

>>> THE PALACE TRUST <<<

(A Charitable Company
Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

**COMPANY NUMBER:
09404519**

**CHARITY REGISTERED IN
ENGLAND AND WALES
NUMBER: 1160830**



The Bishop's Palace
WELLS · SOMERSET

>>> THE PALACE TRUST <<<

CONTENTS

Reference and Administrative Details	4
Trustee Directors' Report	5
Independent Auditors Report	21
Consolidated Statement of Financial Activities	25
Balance Sheet and Consolidated Balance Sheet	26
Statement of Cash Flows and Consolidated Statement of Cash Flows	28
Notes to Financial Statements	29





Annual Report 2023

Foreward



It is obvious that 2023 was another challenging year in so many ways and for so many people all round the world. More locally, we are grateful that whilst it was challenging for us too, we finished the year much stronger than we began it. Our charity, The Palace Trust, manages The Bishop's Palace and Gardens, a truly unique and tranquil place which provides much community benefit.

We were delighted to welcome 506,00 visitors who ventured across the drawbridge into the free area during 2023 with 125,000 paying to visit the rest of the site which is admirable given both the continued cost of living crisis and the torrid weather we suffered for far too much of the year! We now have over 3,500 members and hope to increase that number by the end of 2024, partly as a result of improving members' benefits and also because we know members gain much satisfaction from supporting our charitable trust which means this special site can be enjoyed by the public all year round.

We continue to focus on providing as much community benefit as possible with the resources available to us, as can be seen by the detail within the report.

As regards our financial performance, we are naturally disappointed to report a loss two years running which was heavily influenced by sky high energy prices and appalling weather which badly affects all outdoor attractions. However, there are two reasons to be cheerful. One is that we halved the loss of the previous year with the loss for 2023 being £65k. The second, and arguably the most important, is that the changes we have implemented during the year should lead to a healthy surplus in 2024. We expect that to be sustainable in future years which will enable us to fund improvements to the site and buildings, starting with our ambitious reinterpretation plans, both digital and physical, for the site, to allow us to appeal to a wider audience.

We continue to have a valuable partnership with the Church Commissioners who own the site and to show their faith in how the Trust is looking after the site they increased the term of our management agreement to 10 years which enables us to plan for the longer term.

We'd like to pay tribute to the fantastic work undertaken by both our staff and volunteers. As regards the former, we have a very strong team in place and in 2024, will celebrate 20 years of fantastic work from our head gardener, James Cross who secured coveted RHS partner garden status many years ago. We are excited to see how the Palace and Gardens evolve over the next 20 years (and beyond!) and look forward to sharing this unique and tranquil site with all our current and future visitors.



Roger Hawes
Chair



Merryn Kidd
Chief Executive

>>> THE PALACE TRUST <<<

Reference and Administrative Details

The Palace Trust
Reference and Administrative Details
For the Year Ended 31 December 2023

Trustee Directors

Rt Revd Noel Michael Beasley
Ms Maureen Boylan
Mr Nick Denison
Mr Paul Dickinson
Mr Sam Forsey
Mr Roger Hawes
Mr Michael Minta
Mr Peter Stickland
Rt Revd Trevor Willmott
Mrs Julie Wills

Company Secretary

Natalie Lansdown (until 25 May 2023)
Greg Beedle (from 25 May 2023 to 13 May 2024)
Hollie Peppard (from 13 May 2024)

Chief Executive

Jan Wallwork Clark (until 31 March 2023)
Merryn Kidd (from 1 April 2023)

Chief Operating Officer

Merryn Kidd (until 31 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

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 2023, 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 Noel Michael Beasley	(appointed 15 September 2022)
Ms Maureen Boylan	
Mr Nick Denison	(Treasurer)
Mr Paul Dickinson	
Mr Sam Forsey	(appointed 25 May 2023)
Mr Roger Hawes	(Chair from November 2022)
Mr Michael Minta	
Mr Peter Stickland	
Rt Revd Trevor Willmott	
Mrs Julie Wills	
Mrs Claire Reed	(resigned 1 April 2023)
Very Revd Dr John Davies	(resigned 25 January 2023)

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 PALACE TRUST <<<

2023 ANNUAL REPORT

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.

Our Strategic Objectives, following the 3-year Strategy are to:

1. Establish the Trust's identity and purpose to a diverse, inclusive & expanding audience.
2. Deliver the benefits of wellbeing and a sense of community to more people.
3. Develop the site to deliver the best visitor experience & welcome.
4. Improve our environmental and financial sustainability.
5. Develop the Trust's reputation for excellence in Horticulture.

