



The Bishop's Palace
WELLS - SOMERSET

The Palace Trust

(A Charitable Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

- For the Year Ended 31 December 2022 -



Company Number: 09404519
Charity Registered in England and
Wales Number: 1160830

**THE PALACE TRUST
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FOR THE YEAR ENDED 31 DECEMBER 2022**

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**THE PALACE TRUST
ANNUAL REPORT 2022 FOREWORD
FOR THE YEAR ENDED 31 DECEMBER 2022**

We are delighted to share our Report and Financial Statements for the year 2022 which was a year of “out of the covid frying pan” into the cost of living crisis “fire”. But we’re pleased to say that our results held up albeit showing a small loss and we look forward to the coming year with optimism.

Thanks to the incredible commitment of our colleagues, we continue to delight our visitors with our RHS partner gardens and benefit our community in so many ways. From giving away 44 free tickets to Ukranian families living locally, to giving a further 156 annual passes to those who can benefit most from access to our heritage site of peace, beauty and tranquillity. The value of cash and kind donated to our community in 2022 was around £25,000 in 2022 [which we aim to beat in 2023].

Sustainability is at the heart of what we do, commercially, environmentally and socially. We are taking action to become carbon neutral and are investing c£100,000 in 2023 into renewable technology, both solar power and, in time it is hoped, water power. It is noticeable that we have around 500,000 visitors who cross our drawbridge and around 125,000 who pay to visit the Palace and Gardens. Our challenge this year is to persuade some of those who don’t progress beyond our free area to visit the rest of this fabulous site and thereby help our Charity to continue its great work.

The Trust manages the Palace and Gardens on behalf of the Church Commissioners and we’re delighted that our current contract has recently been extended by 10 years. We are in active conversation regarding an even longer-term arrangement which will enable us to secure grant funding to develop further key areas such as the Palace building itself where we have some exciting interpretation ideas drawn from a wealth of stories over our 800 year history. From recreating a 14th century Christmas feast (original menu and guests are all recorded!) to the attendance of the Bishop of Bath and Wells (one of our Trustees) at the coronation of King Charles III.

We’d like to thank all of our staff, volunteers and Trustees for their continuous hard work, time and dedication to the Bishop’s Palace and Gardens and, of course, we’d like to give huge thanks to our visitors and community for whom the Trust is here to serve.

.....
ROGER HAWES (CHAIR)

.....
MERRYN KIDD (INTERIM CHIEF EXECUTIVE)

**THE PALACE TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Trustee Directors	Rt Revd Michael Beasley Maureen Boylan Nick Denison Paul Dickinson Roger Hawes Michael Minta Peter Stickland Rt Revd Trevor Willmott Julie Wills
Company Secretary	Natalie Lansdown
Chief Executive Officer	Jan Wallwork Clark (from January 2022 - resigned 27 March 2023)
Chief Operating Officer	Merryn Kidd (Interim Chief Executive from 28 March 2023)
Charity Number	1160830
Company Number	09404519
Principal Address and Registered Office	The Bishop's Palace Wells Somerset, BA5 2PD
Auditors	Albert Goodman LLP Goodwood House Blackbrook Park Avenue Taunton Somerset TA1 2PX
Bankers	NatWest 7 High Street Wells Somerset TA1 1JQ

THE PALACE TRUST TRUSTEE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022



The Trustees, who are also directors for the purposes of the Companies Act, present their report and the financial statements of the Charity for the year ended 31 December 2022, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The full name of the Charity is The Palace Trust. It was incorporated on 26 January 2015 as a company limited by guarantee. Its company registration number is 09404519. Its charity registration number is 1160830. The Charity is variously referred to throughout this report as either "the Charity", "the Company" or "the Trust".

References and Administrative Details

Administrative information is given in a separate section at the front of these accounts.

Directors and Trustees

The directors of the Company are the Charity's Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year and since the year-end are as follows:

Rt Revd N M R Beasley	(appointed 15 September 2022)
Mrs M F A Boylan	
Mr N J Denison	(Treasurer)
Mr P R Dickinson	
Mr R Hawes	(Chair from November 2022)
Mr M T Minta	
Mr P B G Stickland	(Vice Chair)
Rt Revd T Willmott	
Mrs J A Wills	
Very Revd Dr J H Davies	(resigned 25 January 2023)
Dame E P Gass	(resigned 12 October 2022)
Mrs C Reed	(resigned 1 April 2023)
Mr B P Roberts-Wray	(resigned 17 November 2022)
Rear Admiral D Wood	(resigned 17 November 2022) (Chair until November 2022)
Rt Revd R E Worsley	(resigned 1 October 2022)

None of the Trustees have any beneficial interest in the Company. All of the Trustees are members of the Company and guarantee to contribute £1 in the event of a winding up.



The Bishop's Palace and Gardens, Wells

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution of The Palace Trust

The Palace Trust's Articles contain two charitable aims: a) 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 b) 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.

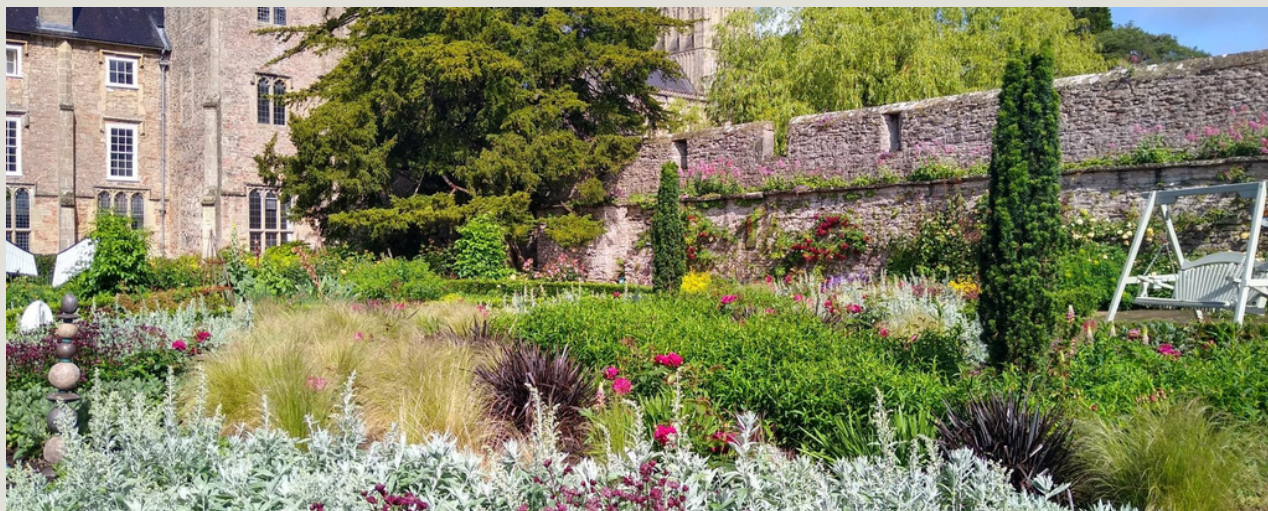
Today, The Palace Trust continues to work towards these charitable aims, by opening The Bishop's Palace and its fourteen acres of gardens up to the public and running it as a heritage site, visitor attraction and community asset.

