



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 2021**

# THE PALACE TRUST

## CHARITY & GROUP CONSOLIDATED FINANCIAL STATEMENTS WITH GROUP ANNUAL DIRECTORS REPORT

YEAR ENDED 31 DECEMBER 2021

---

<b>Contents</b>	<b>Page</b>
Reference & Administrative Information	1
Trustees' Annual Report	2 – 7
Independent Auditor's Report	8 – 11
Consolidated Statement of Financial Activities	12
Charity statement of Financial Activities	13
Consolidated and Charity Balance Sheet	14
Consolidated Cash Flow Statement	15
Notes to the Financial Statements	16 – 29

# THE PALACE TRUST

## REFERENCE & ADMINISTRATIVE INFORMATION

YEAR ENDED 31 DECEMBER 2021

---

**Chair** *Rear Admiral D Wood*

**Vice Chair** *Mr P Stickland*

**Trustees/Directors**

<i>Mr M Blandford</i>	<i>(resigned 18 November 2021)</i>
<i>Ms M Boylan</i>	
<i>Very Revd Dr J Davies</i>	
<i>Mr N Denison</i>	
<i>Mr P Dickinson</i>	<i>(appointed 1 October 2021)</i>
<i>Lady E Gass</i>	
<i>Mr R Hawes</i>	<i>(appointed 1 December 2021)</i>
<i>Mr Michael Minta</i>	
<i>Mrs C Reed</i>	<i>(appointed 1 December 2021)</i>
<i>Mr B Roberts-Wray</i>	
<i>Mr P Stickland</i>	
<i>Rt Revd T Willmott</i>	<i>(appointed 14 September 2021)</i>
<i>Mrs J Wills</i>	
<i>Rt Revd R Worsley</i>	<i>(appointed 25 May 2021)</i>

**Company No.** *09404519*

**Charity Registered Number** *1160830*

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

**Company Secretary**

<i>Mrs R Martin</i>	<i>(resigned 15 October 2021)</i>
<i>Mrs N Lansdown</i>	<i>(appointed 1 December 2021)</i>

**Treasurer** *Mr N Denison*

**Auditor** *Burton Sweet Limited  
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 2021

---

The Trustees present their report and financial statements for the 12 month period ended 31 December 2021. 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 2021 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 and share the Palace and its story as a place of enjoyment and reflection for the benefit of all. 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 made substantial progress towards 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 previous years to make them a centre for inspiring and 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

# THE PALACE TRUST

## TRUSTEES' ANNUAL REPORT

### YEAR ENDED 31 DECEMBER 2021

---

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, its commercial activities and 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, in particular with the introduction of community engagement measures designed to reach out to those most in need for little or no cost to them. 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

2021 was again impacted by Covid although less severely than in 2020. Although the Gardens remained open throughout the year, however ability to trade was hit by restrictions inside the Palace buildings, and in particular, in the café. On 17<sup>th</sup> May, indoor hospitality and tourism reopened along with hotels. On 19<sup>th</sup> July (nearly a month later than originally expected) most other restrictions were removed. Visitor sales did not recover fully until June, but the Gardens were popular with locals throughout the lockdown period.

Access to the Gardens provided peace and mental and physical health benefits to a widening audience. Those in the local area continued to appreciate the yearly 'People's Ticket' and Membership sales also increased. The Community Garden was enhanced by the appointment of a Community Gardener with a focus on encouraging groups to benefit from this resource. The ever-popular Antiques Roadshow was filmed at the Palace among a busy programme of popular events including outdoor theatre, and new events such as outdoor exercise and wellness classes, and folk singing, bringing a sense of normality to members and visitors in abnormal times, along with other perennial events such as the Garden Festival, Christmas Markets and Christmas Lights and Decorations.

Projects were begun to develop the site and how visitors enjoy it, to create a new Visitor Reception, and to begin working towards carbon net zero.

#### Achievements and Performance

In 2021 the Palace achieved the Visit England Gold Standard Award in recognition for the excellent standards in our facilities and visitor welcome.

The year was extremely successful, despite the difficult operating environment, in that the Palace welcomed the highest ever number of visitors to the site, with 140,000 paying visitors and over 500,000 in the Free Area. This represented a 40% increase in Visitor numbers from 2020, and exceeded the objectives set by almost 20%.

The People's Ticket, introduced in May 2020, continues to support our charitable aims by allowing local people to visit as many times as they like for a 12-month period. Feedback from local people has continued to show great appreciation for this, and for allowing them to feel a sense of ownership of this historic site, and that it isn't "just for tourists and the wealthy".

## **THE PALACE TRUST**

### **TRUSTEES' ANNUAL REPORT**

#### **YEAR ENDED 31 DECEMBER 2021**

---

A further success was in maintaining excellent levels of Palace Memberships, which was retargeted towards supporters who wished to engage more with the Trust (as a cost of double the People's Ticket). New open evenings, talks and tours were conceived to give added benefit, along with advance booking options for popular events. Performance is significantly above both expectations and objectives set for the year and is a good indicator of the level of support for the Palace and its aims amongst the local community.