1. ESTABLISH THE TRUST'S IDENTITY AND PURPOSE TO A DIVERSE, INCLUSIVE AND EXPANDING AUDIENCE

Our ambition is to welcome 160,000 paying 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, by making our heritage accessible to those who will benefit from it the most, who do not currently have the means to engage.

2. DELIVER THE BENEFITS OF WELLBEING AND A SENSE OF COMMUNITY TO MORE PEOPLE

We want the Palace to be a best practice model of community engagement, and for our organisation to become a focal point for the community in which we operate, working in partnership to achieve better outcomes for the people who will benefit from our site, facilities, and expertise the most.

3. DEVELOP THE SITE TO DELIVER THE BEST VISITOR EXPERIENCE & WELCOME

By 2025 The Palace Trust aims to have embarked on a transformation of 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. IMPROVE OUR ENVIRONMENTAL AND FINANCIAL SUSTAINABILITY

A sustainable future is dependent on three key areas; sustainability in terms of environmental impact – an essential area of focus which will assist both our financial performance and also our desire to care for and conserve the natural world and our heritage assets for future generations to enjoy; financial, and social sustainability. The Palace Trust will have made substantial progress towards a net zero carbon footprint by 2025 and will have rebuilt the ability to generate a surplus, depleted in recent times since the coronavirus pandemic.

5. DEVELOP THE TRUST'S REPUTATION FOR EXCELLENCE IN HORTICULTURE

The Gardens are the Palace's most high-profile primary asset as 2023 saw the 8th 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, and adapt to the ever-changing climate in an holistic manner.

>>> PUBLIC BENEFIT

In setting The Palace Trust's preceding aims and following 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 SETTING, THE LAYOUT, THE HISTORY IS ALL PART OF THE ATMOSPHERE OF THE PLACE. AN ABSOLUTE MUST SEE”
(TRIPADVISOR)**

»»» ACTIVITIES

2023 was a year of change at The Bishop's Palace with many key projects coming to fruition and enhancing the use and experience of the site.

In May, the conversion of two Gatehouse rooms from residential to office space was completed, resulting in two offices equipped with working space for 5-6 members of staff. This has allowed the creation of a confidential meeting space in The Laundry and has given the organisation the capacity to host more interns/work experience/apprentices in desks alongside members of staff, in line with the community engagement objectives set out in the 5 year strategic plan.

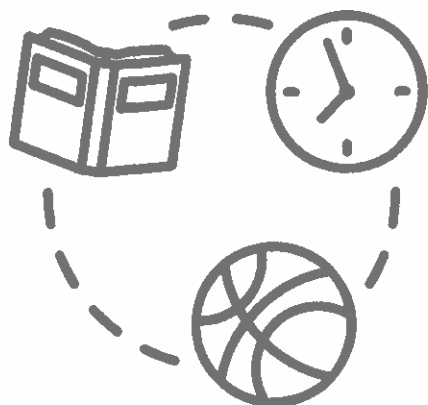
Also in May, the Apple Store Bastion was converted from an artist's studio into the Apple Store Cafe, with the ability to sell drinks and food from within the paying visitor area, and the bonus of bistro style seating on the terrace with a stunning view of the formal gardens. The intense heat in May and June resulted in the Apple Store being a popular location for visitors to enjoy ice creams and cold drinks.

In June, a new Visitor Reception was created in the end of the Cafe Building, with a wall being erected between the two parts of the building. The Visitor Operations Team were finally able to vacate the temporary horsebox ticket office into which they moved during the pandemic and were delighted to have a suitable space for welcoming visitors, along with a new space for retail.

The horsebox was refitted and launched in July as "The Bishop's Brew" a takeaway coffee and snacks outlet, positioned in the Free Area in view of the Drawbridge. Sales have been significant, and look to be additional to the Cafe offering, with passing trade of c500,000 visitors.

In August, the first new opening in the historic curtilage for over 60 years was created with our Community Garden Gate project. The door, from the St Andrew's Street Car Park, opens into the Community Garden and allows direct access for those who are unable to walk the long distance from the Drawbridge through to this area. This initiative, which was officially opened by the Bishop of Taunton, will allow our Community Engagement team to offer visits to a new range of user groups for whom access was previously a barrier to enjoying our opportunities and activities. Future initiatives related to this project will be funded by the private rental of spaces in the St Andrew's Street Car Park.