Organisational Structure

The Board of Trustees are responsible for strategy and supervision of the executive to whom they delegate responsibility for operations. The Chief Executive Officer is responsible for delivering the strategy with the senior management team comprising the following department heads : Catering, Visitor Experience, Community Engagement and Volunteers, Horticulture, Property Manager, Marketing and Finance, People & IT. Department heads are responsible for the day to day running of the operations and report directly to the Interim Chief Executive.

An average of 51 staff were employed by the Trust and its subsidiary during the 12-month period ended 31 December 2022 with 44 in post at 31 December 2022. We had an average of 165 volunteers during the year.

**THE PALACE TRUST
TRUSTEE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**



The Bishop's Palace and Gardens, Wells

Key Management Personnel Remuneration

The Trustees consider the Board of Trustees, the Chief Executive Officer and the Chief Operating Officer as comprising the Key Management Personnel (KMP) in charge of directing and controlling the Trust and running and operating the Trust on a day-to-day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year. The pay of Chief Executive Officer and the Chief Operating Officer is reviewed annually and normally increased in accordance with average earnings. The remuneration is also benchmarked with heritage organisations of a similar size to ensure that the remuneration set is fair and not out of line with that generally paid for comparable roles. Details of Trustee expenses and related party transactions are disclosed in note 8 to the accounts, and details of other KMP remuneration are disclosed in note 9 to the accounts.

Selection and Training of Trustees

Trustees are appointed according to the skills and experience required to deliver a successful strategic Board which meets both as a board and in smaller sub-committees. The Church Commissioners have the right to appoint one Trustee and the Bishop of Bath and Wells also has the right to be a Trustee. A skills audit was conducted in November 2022 to identify gaps in the skills and experience in the Board of Trustees for whom the Trust is actively recruiting having seen several retirements in the past year. After external advertising, Roger Hawes applied for and was appointed Chair in November 2022 on the retirement of David Wood. Interviews for new Trustees are carried out by a Trustee panel before a decision on whether to appoint is made. New Trustees are provided with an induction pack of relevant information which is supplemented by a detailed induction programme involving the Chair and key members of staff. Trustees are encouraged to participate in ongoing training and an annual away day.

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.





OBJECTIVES, STRATEGY AND ACTIVITIES OF THE TRUST

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 annually 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. In 2022 we welcomed 45 community groups, 12 Parish groups plus we donated 44 family memberships to Ukrainian families living locally.

In addition, we granted 156 annual free passes to those who benefit most from access to our place of peace, beauty and tranquillity. We welcomed 15 local schools and 3 Universities. We donated raffle prizes to a further 37 community groups, out of a total 113 raffle prizes given during 2022.

We value our staff, volunteers and visitors and aim to 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 aims to 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. 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 most high-profile primary asset as 2022 saw the 7th consecutive year as an RHS Partner Garden. We want to inspire and train the next generation of gardeners and enhance and protect the natural and semi-cultivated environment in the gardens to support nature and wildlife.



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, 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.

**THE PALACE TRUST
TRUSTEE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**



Activities

2022 was a year in which the UK grappled with a cost-of-living crisis as the economic impact of a war between Russia and Ukraine saw huge increases in oil and fuel prices in the UK. Food prices rocketed too, impacting on our cost of sales in the Bishop's Table café alongside a dearth of people available to work in this sector of our trading centres with a resultant reduction in opening times for the popular café due to under capacity staffing levels.

A big event in the history of the Palace and the Trust was the installation of the 80th Bishop of Bath & Wells, the Very Reverend Dr Michael Beasley in November. He and his wife and young family moved into the Palace in August and have been keen to work in collaboration on developing access to the Palace as well as working on joint projects towards carbon net zero.

We have made much progress in this year on our race to reduce our carbon footprint:

- The Trust became a participant organisation in Skills for Clean Growth programme in early 2022
- Our Carbon Champion member of the senior management team ("SMT") undertook Carbon Literacy for Museums Training (Nov 2022) with the Carbon Literacy Project with aim of becoming Carbon Literate Accredited for 2023
- The Trust received £2,500 funding towards Smart Heating Controls from the MINZ Resource Efficiency Grant and subsequently installed hi tech sensors to use AI to control heating
- The Trust received Make it NetZero Carbon UNFCCC RACE TO ZERO – pledge and plan – science based carbon reduction targets and regular reporting
- The SMT Carbon Champion undertook Carbon Tool training webinar Nov. 2022 & participated in Small Business Sustainability Reaching Net Zero workshop Feb 2022 plus they attended Green Tourism, Identifying Practical Changes Workshop. March 2022

**THE PALACE TRUST
TRUSTEE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The benefits of access to the Gardens to provide peace and mental and physical health benefits to a widening audience were even more important to a widening audience. Locals continued to appreciate the yearly 'People's Ticket' and Membership sales increased especially around a Christmas Gift promotion in December. Produce from the Community Garden was utilised in the café and sold at the Visitor reception. Surpluses were donated to Wells Food Bank a local charity supporting those in food poverty.

