance costs		
Auditors fees - audit	5,500	5,375
Auditors fees - accountancy	735	565
	<u>619,730</u>	<u>612,474</u>
Total expenditure	<u>769,689</u>	<u>735,952</u>
Net (expenditure)/income	<u>435,004</u>	<u>94,058</u>