>>> ACTIVITIES (CONT)

In October, the new Coronation Room inside the Palace was officially opened by Their Royal Highnesses the Duke and Duchess of Gloucester. Following the very high profile appearance of the Right Reverend Michael Beasley, 80th Bishop of Bath and Wells, at King Charles III's Coronation in May, there was a renewed interest in the role of the Bishops of Bath and Wells in Royal Coronations, and it was decided to move the historic Coronation Cope to a new home and to create a dedicated Coronation Room to tell the stories of this important part of our history. Bishop Michael kindly lent his invitation, his order of service and his cue cards (seen by over 20 million UK viewers in the television coverage) to be displayed in the room alongside other artefacts and video footage of previous coronations. The room was redecorated in a regal teal and gold scheme to complement the collection.

A Quinquennial survey of the site was completed by B2B Architects and was used in partnership with similar work from Savills (on behalf of the Church Commissioners) to identify the requirements over the next 5-10 years to conserve and maintain the site. A schedule of repairs and maintenance has now been established and the Trust will follow this schedule for routine maintenance over the coming years, whilst the Church Commissioners remain responsible for the balance of the maintenance of the site.

2023 saw significant changes in staffing with the departure of the Chief Executive in March. This was followed by an Interim appointment which became permanent in December.

Other changes included the senior catering team, Visitor Experience Manager and Senior Gardener. Accordingly, the current team is both complete and very capable of delivering the Trust's vision for the site.

Work on how to better engage our visitors with this important heritage site, and in particular, with the interior of the Palace, continued. Internal and external workshops were held to discover what our current visitors, and perhaps more importantly, those who do not currently visit us, think. Several internal "Spirit of Place" sessions for staff and volunteers were also held which led to the development of a new Statement of Significance. Much research also took place into how best to deliver the myriad stories of the Palace, and meetings were held with a range of Interpretation Consultants. An Interpretation Framework was drawn up which will be developed further in 2024.

In 2023 we continued to follow our environmental programme with the aim to reduce our carbon emissions and to generate more of our own energy. In July the solar panels on the cafe roof which had been installed in 2011, were replaced with new panels capable of generating three times the energy. Further areas of interest for solar generation were also identified, and investigations began into hydro generation. Energy usage on site was closely monitored and various schemes were implemented to reduce usage, resulting in savings on carbon emissions and cost.

PERFORMANCE

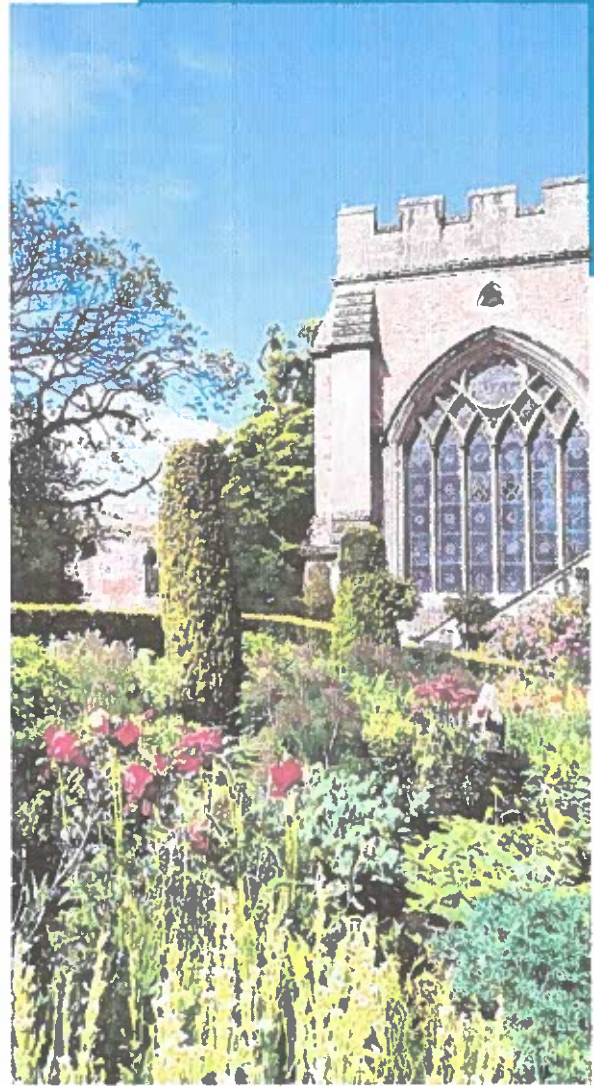
2023 was another difficult year financially. External factors including the cost-of-living crisis, an exceptionally wet summer season, and the huge uplift in energy costs resulted in a deficit of c£65k

However, many great achievements also took place. We welcomed 502,470 people over our Drawbridge and of those, 125,308 paid to enter the site; a 1% increase on 2022.