Events included a new outdoor opera over 2 nights by Opera Brava – a joint venture with Project Factory, a local community interest company supporting new community initiatives in the area, both commercial and charitable with cultural and educational outputs. Well-established events such as the artisan Christmas market, Rare Plant Fair and Bowlore Medieval Weekend had increased visitor numbers this year and the turnover for the Christmas at the Palace was the highest since it started.

Projects were begun to develop the site and how visitors enjoy it, including some low-key but transformational medieval themed interpretation of the Undercroft, which has helped to sell 11 weddings for 2023. Further Foundational Interpretation has been planned with the newly formed Conservation & Curatorial Committee, based on the extensive research undertaken by a fellow at Exeter University as well as with our own in-house volunteer team. Work towards carbon net zero is going forward with Bath University contacts shared by Bishop Michael.



**THE PALACE TRUST
TRUSTEE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**



ACHIEVEMENTS AND PERFORMANCE

The year was difficult financially and we made a £118,500 loss. However, there were successes, despite the increasingly difficult economic operating environment, in that the Palace welcomed 124,161 paying visitors to the site and over 508,573 in that part of the site for which there is no charge. This represented a 15% decrease, year on year in visitor numbers compared to 2021. Given the national picture of heritage attractions being up to 30% down across the board in 2022 (ALVA) a decrease of 15%, mostly accountable to the 5 months from April-August, shows some resilience.

The People's Ticket, now called the Annual Admission Ticket is in its 3rd year, continues to support our charitable aims by allowing local people to visit as many times as they like for a 12-month period for the price of a single day visit.

The number of Palace Memberships sold increased 5%, to 2283 in 2022, from 2184 in 2021. We developed the offer of Member-only events to include open evenings, talks and tours giving added benefit, along with advance booking options for popular events. Performance is above 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.

Community Engagement work involved a total of 45 groups (see above) and whilst this was a drop from 68 in 2021, that reflects the fact that some were able to return to their own venues following the lifting of pandemic restrictions.

Our education and learning objectives were fully met via our apprentice and intern schemes. Last year's Digital Marketing Apprentice in association with Strode College graduated with a Distinction and he was employed by the Palace Trust as a full time Digital Marketing Officer. The Sculpture trail in association with Wells Cathedral and Wells and Mendip Museum is in its second year with a growing audience. In 2022 we welcomed 15 schools as we developed the initiative to enable free access to all schools in Wells and to the 70 schools nearest to Wells, with a free pass to 1 class per year. Those with pupils on 'Pupil Premium' have the free access extended to their families.

Continuing with the Trust's sustainability aims, the metering and monitoring research has enabled us to specify and commission the infrastructure required to generate and store our own renewable energy. This is a large part of the project budget spend for 2023.

**THE PALACE TRUST
TRUSTEE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**



Volunteering Opportunities

The range of volunteering opportunities has grown to include 'drawbridge welcomers' as a new initiative to offer a bespoke welcome to those who browse but do not go through the pay barrier. This was trialled in the summer months and will continue and expand in 2023. The number of garden volunteers has increased and the commitment of the maintenance volunteers was recognised and refreshed following the creation of the role of Property Manager who will be responsible for the maintenance of the historic built fabric and her growing team will support her in this role.

The Trust is extremely grateful for the loyalty and contribution of its volunteers who not only make the effective running of the site viable through their gift of time but who greatly benefit from their varied and constant engagement with and support of our work to deliver our charitable objects.

FUTURE PLANS

Plans for 2023 centre around four pillars of emphasis:

- Conservation
- The environment
- Interpretation of this historic site
- Community

The Trust has ambitious future plans to re-imagine the Palace buildings, to develop other parts of the site and to secure a longer term contractual arrangement with the Church Commissioners for managing it. A successful outcome to those discussions will enable the Trust to apply for significant grant funding to achieve these ambitious plans which will include high-tech spec, interactive displays and digital content and will be delivered in the coming years.

We have an incredibly rich seam of stories and significance and will be using them in these developments which will depend on raising matched funding from grant bodies and other fundraising activities.

THE PALACE TRUST TRUSTEE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

In the short term, the Bishop's Table building is reverting to being a café and part ticket office, as it was several years ago, by the summer of 2023 and the conversion of the medieval gatehouse to appropriate office space for the current and growing team will be completed during 2023.

An environmental project will see the roof of the café building covered in new solar PV panels, and a 129kWh storage battery installed to enable onsite energy to be stored and reused rather than sending it back to the Grid. Smart Heating controls will use Artificial Intelligence to keep the inside of the medieval buildings at a constant, suitable temperature. Our carbon emissions will be reduced by around 35% as a result.

FINANCIAL REVIEW AND RESERVES POLICY

The Palace Trust's financial position deteriorated slightly over the year after the loss of £118,500. At year end, the Trust had unrestricted net assets (excluding the trading subsidiary), of £1,240,628, £802,195 of which is designated and £134,496 is Tangible fixed assets. 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 are 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. We are in active communication with them regarding longer term arrangements for the Trust to continue to manage the site for the benefit of the community.

**THE PALACE TRUST
TRUSTEE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Fundraising

The Trust plans future fundraising activities but these are constrained by both a lack of internal resource and discussion with the Church Commissioners about the long term nature of the Trust's occupation at the site. It is hoped these will be overcome as a result of the current discussions with the Church Commissioners and in the meantime a small amount of third party resource will be used to advance fundraising activities which can bear fruit notwithstanding these constraints.

Any third party suppliers will be required to comply with all recognised fundraising standards and the public will be protected from unreasonable intrusion or pressure to give.

Reserves

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.

Free reserves are defined as those available for the use by the Charity that are deemed to be readily realisable, less funds that are restricted or else designated for particular purposes.

This therefore excludes £134,496 tangible fixed assets that will continue to be used in the day-to-day running, and restricted funds of £nil.

The policy is to have a Trust Reserve for unrestricted funds at the year-end of sufficient size to cover the period from January to March when The Palace Trust runs at a deficit. The Trust Reserve therefore equates to 3 months of forecast expenditure. As at 31st December 2022 this was £450,000.