Our Community Engagement programme grew further, and a Community Engagement Assistant was appointed in autumn 2021 to enable more work to be done in this area.

A Community Membership scheme was devised and implemented, and 50 free group memberships were given out to community groups in order to enable access for those who were least likely to be able to visit previously. These include Mental Health groups, school groups, vulnerable adults groups, groups from the food bank centre and many more. Their ability to visit has allowed them to experience something new and discover this stunning site on their doorstep.

Community Engagement work involved a total of 68 organisations throughout the year and the impact upon many of these groups has been substantial in terms of delivering joy and opportunities in a very difficult period. Other schemes focused on widening access for groups to be able to meet safely, using the resources of the Palace for free. These included weekly and monthly meet ups in our Education Room, Gardens and Café for several groups who would otherwise have struggled to maintain their meetings.

An initiative to give out a small percentage of free tickets for events for those who would not otherwise be able to experience them was begun. These included free Father Christmas tickets for a children's hospice, and for those on Pupil Premium. Also 40 People's Tickets were donated to Wells Food Bank, and weekly collections of vegetables grown on site were made to them.

Our education and learning objectives were fully met via our apprentice and intern schemes, with a Digital Marketing Apprentice in association with Strode College and interns from Bristol University. We also had a successful Kickstart Scheme placement in our Gardens who went on to find other work subsequently. A team from Bristol University also came to carry out an environmental project at the Palace. We held a sculpture trail in association with Wells Cathedral and Wells and Mendip Museum, and 7 school groups were able to visit at a reduced rate to engage with this.

We also offered free school visits to the 70 schools nearest to the Palace, of which around 10% took up the offer. This was a lower than anticipated number due to the effects on school trips of the pandemic. A new scheme to offer 10 free places every week to local parishes from Bath & Wells Diocese was also agreed in 2021.

In line with the Trust's sustainability aims, consultations were held to direct the best path towards reaching net zero, and the first stage of a metering and monitoring system for energy usage was installed. A 10 point charter was created to map out 10 points towards reducing the Palace's negative impact on the environment.

#### **Volunteering Opportunities**

The number of volunteering opportunities returned to pre-Covid levels as restrictions eased and confidence grew, and a group of around 150 volunteers assisted the staff to run the site in 2021.

The Trust is extremely grateful for the loyalty and contribution of its volunteers without which it could not function effectively as a site, and is delighted that so many of its volunteers have returned, along with new volunteers, in 2021.

#### **Plans for Future Periods**

2021 was the first year of the five-year strategy. The Senior Management Team welcomed the clarity and vision of the strategy. The Chief Executive and the Senior Management Team were closely involved with

# THE PALACE TRUST

## TRUSTEES' ANNUAL REPORT

### YEAR ENDED 31 DECEMBER 2021

---

Trustees in the creation of the Plan. There was a real sense of ownership and all have a strong commitment to implementation over the next five years. Several factors were impacted by the pandemic, but the 5 year plan is still expected to be achieved by 2025.

Plans for a new Visitor Reception to be built in 2022 are well underway, along with the use of the Medieval Gatehouse to house the growing staff team, and a consultant has been appointed to assist with exploration of themes for future reinterpretation of the Palace Buildings.

#### 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 £1,277,628, £653,000 of which is designated and £117,909 is Tangible fixed assets. 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.

#### 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.
- 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

The Charity hold totals funds of £1,277,628 at the end of the financial year. Free reserves available for the use by the Charity are deemed to be those that are readily realisable, less funds whose uses are restricted or else designated for particular purposes. The calculation therefore excluded £117,909 tangible fixed assets that will continue to be used in the day-to-day running and restricted funds of £nil. It also excludes other designated funds of £653,000, which exists to fund various projects to conserve and enhance the Bishops Palace.

As a matter of policy, each year the Trustees review the level of free reserves. The Board considers the exposure to major risks in terms of their likely impact on its income sources and planned expenditure in the medium term. The 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

# THE PALACE TRUST

## TRUSTEES' ANNUAL REPORT

### YEAR ENDED 31 DECEMBER 2021

---

At present the target range for free reserves is £239k to £478k which equates to between 3 and 6 months of reported expenditure.

At the year end, the actual free reserves were £507k. The Trustees recognise this is slightly above their target range by £29k however, re-investment into the Trust is anticipated with environmental and interpretation projects planned.

#### **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 work of the Church of England in a manner chosen from time to time by the Trustees and approved by the Church Commissioners. The Palace Trust Memorandum and Articles were incorporated in January 2015 and the charitable aims are to preserve for the benefit of the public the fabric of The Bishop's Palace (as a place of historic and architectural interest) in order to facilitate access to The Bishop's Palace by the public for their education and interest, and to promote such charitable purposes as will advance the religious and other charitable work of the Church of England in such manner as the Trustees shall from time to time decide and are approved by the Church Commissioners.<sup>1</sup>

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 six times a year 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. The Chief Executive Rosie Martin Resigned in October 2021 and was replaced on Interim basis by Merryn Kidd and James Cross until December 2021. Jan Wallwork Clarke appointed in November 2021 as Chief Executive with start date of January 2022. Department heads are responsible for the day to day running of The Bishop's Palace including Director of Development and Transformation, visitor services, catering, Finance & HR, marketing, venue hire, volunteer management, gardening, property, and collections.