The popular events programme was very well received, with great attendance at outdoor theatre events, two fabulous opera performances from Opera Brava, record numbers at our Christmas Artisan Market and extended opening for our Christmas at the Palace illuminations.

New events were trialled in the Undercroft such as a Medieval Banquet, which sold out, and a Silent Disco, which also sold out, along with Christmas parties, which were very well received.

The Trust was exceptionally grateful to several trusts and foundations for their support in 2023, including the Sir John and Lady Amory Charitable Trust, The David Medlock Foundation, and The Clarks Foundation, and to the Church Commissioners for their support.



COMMUNITY ENGAGEMENT

In 2023 we welcomed 53 community groups, 12 Parish groups (120 people), 17 school groups and in addition, we granted 174 annual free passes to those who benefit most from access to our place of peace, beauty and tranquillity. We donated raffle prizes to a further 60 community groups. 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.

We enjoyed being able to meet many education and learning objectives throughout 2023 and we welcomed six students for work experience, offered full time employment to a previous apprentice, and started another member of staff on an apprenticeship. The Sculpture trail in association with Wells Cathedral and Wells and Mendip Museum is in its third year with a growing audience. In 2023 we welcomed 17 schools continuing with the offer to invite all schools in Wells and the 70 schools nearest to Wells, to bring one class for free. Over half of the 174 free annual passes we gave out were to local families where at least one child in their family was on pupil premium.



VOLUNTEERING OPPORTUNITIES

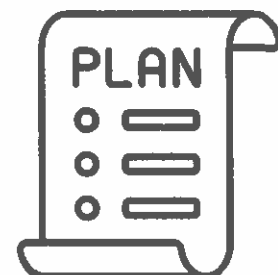
This year 167 volunteers contributed approx. 12,500 volunteering hours to our organisation. The new role of oral history volunteer was introduced to compliment the new pilot project undertaken with our partners Wells Museum and Wells Cathedral. We continue to offer a comprehensive training programme, a volunteer website, and regular social events, to make the volunteering experience at The Bishop's Palace as rewarding as possible.

The Palace 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, knowledge and skills but who benefit from their engagement with our work, to deliver our charitable objects.

FUTURE PLANS

For 2024, we continue to follow our 3 year Strategic Plan, which outlines that by the end of 2024, we will:

- Have established a programme of events, exhibitions and workshops that engage our audience, whilst also championing our excellence in Horticulture.
 - Optimised our offer in terms of ticket range, membership, food and beverage, weddings and other private functions.
 - Continue our track record of securing fundraising and voluntary income for an ambitious programme of projects and events.
-
- Have implemented a successful online and offline ticketing system, replaced the current tills and have streamlined the user journey and back-end experience for all tickets and events.
 - Be fully engaged with the local community, offering high quality employment, volunteering opportunities, and pathways to employment across all our work.
 - Have improved our environmental performance in energy consumption, on-site production and storage.
 - Improved our community garden capacity to provide more fresh produce for sale and for internal use in food and beverage offer, and improved access and facilities for community groups.
 - Have implemented significant change to the Interpretation of the Palace buildings
 - Have installed an accessible loo, and completed works to the Community Garden area to create adequate facilities for user groups
 - Have planned and begun implementation of improvements to The Dragon's Lair play area





2024 PROJECTS

>>> TICKETING

Complete online ticket sales trial with DigiTickets. Roll out to physical sales (as and when staffing capacity allows). Align with installation of new tills and EPOS system.

>>> COMMUNITY GARDENS ACCESS FOR ALL

Capacity building of Community Gardens facilities to enable groups to engage all year round and in all weathers. Create more shelter, space for growing, outdoor tap, accessible toilet, bifold doors to maximise indoor/outdoor space.

>>> ENVIRONMENTAL SUSTAINABILITY

Project Phase 2 Investigation of recommended ground source heat pumps, addition of PV units on main building. Exploration of hydropower potential.

>>> INTERPRETATION OF PALACE INTERIOR

Work with consultants to determine narrative arcs, create compelling content and stories, implement digital and physical interpretation.

>>> THE DRAGON'S LAIR WATER PLAY AND SENSORY TRAIL

Exploration of potential for a new, water play area with squirting fountains etc, and sensory trail (for barefoot play etc).