Other free reserves of £656,132 include £352,195 which has been allocated to the following projects as designated funds:

- Conservation: improving the fabric of the property.
- Environmental: introducing renewable energy sources.
- Interpretation: enhancing the Palace visitor experience.
- Community: expanding engagement across the Palace and gardens

A further £300k has been allocated to a 2024 major interpretation project whilst seeking matching funding in due course.

THE PALACE TRUST TRUSTEE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Trustees' Responsibilities

The Trustees (who are directors of The Palace Trust for the purposes of company law) are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and the group and of the income and expenditure, of the charitable group for that period. In preparing these 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 accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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



**THE PALACE TRUST
TRUSTEE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement as to disclosure to our auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Albert Goodman LLP, are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

By order of the Trustees.

.....
Roger Hawes
Chair
The Palace Trust

Date:



2022 AT A GLANCE



The Bishop's Palace
WELLS · SOMERSET

508,573

People visited the Free Area



124,161

Visitors paid to enjoy the Palace & Gardens

2,283

Memberships were bought or renewed



225 days

Of public events and activities

156 Free annual passes to those in need



113

Raffle prizes given to local groups

44

Free memberships to local Ukranian families

Welcomed 1 new Bishop of Bath and Wells and 1 new Chief Executive



4

Groups per week in Community Garden

5

Cygnets born



69,000 cups of coffee
and 34,000 pieces of cake sold

17

What Our Community is Telling Us:



FROM A UKRAINIAN FAMILY

"Many thanks for providing the membership card which we have picked up on Sunday. It was terrible raining, but the Bishop's Palace are amazing place, especially garden!"

"Well done the Bishop's Palace team for generously offering this amenity to locally-based Ukrainians."

FROM A HOST FAMILY FOR THE MEMBERSHIP THEIR UKRAINIAN GUESTS RECEIVED

FROM A FAMILY WHO USE THE FOODBANK AND RECEIVED FREE TICKETS

"Just wanted to say thank you so much for the last year, as a family we have enjoyed visiting the Palace so much, the Palace will always be so special to us as it's where our twins took their first steps on the lawns, we celebrated our first Easter together inside the Palace with an Easter egg picnic and very recently the twins had their very first slide in the Dragon's Lair, we have enjoyed quite time in the chapel to reflect and say some prayers, watch the swans raise their very own family and of course had the most amazing Christmas experience we could have ever dreamt of."

"Your talk was spot on ideal for the occasion. You enlightened us brilliantly with your lively and lucid delivery. You will have gathered from the number of questions thrown at you that you had totally captivated your audience's imagination and sentiment for our local treasure."

PROBUS CLUB TALK FEEDBACK

WORK EXPERIENCE STUDENT 2022

"Thank you for an amazing week. I found it hard to start with, meeting lots of new people but now I feel more confident. I really enjoyed doing the video with Matt (he is a legend) and meeting all the visitors and volunteers."

"Thank you so much for this morning. Your talk was inspiring and I absolutely enjoyed the walk. The feedback we received was positive from all who attended."

WELLBEING AT WORK EVENT '22 - WORKING WITH THE JOB CENTRE

CONTRIBUTOR TO THE JUBILEE EXHIBITION

"Delighted to be part of such a lovely exhibition with such amazing memories."

THE PALACE TRUST
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of The Palace Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2022, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company Statement of Cash Flows, 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 Generally Accepted Accounting Practice, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2022 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on 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 group and parent charitable company 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 Trustee's 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 entity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

THE PALACE TRUST
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2022

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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.

Opinion on other matter 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, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' 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 group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 Trustees' Report and from the requirement to prepare a Strategic Report.

THE PALACE TRUST
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2022

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the parent charitable company for the purposes of company law) 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 the Trustees 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 group and parent charitable company'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 parent charitable company 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.

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/auditorsresponsibilities. This description forms part of our auditor's report.

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

THE PALACE TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2022

The extent to which the audit was considered capable of detecting irregularities including fraud

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 company through discussions with management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charity Act 2011, employment, data protection 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 throughout the audit.

We assessed the susceptibility of the group'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; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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 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, claims and breaches of relevant legislation; and
- reviewing correspondence with the Charity Commission and other relevant regulators including the group's legal advisors and insurers.

**THE PALACE TRUST
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

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.

Use of our report

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

.....
Michelle Ferris BSC (Hons) FCA DChA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

Date:.....

THE PALACE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN
INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022

				2022			2021
		Unres-	Res-	Total	Unres-	Res-	Total
	Notes	tricted	tricted		tricted	tricted	
		£	£	£	£	£	£
Income from:							
Donations and legacies	2	168,297	-	168,297	576,575	-	576,575
Charitable activities	3	625,407	-	625,407	609,890	-	609,890
Other trading activities	4	658,642	-	658,642	688,374	-	688,374
Investment	5	5,955	-	5,955	1,816	-	1,816
Total income		1,458,301	-	1,458,301	1,876,655	-	1,876,655
Expenditure on:							
Raising funds	6	620,717	-	620,717	572,361	-	572,361
Charitable activities	7	949,506	-	949,506	877,441	-	877,441
Total expenditure		1,570,223	-	1,570,223	1,449,802	-	1,449,802
Net (expenditure) / income		(111,922)	-	(111,922)	426,853	-	426,853
Transfer between funds		-	-	-	-	-	-
Other recognised gains							
Unrealised (loss) / gain on investment		(6,578)	-	(6,578)	6,959	-	6,959
Net movement in funds for the year		(118,500)	-	(118,500)	433,812	-	433,812
Reconciliation of funds							
Total funds brought forward		1,413,545	-	1,413,545	979,733	-	979,733
Total funds carried forward		1,295,045	-	1,295,045	1,413,545	-	1,413,545

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE PALACE TRUST – COMPANY REGISTRATION NUMBER: 09404519
BALANCE SHEET AND CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