A total of 49 staff were employed by the Trust and its subsidiary during the 12-month period ended 31 December 2021 with 42 in post at 31 December 2021 Volunteering returned to nearer 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. The introduction of fixed term appointments and succession planning framework will be drawn up by the proposed new Staffing Committee. This and other specific sub committees to the Board are expected to be formed in the first part of 2022 to deliver support in targeted areas such as Governance, EDI, Finance and Fundraising as well as in the areas of Conservation and Curation of the Built Historic heritage assets.

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

---

<sup>1</sup> 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.



# THE PALACE TRUST

## TRUSTEES' ANNUAL REPORT

### YEAR ENDED 31 DECEMBER 2021

---

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.

#### **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 2021 financial statements.

This report was approved by the Board on 19 May 2022 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 2021

---

### 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 2021 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 2021 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

## **THE PALACE TRUST**

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

#### **YEAR ENDED 31 DECEMBER 2021**

---

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 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

## THE PALACE TRUST

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

#### YEAR ENDED 31 DECEMBER 2021

---

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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the parent charity and its subsidiary through discussions with directors and other management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements of the operations of the parent charity and its subsidiary, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance through the audit.

We assessed the susceptibility of the parent charity and its subsidiary's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the parent charity and its subsidiary's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the parent charity and subsidiary's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

# THE PALACE TRUST

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

YEAR ENDED 31 DECEMBER 2021

---

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://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 Limited

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 2021

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
<b>Income from:</b>						
Donations and legacies	2	576,575	-	-	576,575	758,635
Charitable activities	3	609,890	-	-	609,890	410,029
Other trading activities	4	688,374	-	-	688,374	447,492
Investments	5	1,816	-	-	1,816	2,667
<b>Total income</b>		<u>1,876,655</u>	<u>-</u>	<u>-</u>	<u>1,876,655</u>	<u>1,618,823</u>
<b>Expenditure on:</b>						
Raising funds	6	572,361	-	-	572,361	485,939
Charitable activities	8	824,528	52,913	-	877,441	724,385
<b>Total expenditure</b>		<u>1,396,889</u>	<u>52,913</u>	<u>-</u>	<u>1,449,802</u>	<u>1,210,324</u>
Gains/(losses) on investments	16	6,959	-	-	6,959	3,164
<b>Net income/(expenditure)</b>	10	<u>486,725</u>	<u>(52,913)</u>	<u>-</u>	<u>433,812</u>	<u>411,663</u>
Transfers between funds	22	(644,504)	644,504	-	-	-
<b>Net movement in funds before taxation</b>		<u>(157,779)</u>	<u>591,591</u>	<u>-</u>	<u>433,812</u>	<u>411,663</u>
Tax on profit/loss of ordinary activities	17	-	-	-	-	-
<b>Net movement in funds</b>		<u>(157,779)</u>	<u>591,591</u>	<u>-</u>	<u>433,812</u>	<u>411,663</u>
<b>Total funds at 1 January</b>	22	<u>800,415</u>	<u>179,318</u>	<u>-</u>	<u>979,733</u>	<u>568,070</u>
<b>Total funds at 31 December</b>	22	<u>642,636</u>	<u>770,909</u>	<u>-</u>	<u>1,413,545</u>	<u>979,733</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 16 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 2021

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
<b>Income from:</b>						
Donations and legacies	2	541,330	-	-	541,330	684,272
Charitable activities	3	609,890	-	-	609,890	410,029
Other trading activities	4	141,958	-	-	141,958	104,561
Investments	5	1,816	-	-	1,816	2,667
<b>Total income</b>		<u>1,294,994</u>	<u>-</u>	<u>-</u>	<u>1,294,994</u>	<u>1,201,529</u>
<b>Expenditure on:</b>						
Raising funds	6	78,929	-	-	78,929	45,304
Charitable activities	8	824,528	52,913	-	877,441	724,385
<b>Total expenditure</b>		<u>903,457</u>	<u>52,913</u>	<u>-</u>	<u>956,370</u>	<u>769,689</u>
Gains/(losses) on investments	16	6,959	-	-	6,959	3,164
<b>Net income/(expenditure)</b>	10	<u>398,496</u>	<u>(52,913)</u>	<u>-</u>	<u>345,583</u>	<u>435,004</u>
Transfers between funds	22	(644,504)	644,504	-	-	-
<b>Net movement in funds</b>		<u>(246,008)</u>	<u>591,591</u>	<u>-</u>	<u>345,583</u>	<u>435,004</u>
<b>Total funds at 1 January</b>	22	<u>752,727</u>	<u>179,318</u>	<u>-</u>	<u>932,045</u>	<u>497,041</u>
<b>Total funds at 31 December</b>	22	<u>506,719</u>	<u>770,909</u>	<u>-</u>	<u>1,277,628</u>	<u>932,045</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 16 to 29 form part of these financial statements  
See note 14 for fund-accounting comparative figures