>>> GATEHOUSE

Conversion of Upper Room for best use of space.

FINANCIAL REVIEW AND RESERVES POLICY



The Palace Trust's financial position deteriorated slightly over the year after the loss of £[14,123], however it remains very healthy. At year end, the Trust had unrestricted net assets (excluding the trading subsidiary), of £[1,060,995], £[679,595] of which is designated and £[224,212] 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.

The subsidiary recorded a loss due to difficult trading circumstances. During the year the Trustees invested in improving the offering, and are confident of a return to profitability in 2024.

➤➤➤ 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. 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.

➤➤➤ 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 £[£224,212] 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 2023 this was £[450,000].

Other free reserves of £[552,293] include £[229,595] 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



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

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 is 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 Management, Marketing & Communications, and Finance & HR. Department heads are responsible for the day to day running of the operations and report directly to the CEO.

An average of 40 staff were employed by the Trust and its subsidiary during the 12-month period ended 31 December 2023 with 38 in post at 31 December 2023 (13 full time and 25 part time). We had an average of 167 volunteers during the year.



KEY MANAGEMENT PERSONNEL REMUNERATION



The trustees consider the Board of Trustees and the Chief Executive 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 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.



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 is being used to advance fundraising activities which can bear fruit notwithstanding these constraints.

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



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 2023 to identify gaps in the skills and experience in the board of Trustees for whom the Trust is actively recruiting in anticipation of several retirements in 2024.

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.

➤➤➤ 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.



>>> 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.

R Hawes

.....
 R Hawes
 Trustee
 The Palace Trust

Date: *23.5.24*



Groups We Have Worked With In 2023



In **2023**, we worked with



53

Local community groups

that's

8

more than **2022**



We welcomed

The same
number as **2022**

12



Parish Groups

17



Local schools visited

2

more
than
2022

We welcomed students from the
University of Exeter



that's

23

more than **2022**



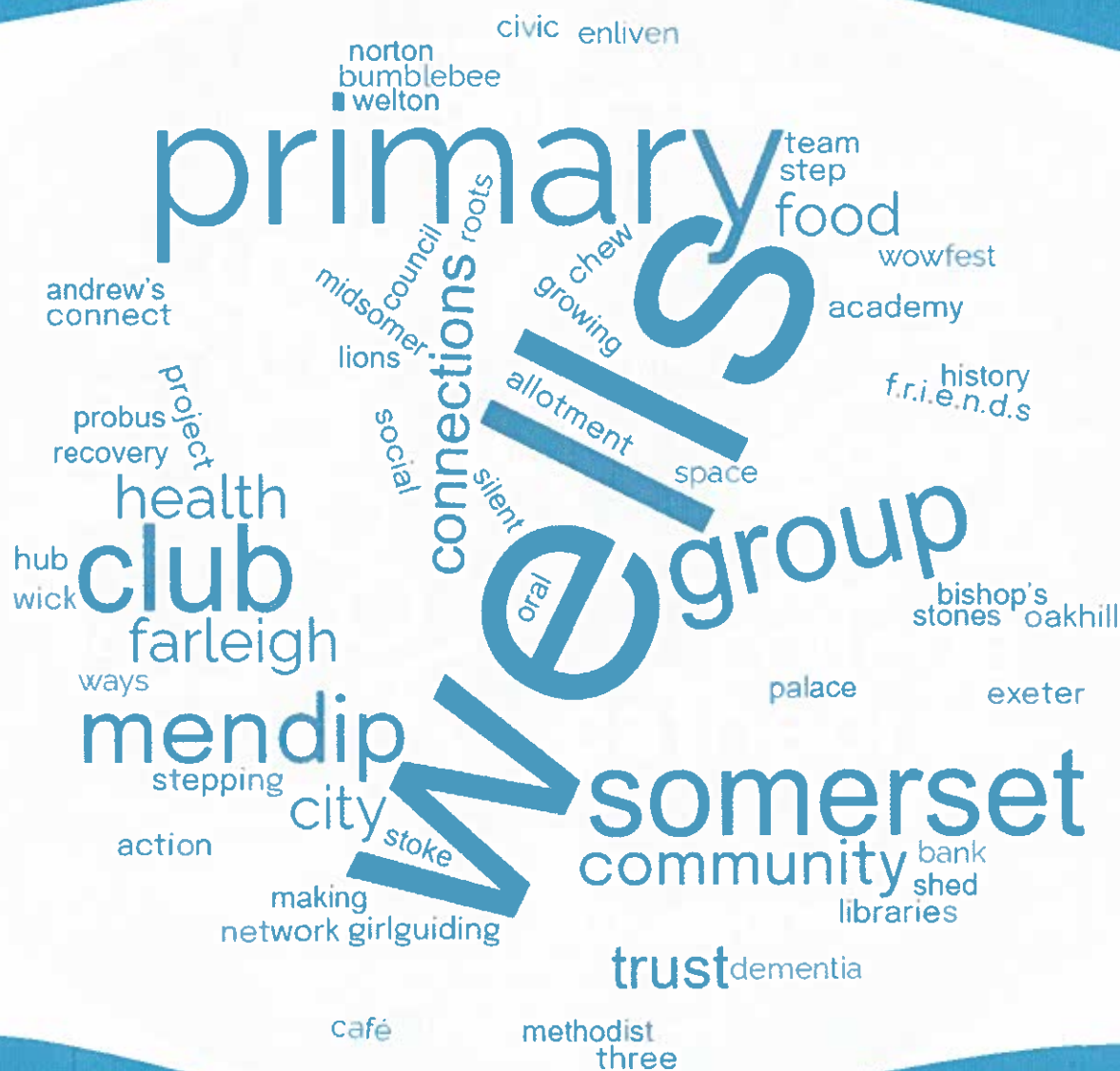
In **2023**, we donated
raffle prizes to