		2022 £	2022 £	2021 £	2021 £
	Notes	Group	Charity	Group	Charity
Fixed assets					
Tangible fixed assets	10	195,881	134,496	181,183	117,909
Investments	11	49,550	49,551	56,128	56,129
		<u>245,431</u>	<u>184,047</u>	<u>237,311</u>	<u>174,038</u>
Current assets					
Stock	12	8,209	246	7,256	246
Debtors	13	56,807	110,260	29,275	104,635
Cash at bank and in hand		1,112,095	1,014,738	1,264,993	1,099,055
		<u>1,177,111</u>	<u>1,125,244</u>	<u>1,301,524</u>	<u>1,203,936</u>
Liabilities:					
Creditors: amounts falling due within one year	14	(127,497)	(68,663)	(125,290)	(100,346)
Net current assets		<u>1,049,614</u>	<u>1,056,581</u>	<u>1,176,234</u>	<u>1,103,590</u>
Total net assets		<u><u>1,295,045</u></u>	<u><u>1,240,628</u></u>	<u><u>1,413,545</u></u>	<u><u>1,277,628</u></u>
The funds of the charity:					
Unrestricted funds:					
General funds		296,969	303,937	642,636	506,719
Designated funds		998,076	936,691	770,909	770,909
Total unrestricted funds	15	1,295,045	1,240,628	1,413,545	1,277,628
Restricted funds		-	-	-	-
Total charity funds		<u><u>1,295,045</u></u>	<u><u>1,240,628</u></u>	<u><u>1,413,545</u></u>	<u><u>1,277,628</u></u>

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.

The notes on pages 27 – 48 form part of these accounts.

Approved by the Board for issue on and signed on their behalf by:

.....
R Hawes
Trustee

THE PALACE TRUST
STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022 £	2022 £	2021 £	2021 £
	Notes	Group	Charity	Group	Charity
Cash flows from operating activities					
Net expenditure for the year		(118,500)	(37,000)	433,812	345,583
Adjustments to cash flows from non-cash items:					
Depreciation and amortisation	10	51,987	28,803	42,375	20,639
Investment income	5	(5,955)	(5,604)	(1,816)	(390)
Unrealised net (gain) / loss on investments	11	6,578	6,578	(6,959)	(6,959)
(Profit) / loss on disposal of fixed assets		2,764	2,015	525	89
		(63,126)	(5,208)	467,937	358,962
Working capital adjustments					
Decrease / (increase) in stocks	12	(953)	-	(1,939)	(246)
(Increase) / decrease in debtors	13	(27,532)	(5,625)	16,034	73,380
Increase / (decrease) in creditors	14	2,207	(31,684)	(48,762)	14,951
Net cash flow from operations		(89,404)	(42,517)	433,270	447,047
Cash flows from investing activities					
Purchase of tangible fixed assets	10	(90,949)	(68,904)	(46,232)	(15,733)
Proceeds on disposal of fixed assets		21,500	21,500	-	-
Investment income	5	5,955	5,604	1,816	390
		(63,494)	(41,800)	(44,416)	(15,343)
Net increase in cash and cash equivalents		(152,898)	(84,317)	388,854	431,704
Cash and cash equivalents at the beginning of the reporting period		1,264,993	1,099,055	876,139	667,351
Cash and cash equivalents at the end of the reporting period		1,112,095	1,014,738	1,264,993	1,099,055
Cash & Cash equivalents reconciliation:					
Cash at bank		1,112,095	1,014,738	1,264,993	1,099,055
Total cash & cash equivalents at the end of the reporting period		1,112,095	1,014,738	1,264,993	1,099,055

THE PALACE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Palace Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) and all amounts are presented in £ sterling.

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Palace Enterprises (Wells) Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of The Palace Trust and Palace Enterprises (Wells) Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

A separate Statement of Financial Activities or income and expenditure account, for the Charity itself has not been presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting when preparing the financial statements.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1.4 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured. Where income has not been received for gift aid claims relating to donations received in the year, income is accrued.

Income from government grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Where no conditions are attached to the grant income they are recognised within donations and legacies and where conditions relating to performance of services are attached, grant income is recognised in income from charitable activities within the Statement of Financial Activities.

Income from charitable activities includes membership and admissions income. Membership income is accounted for in full in the year that the membership commences. Admission income is recognised on a cash basis, in the year the income is physically received.

Income from other trading activities, including restaurant income, event income and rental income, is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

The Charity receives income from its subsidiary under gift aid and this is recognised upon physical receipt.

The Charity notes the requirement of the SORP that large charities must report their results on an activities basis. The Charity considers that they produce one activity – the operation of a heritage site – and therefore reports on that basis.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Expenditure

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Raising funds is expenditure incurred in generating the trading subsidiary funds and from other trading activities carried out by the trust.

Charitable activity expenditure comprises costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and costs of an indirect nature necessary to support them. Grants payable are at the discretion of the Trustees. Governance costs are those costs associated with the governance arrangements of the Charity and relate to general running of the Charity as opposed to those costs associated with charitable activities.

1.7 Operating leases

The Trust classifies the lease of properties as operating leases as title remains with the lessor. Rental charges are charged on a straight line basis over the term of the lease.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of Trust.

Restricted funds are from donations and grants in which the donor or funder has specified are to be solely used for particular areas of the Trust's work or for specific projects being undertaken by the Trust.

1.9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Fixed assets under £1,000 are not capitalised. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	3-5 years straight line
Furniture, fittings & equipment	5 years straight line
Outdoor equipment	2-15 years straight line
Catering equipment	5 years straight line

1.10 Debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Trust will not be able to collect all amounts due to according to the original terms of the receivables.

Other debtors comprise prepayments and accrued income. Prepayments arise from the payments for services prior to benefit from those services, and accrued income is amounts due for services provided, recognised at the point of provision of the services.

1.11 Stock

Stock consists of shop stock for resale and publication stocks. Stock is valued at the lower of cost and net realisable value, after making allowances for obsolete and slow moving stock.

1.12 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11.14 Defined contribution pension

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as staff pension expense through the profit and loss when they are due.

1.15 Taxation

As a registered Charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax (VAT) is partially recoverable by the company. Any irrecoverable VAT is added to the relevant cost and charged as an expense in the Statement of Financial Activities.