# THE PALACE TRUST

## BALANCE SHEET

AS AT 31 DECEMBER 2021

Company Number: 09404519

	Note	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
<b>Fixed assets</b>					
Tangible assets	15	181,183	117,909	177,851	122,904
Investments	16	56,128	56,129	49,169	49,170
		237,311	174,038	227,020	172,074
<b>Current assets</b>					
Stock		7,256	246	5,317	-
Debtors	18	29,275	104,635	45,309	178,015
Cash at bank and in hand		1,264,993	1,099,055	876,139	667,351
		1,301,524	1,203,936	926,765	845,366
<b>Creditors: amounts falling due within one year</b>	19	(125,290)	(100,346)	(124,052)	(85,395)
<b>Net current assets</b>		1,176,234	1,103,590	802,713	759,971
<b>Total assets less current liabilities</b>		1,413,545	1,277,628	1,029,733	932,045
<b>Creditors: amounts falling due after more than one year</b>	19	-	-	(50,000)	-
<b>Net assets</b>		1,413,545	1,277,628	979,733	932,045
<b>Funds</b>					
<b>Unrestricted funds</b>					
General funds	23	506,719	506,719	752,727	752,727
Non-charitable trading funds	23	135,917	-	47,688	-
Designated funds	23	770,909	770,909	179,318	179,318
<b>Restricted funds</b>	23	-	-	-	-
<b>Total funds</b>		1,413,545	1,277,628	979,733	932,045

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 ..... 2022 and are signed on their behalf by:

.....  
Rear Admiral David Wood  
Chair

The notes on pages 16 to 29 form part of these financial statements



# THE PALACE TRUST

## CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £
Net cash inflow from operating activities	20		433,270	518,989
<b>Non-operational cash flows</b>				
<b>Investing activities</b>				
Payments for tangible fixed assets		(46,232)		(62,396)
Investment income		<u>1,816</u>		<u>2,667</u>
			(44,416)	(59,729)
Net cash inflow for the year	21		<u>388,854</u>	<u>459,260</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 16 to 29 form part of these financial statements

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

#### Basis of preparing the financial statements

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

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 2021

### 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

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 2021 £	Total Funds 2020 £
Donations	21,346	-	-	21,346	35,884
Gift Aid Donation from subsidiary Palace Enterprises (Wells) Ltd	-	-	-	-	24,518
Grants					
Church Commissioners	63,975	-	-	63,975	89,500
Job Retention Scheme	2,572	-	-	2,572	49,993
NLHF Heritage Emergency Fund	-	-	-	-	250,000
NLHF Cultural Recovery Fund	352,450	-	-	352,450	182,450
Other small grants	4,898	-	-	4,898	-
Refunded tax	96,089	-	-	96,089	51,927
<b>Charity sub-total</b>	<b>541,330</b>	<b>-</b>	<b>-</b>	<b>541,330</b>	<b>684,272</b>
Job Retention Scheme	10,745	-	-	10,745	56,232
Other government grants	24,500	-	-	24,500	15,649
Business Rates Relief	-	-	-	-	27,000
Inter-group eliminations	-	-	-	-	(24,518)
<b>Group donations and legacies</b>	<b>576,575</b>	<b>-</b>	<b>-</b>	<b>576,575</b>	<b>758,635</b>

Income from donations and legacies in the prior year has been classed as unrestricted general funds.

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 3 Income from charitable activities Group & Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Entrance fee	501,212	-	-	501,212	334,083
Membership income	108,678	-	-	108,678	75,946
	<u>609,890</u>	<u>-</u>	<u>-</u>	<u>609,890</u>	<u>410,029</u>

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

### 4 Income from: Other trading activities Group & Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Shop income	16,680	-	-	16,680	1,567
Management fee income - Palace Enterprises (Wells) Limited	65,606	-	-	65,606	74,080
Event income	55,787	-	-	55,787	17,994
Solar panel income	1,973	-	-	1,973	2,136
Rental income	1,912	-	-	1,912	8,784
<b>Charity sub-total</b>	<u>141,958</u>	<u>-</u>	<u>-</u>	<u>141,958</u>	<u>104,561</u>
Restaurant income	543,012	-	-	543,012	322,013
Event catering	7,822	-	-	7,822	3,035
Event site hire	39,200	-	-	39,200	(8)
Retail income	-	-	-	-	20,197
Film income	21,879	-	-	21,879	63,466
Other income	109	-	-	109	8,308
<b>Subsidiary sub-total</b>	<u>612,022</u>	<u>-</u>	<u>-</u>	<u>612,022</u>	<u>417,011</u>
Inter-group eliminations	(65,606)	-	-	(65,606)	(74,080)
<b>Group income from other trading activities</b>	<u>688,374</u>	<u>-</u>	<u>-</u>	<u>688,374</u>	<u>447,492</u>

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

### 5 Investment Income Group & Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Dividends and interest received	1,816	-	-	1,816	2,667