60

Community groups
and individuals



2023



Universities



Schools

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 2023, 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 2023 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.

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.

The Palace Trust

Independent Auditors' Report to the Trustees and Members

For the Year Ended 31 December 2023

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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 17-18, 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.

The Palace Trust

Independent Auditors' Report to the Trustees and Members For the Year Ended 31 December 2023

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 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 2023

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: 21/06/2024

The Palace Trust
Consolidated Statement of Financial Activities (including an Income & Expenditure account)
For the Year Ended 31 December 2023

				2023			2022
		Unres-	Res-	Total	Unres-	Res-	Total
	Notes	tricted	tricted		tricted	tricted	
		£	£	£	£	£	£
Income from:							
Donations and legacies	2	190,439	13,850	204,289	168,297	-	168,297
Charitable activities	3	626,200	-	626,200	625,407	-	625,407
Other trading activities	4	752,176	-	752,176	658,642	-	658,642
Investment	5	40,520	-	40,520	5,955	-	5,955
Total income		1,609,335	13,850	1,623,185	1,458,301	-	1,458,301
Expenditure on:							
Raising funds	6	728,079	-	728,079	620,717	-	620,717
Charitable activities	7	965,115	-	965,115	949,506	-	949,506
Total expenditure		1,693,194	-	1,693,194	1,570,223	-	1,570,223
Net (expenditure) / income		(83,859)	13,850	(70,009)	(111,922)	-	(111,922)
Transfer between funds		13,850	(13,850)	-	-	-	-
Other recognised gains							
Unrealised (loss) / gain on investment		4,703	-	4,703	(6,578)	-	(6,578)
Net movement in funds for the year		(65,306)	-	(65,306)	(118,500)	-	(118,500)
Reconciliation of funds							
Total funds brought forward		1,295,045	-	1,295,045	1,413,545	-	1,413,545
Total funds carried forward		1,229,739	-	1,229,739	1,295,045	-	1,295,045

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 2023

		2023 £	2023 £	2022 £	2022 £
	Notes	Group	Charity	Group	Charity
Fixed assets					
Tangible fixed assets	10	284,108	224,212	195,881	134,496
Investments	11	54,253	54,254	49,550	49,551
		<u>338,361</u>	<u>278,466</u>	<u>245,431</u>	<u>184,047</u>
Current assets					
Stock	12	29,075	-	8,209	246
Debtors	13	80,797	219,743	56,807	110,260
Cash at bank and in hand		927,177	811,790	1,112,095	1,014,738
		<u>1,037,049</u>	<u>1,031,533</u>	<u>1,177,111</u>	<u>1,125,244</u>
Liabilities:					
Creditors: amounts falling due within one year	14	(145,671)	(83,494)	(127,497)	(68,663)
		<u>891,378</u>	<u>948,039</u>	<u>1,049,614</u>	<u>1,056,581</u>
Net current assets					
		<u>1,229,739</u>	<u>1,226,505</u>	<u>1,295,045</u>	<u>1,240,628</u>
Total net assets					
		<u><u>1,229,739</u></u>	<u><u>1,226,505</u></u>	<u><u>1,295,045</u></u>	<u><u>1,240,628</u></u>
The funds of the charity:					
Unrestricted funds:					
General funds		266,036	322,698	296,969	303,937
Designated funds		963,703	903,807	998,076	936,691
		<u>1,229,739</u>	<u>1,226,505</u>	<u>1,295,045</u>	<u>1,240,628</u>
Total unrestricted funds	15	1,229,739	1,226,505	1,295,045	1,240,628
Restricted funds	15	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charity funds		<u><u>1,229,739</u></u>	<u><u>1,226,505</u></u>	<u><u>1,295,045</u></u>	<u><u>1,240,628</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 29 – 50 form part of these accounts.