1.16 Financial Instruments

The Charity only holds basic financial instruments as defined in FRS 102. The financial assets and liabilities of the Charity and their measurements are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank and deposit accounts– is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Donations and legacies

	Unres- tricted funds £	Res- tricted funds £	2022 Total £	Unres- tricted funds £	Res- tricted funds £	2021 Total £
Donations	11,000	-	11,000	21,346	-	21,346
Gift aid	81,286	-	81,286	96,089	-	96,089
Grants						
Church Commissioners	59,033	-	59,033	63,975	-	63,975
NLHF Cultural Recovery Fund	-	-	-	352,450	-	352,450
Historic England- KickStart	6,763	-	6,763	-	-	-
Other small grants	10,215	-	10,215	4,898	-	4,898
Exceptional government funding						
Job Retention Scheme*	-	-	-	13,317	-	13,317
Other government grants*	-	-	-	24,500	-	24,500
	<u>168,297</u>	<u>-</u>	<u>168,297</u>	<u>576,575</u>	<u>-</u>	<u>576,575</u>

The Charity furloughed some of its staff under the governments CJRS in 2021. The funding received in the prior year totalling £13,317 relates to staff costs which are included within note 9 as appropriate. Staff entered into the furlough scheme were those directly involved with trading activity which were required to close in line with Government lockdown rules.

*Denotes government grants

Income from government grants comprises grants made by local authorities to fund the principal activities and objectives of the Charity via core funding and funding for specific projects. See above for more information, including the amount and source of these grants. There are no unfulfilled conditions or other contingencies attached to these grants.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Income from charitable activities

	Unres- tricted funds £	Res- tricted funds £	2022 Total £	Unres- tricted funds £	Res- tricted funds £	2021 Total £
Entrance fees	525,625	-	525,625	501,212	-	501,212
Membership income	99,782	-	99,782	108,678	-	108,678
	<u>625,407</u>	<u>-</u>	<u>625,407</u>	<u>609,890</u>	<u>-</u>	<u>609,890</u>

4 Other trading activities

	Unres- tricted funds £	Res- tricted funds £	2022 Total £	Unres- tricted funds £	Res- tricted funds £	2021 Total £
Restaurant income	519,126	-	519,126	543,012	-	543,012
Event income	71,234	-	71,234	55,787	-	55,787
Event site hire	38,586	-	38,586	39,200	-	39,200
Shop income	14,416	-	14,416	16,680	-	16,680
Event catering	12,119	-	12,119	7,822	-	7,822
Solar panel income	2,261	-	2,261	1,973	-	1,973
Film income	548	-	548	21,879	-	21,879
Rental income	352	-	352	1,912	-	1,912
Other income	-	-	-	109	-	109
	<u>658,642</u>	<u>-</u>	<u>658,642</u>	<u>688,374</u>	<u>-</u>	<u>688,374</u>

5 Investment income

	Unres- tricted funds £	Res- tricted funds £	2022 Total £	Unres- tricted funds £	Res- tricted funds £	2021 Total £
Bank interest	5,955	-	5,955	1,816	-	1,816

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6 Expenditure on raising funds

	Unres- tricted £	Res- tricted £	2022 Total £	Unres- tricted £	Res- tricted £	2021 Total £
Costs of goods sold	160,332	-	160,332	136,193	-	136,193
Wages, salaries & agency	298,954	-	298,954	262,044	-	262,044
Other direct costs	96,977	-	96,977	100,973	-	100,973
Event costs	50,282	-	50,282	56,867	-	56,867
Commission sales expense	14,172	-	14,172	13,071	-	13,071
Advertising	-	-	-	3,213	-	3,213
	620,717	-	620,717	572,361	-	572,361

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7 Charitable activities expenditure

	Unres- tricted £	Res- tricted £	2022 Total £	Unres- tricted £	Res- tricted £	2021 Total £
Direct charitable activities						
Maintenance costs	86,726	-	86,726	151,573	-	151,573
Garden maintenance	22,915	-	22,915	21,381	-	21,381
Public acces & education	7,168	-	7,168	5,254	-	5,254
Support costs						
Wages & salaries	552,856	-	552,856	395,456	-	395,456
Staff training & recruitment	20,934	-	20,934	50,254	-	50,254
Travel & entertainment	9,783	-	9,783	9,806	-	9,806
Rent, rates, light & heat	48,141	-	48,141	49,816	-	49,816
Cleaning costs	47,041	-	47,041	21,704	-	21,704
Advertising	34,523	-	34,523	28,921	-	28,921
Office costs	61,582	-	61,582	51,949	-	51,949
Subscriptions	4,359	-	4,359	4,508	-	4,508
Legal fees	378	-	378	11,775	-	11,775
Professional fees	13,039	-	13,039	32,055	-	32,055
Accountancy	-	-	-	14,082	-	14,082
Bank charges	3,150	-	3,150	1,280	-	1,280
Depreciation	28,139	-	28,139	20,639	-	20,639
Loss on disposal of fixed asset	1,728	-	1,728	88	-	88
Governance						
Auditors fees - audit	5,544	-	5,544	5,830	-	5,830
Auditors fees- accountancy	1,500	-	1,500	1,070	-	1,070
	<u>949,506</u>	<u>-</u>	<u>949,506</u>	<u>877,441</u>	<u>-</u>	<u>877,441</u>

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7 Expenditure (continued)

	2022	Charity	2022	Subsidiary	Total	Total
	£	2021	£	2021	2022	2021
	£	£	£	£	£	£
Depreciation of owned assets	28,803	20,639	23,184	21,736	51,987	42,375
Auditors' remuneration for:						
Current auditors						
- Audit services	6,000	-	4,500	-	10,500	-
- Other services	1,500	-	1,250	-	2,750	-
Previous auditors						
- Audit services	-	5,830	-	4,700	-	10,530
- Other services	-	1,070	-	800	-	1,870

8 Trustee directors

The Charity Trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2021: £nil).

Three Charity Trustees were reimbursed for travel expenses during the year totalling £1,728 (2021: two Trustees - £1,385). During the year, accommodation totalling £87 was paid to a third party for a Trustee who attended Trustee training (2021: none).

No Charity Trustee received payment for professional or other services supplied to the Charity (2021: £nil).