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

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 6 Expenditure on: Raising funds Group & Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
<i>Direct costs</i>					
Cost of goods sold	495	-	-	495	-
Event costs	56,867	-	-	56,867	27,347
Commission sales expense	13,071	-	-	13,071	8,459
Support costs (note 9)	8,496	-	-	8,496	9,498
<b>Charity sub-total</b>	<b>78,929</b>	<b>-</b>	<b>-</b>	<b>78,929</b>	<b>45,304</b>
<i>Direct costs - subsidiary</i>					
Cost of goods sold	135,698	-	-	135,698	109,891
Other direct costs	33,905	-	-	33,905	24,046
Wages, salaries and agency staff	256,761	-	-	256,761	255,015
Overheads - subsidiary	67,068	-	-	67,068	51,683
Management charge	65,606	-	-	65,606	74,080
Donation to parent	-	-	-	-	24,518
<b>Subsidiary sub-total</b>	<b>559,038</b>	<b>-</b>	<b>-</b>	<b>559,038</b>	<b>539,233</b>
Inter-group eliminations	(65,606)	-	-	(65,606)	(98,598)
<b>Group expenditure on raising funds</b>	<b>572,361</b>	<b>-</b>	<b>-</b>	<b>572,361</b>	<b>485,939</b>

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

### 7 Calculation of net income / (expenditure) from trading activities

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Charity	63,029	-	-	63,029	59,257
Subsidiary	88,229	-	-	88,229	(23,341)
Inter-group eliminations	-	-	-	-	24,518
<b>Group net income / (expenditure) from trading activities</b>	<b>151,258</b>	<b>-</b>	<b>-</b>	<b>151,258</b>	<b>60,434</b>

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

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 8 Expenditure on: Charitable activities Group & Charity

	Direct Costs £	Support Costs (Note 9) £	Total 2021 £
Preserve the fabric of the Palace and Grounds:			
Maintenance costs	151,573	13,737	165,310
Garden maintenance	21,381	77,851	99,232
Public access and education	5,254	607,645	612,899
	<u>178,208</u>	<u>699,233</u>	<u>877,441</u>

### Prior year comparative

	Direct Costs £	Support Costs (Note 9) £	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
	<u>114,153</u>	<u>610,232</u>	<u>724,385</u>

### 9 Support costs Group & Charity

	Raising funds £	Charitable activities £	Total 2021 £
Rent, rates, light and heat	-	49,904	49,904
Cleaning costs	-	21,704	21,704
Advertising	3,213	28,921	32,134
Office costs	-	51,949	51,949
Subscriptions	-	4,508	4,508
Legal fees	-	11,775	11,775
Professional fees	-	32,055	32,055
Accountancy	-	14,082	14,082
Bank charges	-	1,280	1,280
Staff training and recruitment	-	50,254	50,254
Travel and entertainment	-	9,806	9,806
Wages and salaries	5,283	395,456	400,739
Depreciation	-	20,639	20,639
<b>Governance costs - charity</b>			
Auditors fees - audit	-	5,830	5,830
Auditors fees - accountancy	-	1,070	1,070
	<u>8,496</u>	<u>699,233</u>	<u>707,729</u>

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 9 Support costs (continued)

#### Prior year comparative

	Raising funds £	Charitable activities £	Total 2020 £
Rent, rates, light and heat	-	38,974	38,974
Cleaning costs	-	26,326	26,326
Advertising	2,844	25,593	28,437
Office costs	-	48,593	48,593
Subscriptions	-	3,395	3,395
Legal fees	-	4,350	4,350
Professional fees	-	28,099	28,099
Accountancy	-	18,394	18,394
Bank charges	-	1,041	1,041
Staff training and recruitment	-	1,917	1,917
Travel and entertainment	-	3,379	3,379
Wages and salaries	6,654	388,493	395,147
Depreciation	-	15,443	15,443
<b>Governance costs - charity</b>			
Auditors fees - audit	-	5,500	5,500
Auditors fees - accountancy	-	735	735
	<u>9,498</u>	<u>610,232</u>	<u>619,730</u>

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.

### 10 Net income/ (expenditure)

This is stated after charging:

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Depreciation of tangible fixed assets	42,375	20,639	31,954	15,441
Auditors fees - audit	10,530	5,830	9,900	5,500
Auditors fees - accountancy	<u>1,870</u>	<u>1,070</u>	<u>1,155</u>	<u>735</u>

There were no Trustees' remuneration or other benefits for the year ended 31 December 2021 nor for the period ended 31 December 2020.

The total Trustees' expenses paid during the year ended 31 December 2021 to two trustees for travel expenses were £1,385 (2020: £1,558).

The total Trustee, key management personnel and other related party donations in the year were £nil (2020: £nil).

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 11 Staff costs and numbers

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
The aggregate payroll costs were:				
Wages and salaries	601,765	361,503	593,033	361,267
Social security costs	32,951	21,649	36,064	20,529
Employers pension	24,807	17,587	17,850	11,411
Redundancy costs	-	-	1,940	1,940
	<u>659,523</u>	<u>400,739</u>	<u>648,887</u>	<u>395,147</u>

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

	Group 2021 No.	Charity 2021 No.	Group 2020 No.	Charity 2020 No.
Management and administration	10	8	12	9
Other staff	32	15	27	15
	<u>42</u>	<u>23</u>	<u>39</u>	<u>24</u>

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

	Group 2021 No.	Charity 2021 No.	Group 2020 No.	Charity 2020 No.
Management and administration	8	6	8	6
Other staff	17	9	16	8
	<u>25</u>	<u>15</u>	<u>24</u>	<u>14</u>

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

The key management personnel for 2021 (which consists of the Trustees, the Chief Executive and Joint Interim Chief Executives) employee benefits totalled £112,039 for the Group & Charity.