Approved by the Board for issue on23.5.24..... 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 2023

		2023 £	2023 £	2022 £	2022 £
	Notes	Group	Charity	Group	Charity
Cash flows from operating activities					
Net expenditure for the year		(65,306)	(14,123)	(118,500)	(37,000)
Adjustments to cash flows from non-cash items:					
Depreciation and amortisation	10	60,509	38,902	51,987	28,803
Investment income	5	(40,520)	(38,742)	(5,955)	(5,604)
Unrealised net (gain) / loss on investments	11	(4,703)	(4,703)	6,578	6,578
(Profit) / loss on disposal of fixed assets		1,245	783	2,764	2,015
		(48,775)	(17,883)	(63,126)	(5,208)
Working capital adjustments					
Decrease / (increase) in stocks	12	(20,866)	246	(953)	-
(Increase) / decrease in debtors	13	(23,990)	(109,483)	(27,532)	(5,625)
Increase / (decrease) in creditors	14	18,174	14,831	2,207	(31,684)
Net cash flow from operations		(75,457)	(112,289)	(89,404)	(42,517)
Cash flows from investing activities					
Purchase of tangible fixed assets	10	(150,231)	(129,401)	(90,949)	(68,904)
Proceeds on disposal of fixed assets		250	-	21,500	21,500
Investment income	5	40,520	38,742	5,955	5,604
		(109,461)	(90,659)	(63,494)	(41,800)
Net increase in cash and cash equivalents		(184,918)	(202,948)	(152,898)	(84,317)
Cash and cash equivalents at the beginning of the reporting period		1,112,095	1,014,738	1,264,993	1,099,055
Cash and cash equivalents at the end of the reporting period		927,177	811,790	1,112,095	1,014,738
Cash & Cash equivalents reconciliation:					
Cash at bank		927,177	811,790	1,112,095	1,014,738
Total cash & cash equivalents at the end of the reporting period		927,177	811,790	1,112,095	1,014,738

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 4, 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.

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.

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	2 - 10 years straight line
Outdoor equipment	2 - 15 years straight line
Catering equipment	5 - 10 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.

1.14 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.

2 Donations and legacies

	Unres- tricted funds £	Res- tricted funds £	2023 Total £	Unres- tricted funds £	Res- tricted funds £	2022 Total £
Donations	17,525	-	17,525	11,000	-	11,000
Gift aid	82,704	-	82,704	81,286	-	81,286
Grants						
Church Commissioners	89,500	-	89,500	59,033	-	59,033
Historic England- KickStart	-	-	-	6,763	-	6,763
Other small grants	710	13,850	14,560	10,215	-	10,215
	<u>190,439</u>	<u>13,850</u>	<u>204,289</u>	<u>168,297</u>	<u>-</u>	<u>168,297</u>

*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.

3 Income from charitable activities

	Unres- tricted funds £	Res- tricted funds £	2023 Total £	Unres- tricted funds £	Res- tricted funds £	2022 Total £
Entrance fees	532,314	-	532,314	525,625	-	525,625
Membership income	93,886	-	93,886	99,782	-	99,782
	626,200	-	626,200	625,407	-	625,407

4 Other trading activities

	Unres- tricted funds £	Res- tricted funds £	2023 Total £	Unres- tricted funds £	Res- tricted funds £	2022 Total £
Restaurant income	595,404	-	595,404	519,126	-	519,126
Event income	66,550	-	66,550	71,234	-	71,234
Event site hire	48,572	-	48,572	38,586	-	38,586
Shop income	18,040	-	18,040	14,416	-	14,416
Event catering	15,958	-	15,958	12,119	-	12,119
Solar panel income	385	-	385	2,261	-	2,261
Film income	200	-	200	548	-	548
Rental income	7,067	-	7,067	352	-	352
	752,176	-	752,176	658,642	-	658,642