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Employees

	2022 Group £	2022 Charity £	2021 Group £	2021 Charity £
Wages and salaries	762,400	491,328	604,765	361,503
Social security costs	49,181	33,951	32,951	21,649
Employer pension	40,229	27,577	24,807	17,587
	<hr/>	<hr/>	<hr/>	<hr/>
	851,810	552,856	662,523	400,739
	<hr/>	<hr/>	<hr/>	<hr/>

Number of employees

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

	2022 Group No.	2022 Charity No.	2021 Group No.	2021 Charity No.
Average employee head count	51	27	42	23
	<hr/>	<hr/>	<hr/>	<hr/>

The number of employees whose annual emoluments were £60,000 (excluding employer pension costs) or more were:

	2022 number	2021 number
£60,000 - £70,000	1	-
	<hr/>	<hr/>

This employee is not a member of the defined contribution pension scheme.

The key management personnel for the year, comprises the Chief Executive and the Chief Operating Officer (2021: the Chief Executive and Joint Interim Chief Executives). The total employee benefits (includes gross pay, employer pension and employer national insurance) of the key management personnel of the Trust were £120,833 (2021: £112,039).

Pension costs

The company operates a defined contribution pension scheme. The charge to the Statement of Financial Activities for the year is shown above.

Contributions totalling £nil (2021 - £nil) were payable to the schemes at the end of the year and are included in creditors.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10 Tangible fixed assets

Group	Computer equipment £	Furniture, fittings & equipment £	Outdoor equipment £	Catering equipment £	Total £
Cost					
At 1 January 2022	39,806	21,427	140,256	142,384	343,873
Additions	-	24,768	44,136	22,045	90,949
Disposals	-	-	(26,175)	(2,857)	(29,032)
At 31 December 2022	39,806	46,195	158,217	161,572	405,790
Depreciation					
At 1 January 2022	22,939	14,777	49,143	75,831	162,690
Charge for the year	8,096	4,096	15,729	24,066	51,987
Eliminated on disposals	(83)	-	(2,578)	(2,107)	(4,768)
At 31 December 2022	30,952	18,873	62,294	97,790	209,909
Net book value					
At 31 December 2022	8,854	27,322	95,923	63,782	195,881
At 31 December 2021	16,867	6,650	91,113	66,553	181,183

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10 Tangible fixed assets (continued)

Charity	Computer equipment £	Furniture, fittings & equipment £	Outdoor equipment £	Catering equipment £	Total £
Cost					
At 1 January 2022	39,806	21,427	140,256	23,991	225,480
Additions	-	24,768	44,136	-	68,904
Disposals	-	-	(26,175)	-	(26,175)
At 31 December 2022	39,806	46,195	158,217	23,991	268,209
Depreciation					
At 1 January 2022	22,939	14,777	49,143	20,712	107,571
Charge for the year	8,096	4,096	15,729	882	28,803
Eliminated on disposals	(83)	-	(2,578)	-	(2,661)
At 31 December 2022	30,952	18,873	62,294	21,594	133,713
Net book value					
At 31 December 2022	8,854	27,322	95,923	2,397	134,496
At 31 December 2021	16,867	6,650	91,113	3,279	117,909

11 Investments

Group	2022 £	2021 £
Unlisted investments		
Opening balance	56,128	49,169
Unrealised (loss) / gain	(6,578)	6,959
Closing balance	49,550	56,128
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.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Investments (continued)

Charity	2022	2021
	£	£
Unlisted investments		
Opening balance	56,128	49,169
Unrealised (loss) / gain	(6,578)	6,959
	<hr/>	<hr/>
Closing balance	49,550	56,128
	<hr/>	<hr/>
Historical cost of investments	33,593	33,593
	<hr/>	<hr/>
 Charity investments at market value comprise:		
	Total	Total
	2022	2021
	£	£
Shares in unlisted investments	49,550	56,128
Shareholding in Palace Enterprises (Wells) Limited		
Ordinary shares of £1 each	1	1
	<hr/>	<hr/>
	49,551	56,129
	<hr/>	<hr/>

Palace Enterprises (Wells) Limited (company no 03013064) was incorporated on 23 January 1995 and is a wholly owned trading subsidiary of The Palace Trust. The parent Charity holds 100% of the issued share capital and 100% of the voting rights of the subsidiary trading company.

The principal activities of the company are to provide a fully catered venue for wedding receptions and other events, together with a catering service in the Bishop's Table Restaurant. The registered office is the same as that of the Trust, detailed on page 1. The subsidiary gift aids some of its taxable profits to The Palace Trust, paying corporation tax on any profits retained, and files audited accounts with the Registrar of Companies.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Investments (continued)

A summary of the trading results is shown below:

	2022	2021
	£	£
Turnover	609,663	647,267
Cost of sales	(479,045)	(426,363)
Gross profit	130,618	220,904
Administrative expenses	(150,637)	(132,675)
Operating profit	(20,019)	88,229
Investment income	-	-
Profit before tax & profit for the financial year	(20,019)	88,229
Retained earnings brought forward in subsidiary	135,917	47,688
Gift aid to The Palace Trust	(61,481)	-
Retained earnings carried forward in subsidiary	54,417	135,917
The assets and liabilities were:		
Fixed assets	61,385	63,274
Current assets	122,595	175,533
Current liabilities	(129,562)	(102,889)
Total net assets	54,418	135,918
Called up share capital	1	1
Profit and loss reserve	54,417	135,917
	54,418	135,918

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Stocks

	2022 Group £	2022 Charity £	2021 Group £	2021 Charity £
Goods for resale	8,209	246	7,256	246

13 Debtors

	2022 Group £	2022 Charity £	2021 Group £	2021 Charity £
Trade debtors	14,589	441	4,086	2,693
Prepayments and accrued income	42,218	39,091	25,189	23,997
Amounts owed by group undertakings	-	70,728	-	77,945
	<u>56,807</u>	<u>110,260</u>	<u>29,275</u>	<u>104,635</u>

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 Creditors: Amounts falling due within one year

	2022	2022	2021	2021
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	38,305	31,263	71,156	64,382
Other creditors	5,038	5,039	8,408	8,408
Accruals and deferred income	45,947	18,746	29,417	13,225
Taxation and social security	38,207	13,615	16,309	14,331
	<u>127,497</u>	<u>68,663</u>	<u>125,290</u>	<u>100,346</u>