The key management personnel for 2020 (which consisted of the Trustees, the Chief Executive, Development Project Manager and Head Gardener) employee benefits totalled £106,633 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 2021

### 13 Consolidated fund-analysis comparative figures

Group	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £
<b>Income from:</b>				
Donations and legacies	758,635	-	-	758,635
Charitable activities	410,029	-	-	410,029
Other trading activities	447,492	-	-	447,492
Investments	2,667	-	-	2,667
<b>Total income</b>	<b>1,618,823</b>	<b>-</b>	<b>-</b>	<b>1,618,823</b>
<b>Expenditure on:</b>				
Raising funds	485,939	-	-	485,939
Charitable activities	697,542	15,443	11,400	724,385
<b>Total expenditure</b>	<b>1,183,481</b>	<b>15,443</b>	<b>11,400</b>	<b>1,210,324</b>
Gains/(losses) on investments	3,164	-	-	3,164
<b>Net income/(expenditure)</b>	<b>438,506</b>	<b>(15,443)</b>	<b>(11,400)</b>	<b>411,663</b>
Transfers between funds	(60,274)	60,274	-	-
<b>Net movement in funds before taxation</b>	<b>378,232</b>	<b>44,831</b>	<b>(11,400)</b>	<b>411,663</b>
<b>Tax on profit of ordinary activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	<b>378,232</b>	<b>44,831</b>	<b>(11,400)</b>	<b>411,663</b>
<b>Total funds at 1 January 2020</b>	<b>422,183</b>	<b>134,487</b>	<b>11,400</b>	<b>568,070</b>
<b>Total funds at 31 December 2020</b>	<b>800,415</b>	<b>179,318</b>	<b>-</b>	<b>979,733</b>

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 14 Consolidated fund-analysis comparative figures

#### Charity

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2020 £
<b>Income from:</b>				
Donations and legacies	684,272	-	-	684,272
Charitable activities	410,029	-	-	410,029
Other trading activities	104,561	-	-	104,561
Investments	2,667	-	-	2,667
<b>Total income</b>	<b>1,201,529</b>	<b>-</b>	<b>-</b>	<b>1,201,529</b>
<b>Expenditure on:</b>				
Raising funds	45,304	-	-	45,304
Charitable activities	697,542	15,443	11,400	724,385
<b>Total expenditure</b>	<b>742,846</b>	<b>15,443</b>	<b>11,400</b>	<b>769,689</b>
Gains/(losses) on investments	3,164	-	-	3,164
<b>Net income/(expenditure)</b>	<b>461,847</b>	<b>(15,443)</b>	<b>(11,400)</b>	<b>435,004</b>
Transfers between funds	(60,274)	60,274	-	-
<b>Net movement in funds</b>	<b>401,573</b>	<b>44,831</b>	<b>(11,400)</b>	<b>435,004</b>
<b>Total funds at 1 January 2020</b>	<b>351,154</b>	<b>134,487</b>	<b>11,400</b>	<b>497,041</b>
<b>Total funds at 31 December 2020</b>	<b>752,727</b>	<b>179,318</b>	<b>-</b>	<b>932,045</b>

### 15 Tangible fixed assets Group

	Computer equipment £	Furniture, fittings and equipment £	Outdoor equipment £	Catering equipment £	Totals £
<b>Cost</b>					
At 1 January 2021	31,457	16,295	139,238	125,880	312,870
Additions	9,172	5,312	1,018	30,730	46,232
Disposals	(823)	(180)	-	(14,226)	(15,229)
At 31 December 2021	<b>39,806</b>	<b>21,427</b>	<b>140,256</b>	<b>142,384</b>	<b>343,873</b>
<b>Depreciation</b>					
At 1 January 2021	16,917	13,496	37,591	67,015	135,019
Charge for the year	6,725	1,492	11,552	22,606	42,375
Elim on disposal	(703)	(211)	-	(13,790)	(14,704)
At 31 December 2021	<b>22,939</b>	<b>14,777</b>	<b>49,143</b>	<b>75,831</b>	<b>162,690</b>
<b>Net book value</b>					
At 31 December 2021	<b>16,867</b>	<b>6,650</b>	<b>91,113</b>	<b>66,553</b>	<b>181,183</b>
At 31 December 2020	<b>14,540</b>	<b>2,799</b>	<b>101,647</b>	<b>58,865</b>	<b>177,851</b>

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 15 Tangible fixed assets (*continued*)