Deferred Income

	2022	2022	2021	2021
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income at 1 January 2022	17,017	6,325	29,201	8,485
Released from previous years	(17,017)	(6,325)	(29,201)	(8,485)
Resources deferred in the year	30,637	9,187	17,017	6,325
Deferred income at 31 December 2022	<u>30,637</u>	<u>9,187</u>	<u>17,017</u>	<u>6,325</u>

At the balance sheet date the trust was holding funds received in advance for events to be held in 2023.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15 Summary of movement in funds - Group

	Opening balance £	Income £	Expenditure £	Transfers & gains £	Closing balance £
Unrestricted funds - Group					
General	642,636	1,458,301	(1,517,147)	(286,821)	296,969
Designated funds - Group					
Palace interpretation	653,000	-	-	(300,805)	352,195
Trust reserve	-	-	-	450,000	450,000
Fixed assets	117,909	-	(53,076)	131,048	195,881
Total designated funds	770,909	-	(53,076)	280,243	998,076
Total funds	1,413,545	1,458,301	(1,570,223)	(6,578)	1,295,045

Summary of movement in funds- Charity

	Opening balance £	Income £	Expenditure £	Transfers & gains £	Closing balance £
Unrestricted funds - Charity					
General	506,719	983,538	(984,093)	(202,227)	303,937
Designated funds - Charity					
Palace interpretation	653,000	-	-	(300,805)	352,195
Trust reserve	-	-	-	450,000	450,000
Fixed assets	117,909	-	(29,867)	46,454	134,496
Total designated funds	770,909	-	(29,867)	195,649	936,691
Total funds	1,277,628	983,538	(1,013,960)	(6,578)	1,240,628

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Summary of movement in funds – Group (2021)

	Opening balance £	Income £	Expenditure £	Transfers & gains £	Closing balance £
Unrestricted funds - Group					
General	800,415	1,876,655	(1,396,889)	(637,545)	642,636
Designated funds - Group					
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)	-	-
Total designated funds	179,318	-	(52,913)	644,504	770,909
Total funds	979,733	1,876,655	(1,449,802)	6,959	1,413,545

Summary of movement in funds – Charity- 2021

	Opening balance £	Income £	Expenditure £	Transfers & gains £	Closing balance £
Unrestricted funds - Charity					
General	752,727	1,294,994	(903,457)	(637,545)	506,719
Designated funds - Charity					
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)	-	-
Total designated funds	179,318	-	(52,913)	644,504	770,909
Total funds	932,045	1,294,994	(956,370)	6,959	1,277,628

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Summary of movement in funds (continued)

Purpose of material funds:

- Designated funds
- The Palace interpretation fund relates to a large development project currently in the planning phase which aims to enhance the visitor experience in the Palace building.
- The fixed assets funds represent the net book value of the assets held.
- The cultural recovery fund represents designated funds to support the Charity through the COVID-19 pandemic.

16 Analysis of assets between funds – Group

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	49,550	309,900	(62,481)	-	296,969
Designated funds	195,881	802,195	-	-	998,076
Restricted funds	-	-	-	-	-
As at 31 December 2022	245,431	1,112,095	(62,481)	-	1,295,045

Analysis of assets between funds – Charity

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	49,551	212,543	41,843	-	303,937
Designated funds	134,496	802,195	-	-	936,691
Restricted funds	-	-	-	-	-
As at 31 December 2022	184,047	1,014,738	41,843	-	1,240,628

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Analysis of assets between funds – Group - 2021

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	56,128	675,267	(88,759)	-	642,636
Designated funds	181,183	589,726	-	-	770,909
Restricted funds	-	-	-	-	-
As at 31 December 2021	237,311	1,264,993	(88,759)	-	1,413,545

Analysis of assets between funds – Charity – 2021

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	56,129	446,055	4,535	-	506,719
Designated funds	117,909	653,000	-	-	770,909
Restricted funds	-	-	-	-	-
As at 31 December 2021	174,038	1,099,055	4,535	-	1,277,628

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17 Income and expenditure account of the Trust

The company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

Prior to gift aid amounts received from the subsidiary, The Palace Trust has net expenditure for the year of £98,481 (2021 - income £345,583) based on income of £848,638 (2021 - £1,294,994). Gift aid distributions from trading subsidiary of £61,481 (2021: £nil) were received in the year, in which the amount relates to the prior year trading profits plus an additional distribution during the year.

18 Obligations under leases

Operating leases

The total future minimum rentals payable under non-cancellable operating leases funded by unrestricted funds are as follows:

	2022 £	2021 £
Other		
Expiry date:		
Within one year	1,570	1,570
Within two and five years	4,709	6,278
	6,279	7,848
	6,279	7,848

In addition to the above, the Trust has a non-exclusive licence (by way of a management agreement) to occupy the Palace and the gardens with the Church Commissioners to the end of 2025.

19 Related party transactions

The Charity has taken advantage of the exemption in FRS 102 "Related Party Disclosures" from disclosing transactions with other members of the group.

The chief executive was charged £1,030 (2021: £nil) in rent for the use of the Gatehouse during the year. A balance of £nil (2021: £nil) was outstanding at the year end. This is considered to be a market rent.

THE PALACE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20 Financial instruments

	2022 Group £	2022 Charity £	2021 Group £	2021 Charity £
Financial assets that are fair value through income & expenditure account	49,550	49,550	56,128	56,128
Financial assets that are debt instruments measured at amortised cost	1,153,801	1,113,025	1,287,443	1,198,058
	<u>1,203,351</u>	<u>1,162,575</u>	<u>1,343,571</u>	<u>1,254,186</u>
Financial liabilities measured at amortised cost	58,653	45,861	91,964	79,690
	<u>58,653</u>	<u>45,861</u>	<u>91,964</u>	<u>79,690</u>

Items of Income, expenditure, gain and loss (group and charity)

	Income £	Expense £	Net gains £	Net losses £
2022				
Financial assets that are fair value through income & expenditure account	-	-	-	6,579
Financial assets measured at amortised cost	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,579</u>
2021				
Financial assets that are fair value through income & expenditure account	-	-	6,959	-
Financial assets measured at amortised cost	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-	-
	<u>-</u>	<u>-</u>	<u>6,959</u>	<u>-</u>