#### Charity

	Computer equipment £	Furniture, fittings and equipment £	Outdoor equipment £	Catering equipment £	Totals £
<b>Cost</b>					
At 1 January 2021	31,457	16,295	139,238	23,760	210,750
Additions	9,172	5,312	1,018	231	15,733
Disposals	(823)	(180)	-	-	(1,003)
At 31 December 2021	39,806	21,427	140,256	23,991	225,480
<b>Depreciation</b>					
At 1 January 2021	16,917	13,496	37,591	19,842	87,846
Charge for the year	6,725	1,492	11,552	870	20,639
Elim on disposal	(703)	(211)	-	-	(914)
At 31 December 2021	22,939	14,777	49,143	20,712	107,571
<b>Net book value</b>					
At 31 December 2021	16,867	6,650	91,113	3,279	117,909
At 31 December 2020	14,540	2,799	101,647	3,918	122,904

### 16 Fixed asset investments

#### Group

	Unlisted securities £	Total 2021 £	Total 2020 £
Opening balance	49,169	49,169	46,005
Unrealised gains/(losses)	6,959	6,959	3,164
	56,128	56,128	49,169
		<b>Total 2021 £</b>	<b>Total 2020 £</b>
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 2021

### 16 Fixed asset investments (*continued*)

Charity	Unlisted securities £	Total 2021 £	Total 2020 £
Opening balance	49,170	49,170	46,006
Unrealised gains/(losses)	6,959	6,959	3,164
	<u>56,129</u>	<u>56,129</u>	<u>49,170</u>
		<b>Total 2021 £</b>	<b>Total 2020 £</b>
Historical cost of investments		<u>33,594</u>	<u>33,594</u>
<b>Charity investments at market value comprise:</b>			
		<b>Total 2021 £</b>	<b>Total 2020 £</b>
Shares in the Central Board of Finance of the Church of England Investment Fund		56,128	49,169
Shareholding in Palace Enterprises (Wells) Limited		1	1
		<u>56,129</u>	<u>49,170</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 2021 £	Year ended 31 December 2020 £
Turnover	647,267	515,892
Cost of sales	(426,363)	(388,952)
<b>Gross profit</b>	<u>220,904</u>	<u>126,940</u>
Administrative expenses	(132,675)	(125,763)
<b>Profit/(loss) on ordinary activities before taxation</b>	<u>88,229</u>	<u>1,177</u>
Tax on profit/loss on ordinary activities	-	-
<b>Profit/(loss) for the period</b>	<u>88,229</u>	<u>1,177</u>
Shareholders funds/(deficit) brought forward	47,688	71,029
Profit/(loss) for the period	<u>88,229</u>	<u>1,177</u>
	<u>135,917</u>	<u>72,206</u>
Charitable donation (profit gift-aided to Trust)	-	(24,518)
Shareholders funds/(deficit) carried forward	<u><b>135,917</b></u>	<u><b>47,688</b></u>

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 18 Debtors

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Trade debtors	4,086	2,693	16,868	16,942
Amount owed by group undertakings	-	77,945	-	127,922
Prepayments and accrued income	25,189	23,997	25,001	24,933
Other debtors	-	-	3,440	8,218
	<u>29,275</u>	<u>104,635</u>	<u>45,309</u>	<u>178,015</u>

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

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
<b>Amounts falling due within one year</b>				
Trade creditors	71,156	64,382	39,659	35,014
Social security, pensions and other taxes	16,309	14,331	17,884	9,408
Other creditors	8,408	8,408	488	488
Accruals and deferred income	29,417	13,225	66,021	40,485
	<u>125,290</u>	<u>100,346</u>	<u>124,052</u>	<u>85,395</u>

### Amounts falling due after more than one year

	-	-	50,000	-
--	---	---	--------	---

### 20 Reconciliation of net movement in funds to net cash inflow from operating activities

	2021 £	2020 £
Statement of Financial Activities: Net movement in funds	433,812	411,663
Investment income	(1,816)	(2,667)
Depreciation	42,375	31,954
Unrealised net (gain) / loss on investments	(6,959)	(3,164)
(Profit) / loss on disposal of fixed assets	525	-
(Decrease) / increase in creditors: Due within one year	1,238	(40,088)
(Decrease) / increase in creditors: Due after more than one year	(50,000)	50,000
(Increase) / decrease in debtors	16,034	64,961
(Increase) in stock	(1,939)	6,330
<b>Net cash inflow from operating activities</b>	<u>433,270</u>	<u>518,989</u>

### 21 Analysis of changes in cash flow during the year

	2021 £	2020 £	Change
Cash at bank and in hand	<u>1,264,993</u>	<u>876,139</u>	<u>388,854</u>
	<b>2020 £</b>	<b>2019 £</b>	<b>Change</b>
Cash at bank and in hand	<u>876,139</u>	<u>416,879</u>	<u>459,260</u>

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 22 Movement in funds Group

	At 1 Jan 2021 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	At 31 Dec 2021 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Palace interpretation	24,140	-	-	628,860	-	653,000
Fixed assets	122,904	-	(20,639)	15,644	-	117,909
Cultural Recovery Fund	32,274	-	(32,274)	-	-	-
<b>General funds</b>						
General fund	752,727	1,294,994	(903,457)	(644,504)	6,959	506,719
Unrestricted funds subtotal	932,045	1,294,994	(956,370)	-	6,959	1,277,628
<b>Charity funds</b>	932,045	1,294,994	(956,370)	-	6,959	1,277,628
Palace Enterprises (Wells) Limited	47,689	647,267	(559,038)	-	-	135,918
Inter-group eliminations	(1)	(65,606)	65,606	-	-	(1)
	47,688	581,661	(493,432)	-	-	135,917
<b>Total funds (Group)</b>	979,733	1,876,655	(1,449,802)	-	6,959	1,413,545

### Previous year Group

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

#### Designated funds

The Palace interpretation fund relates to a large development project currently in the planning phase 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 Great Hall fund relates to the conservation and development of the Great Hall ruin.

# THE PALACE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

### 22 Movement in funds (*continued*)

#### Inter-group eliminations

A donation to the Trust from Palace Enterprises of £nil (2020: £24,518) and a management charge of £65,606 (2020: £74,080) 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.

### 23 Analysis of net assets between funds

	Restricted funds £	Designated funds £	Unrestricted funds £	2021 Total £
Tangible fixed assets	-	117,909	-	117,909
Fixed asset investments	-	-	56,129	56,129
Cash at bank and in hand	-	-	1,099,055	1,099,055
Other current assets	-	653,000	(648,465)	4,535
<b>Charity</b>	-	770,909	506,719	1,277,628
Palace Enterprises (Wells) Limited	-	-	135,918	135,918
Inter-group eliminations	-	-	(1)	(1)
<b>Group</b>	-	770,909	642,636	1,413,545

  

	Restricted funds £	Designated funds £	Unrestricted funds £	2020 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
<b>Charity</b>	-	179,318	752,727	932,045
Palace Enterprises (Wells) Limited	-	-	47,689	47,689
Inter-group eliminations	-	-	(1)	(1)
<b>Group</b>	-	179,318	800,415	979,733

### 24 Related party transactions

Nicola Nuttall was a trustee in the year and was charged £Nil (2020: £6,300) in rent for the use of the Gatehouse. A balance of £Nil (2020: £nil) was outstanding at the year-end. This is considered to be a market rent.

# **THE PALACE TRUST**

## **MANAGEMENT INFORMATION**

**YEAR ENDED 31 DECEMBER 2021**

---

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 2021

	Total Funds 2021 £	Total Funds 2020 £
<b>Income From:</b>		
<i>Donations and legacies</i>		
Gift Aid Donation from subsidiary Palace Enterprises (Wells) Ltd	-	24,518
Donations	21,346	35,884
Grants		
Church Commissioners	63,975	89,500
Job Retention Scheme	2,572	49,993
NLHF Heritage Emergency Fund	-	250,000
NLHF Cultural Recovery Fund	352,450	182,450
Other small grants	4,898	-
Refunded tax	96,089	51,927
	<u>541,330</u>	<u>684,272</u>
<i>Investment income</i>		
Dividends and interest received	1,816	2,667
Gain on investments	6,959	3,164
	<u>8,775</u>	<u>5,831</u>
<i>Charitable activities</i>		
Entrance fee	501,212	334,083
Membership income	108,678	75,946
	<u>609,890</u>	<u>410,029</u>
<i>Other trading activities</i>		
Shop income	16,680	1,567
Management fee income - Palace Enterprises (Wells) Limited	65,606	74,080
Event income	55,787	17,994
Solar panel income	1,973	2,136
Rental income	1,912	8,784
	<u>141,958</u>	<u>104,561</u>
<b>Total income</b>	<u><u>1,301,953</u></u>	<u><u>1,204,693</u></u>

# THE PALACE TRUST

## CHARITY DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2021

	Total Funds 2021 £	Total Funds 2020 £
<b>Expenditure on:</b>		
<i>Direct Raising Funds Costs</i>		
Cost of goods sold	495	-
Event costs	56,867	27,347
Commission sales expense	13,071	8,459
	<u>70,433</u>	<u>35,806</u>
<i>Direct Charitable Activities Costs</i>		
Preserve the fabric of the Palace and Grounds:		
Maintenance costs	151,573	82,047
Garden maintenance	21,381	29,110
Public access and education	5,254	2,996
	<u>178,208</u>	<u>114,153</u>
<i>Support Costs</i>		
Rent, rates, light and heat	49,904	38,974
Cleaning costs	21,704	26,326
Advertising	32,134	28,437
Office costs	51,949	48,593
Subscriptions	4,508	3,395
Legal fees	11,775	4,350
Professional fees	32,055	28,099
Accountancy	14,082	18,394
Bank charges	1,280	1,041
Staff training and recruitment	50,254	1,917
Travel and entertainment	9,806	3,379
Wages and salaries	400,739	395,147
Depreciation	20,639	15,443
<b>Governance costs</b>		
Auditors fees - audit	5,830	5,500
Auditors fees - accountancy	1,070	735
	<u>707,729</u>	<u>619,730</u>
<b>Total expenditure</b>	<u>956,370</u>	<u>769,689</u>
<b>Net (expenditure)/income</b>	<u>345,583</u>	<u>435,004</u>