5 Investment income

	Unres- tricted funds £	Res- tricted funds £	2023 Total £	Unres- tricted funds £	Res- tricted funds £	2022 Total £
Bank interest	40,520	-	40,520	5,955	-	5,955

6 Expenditure on raising funds

	Unres- tricted £	Res- tricted £	2023 Total £	Unres- tricted £	Res- tricted £	2022 Total £
Costs of goods sold	199,680	-	199,680	160,332	-	160,332
Wages, salaries & agency	369,715	-	369,715	298,954	-	298,954
Other direct costs	105,482	-	105,482	96,977	-	96,977
Event costs	47,185	-	47,185	50,282	-	50,282
Commission sales expense	6,017	-	6,017	14,172	-	14,172
Advertising	-	-	-	-	-	-
	728,079	-	728,079	620,717	-	620,717

7 Charitable activities expenditure

	Unres- tricted £	Res- tricted £	2023 Total £	Unres- tricted £	Res- tricted £	2022 Total £
Direct charitable activities						
Maintenance costs	52,268	-	52,268	86,726	-	86,726
Garden maintenance	22,152	-	22,152	22,915	-	22,915
Public acces & education	7,922	-	7,922	7,168	-	7,168
Support costs						
Wages & salaries	547,625	-	547,625	552,856	-	552,856
Staff training & recruitment	19,935	-	19,935	20,934	-	20,934
Travel & entertainment	5,716	-	5,716	9,783	-	9,783
Rent, rates, light & heat	114,495	-	114,495	48,141	-	48,141
Cleaning costs	47,590	-	47,590	47,041	-	47,041
Advertising	30,614	-	30,614	34,523	-	34,523
Office costs	59,608	-	59,608	61,582	-	61,582
Subscriptions	3,436	-	3,436	4,359	-	4,359
Legal fees	600	-	600	378	-	378
Professional fees	1,332	-	1,332	13,039	-	13,039
Accountancy	150	-	150	-	-	-
Bank charges	3,685	-	3,685	3,150	-	3,150
Depreciation	39,683	-	39,683	28,139	-	28,139
Loss on disposal of fixed asset	4	-	4	1,728	-	1,728
Governance						
Auditors fees - audit	6,700	-	6,700	5,544	-	5,544
Auditors fees- accountancy	1,600	-	1,600	1,500	-	1,500
	965,115	-	965,115	949,506	-	949,506

7 Expenditure (continued)

	Charity		Subsidiary		Total	Total
	2023	2022	2023	2022	2023	2022
	£	£	£	£	£	£
Depreciation of owned assets	38,902	28,803	21,607	23,184	60,509	51,987
Auditors' remuneration for:						
Current auditors						
- Audit services	6,340	6,000	4,800	4,500	11,140	10,500
- Other services	1,600	1,500	1,300	1,250	2,900	2,750

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 (2022: £nil).

Three charity trustees were reimbursed for travel expenses during the year totalling £1,069 (2022: three trustees - £1,728). During the year, no trustees received accommodation paid to a third party for attending trustee training (2022: one trustee - £87).

No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

9 Employees

	2023 Group £	2023 Charity £	2022 Group £	2022 Charity £
Wages and salaries	790,854	452,421	762,400	491,328
Social security costs	45,819	32,671	49,181	33,951
Employer pension	41,478	29,319	40,229	27,577
Termination payments	39,189	33,214	-	-
	<u>917,340</u>	<u>547,625</u>	<u>851,810</u>	<u>552,856</u>

Number of employees

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

	2023 Group No.	2023 Charity No.	2022 Group No.	2022 Charity No.
Average employee head count	<u>43</u>	<u>22</u>	<u>51</u>	<u>27</u>

During the year, four employees were paid a total of £17,174 in respect of settlement, £19,830 in respect of PILON and £2,185 in respect of a redundancy. All payments are full and final settlement, and no amounts are accrued at the year end (2022: none).

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

	2023 number	2022 number
£60,000 - £70,000	<u>-</u>	<u>1</u>

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

9 Employees (continued)

The key management personnel for the year, comprises the Chief Executive and the Chief Operating Officer (2022: the Chief Executive and Chief Operating Officer). The total employee benefits (includes gross pay, employer pension and employer national insurance) of the key management personnel of the Trust were £117,201 (2022: £120,833).

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 (2022 - £nil) were payable to the schemes at the end of the year and are included in creditors.

10 Tangible fixed assets

Group	Computer equipment £	Furniture, fittings & equipment £	Outdoor equipment £	Catering equipment £	Total £
Cost					
At 1 January 2023	39,806	46,195	158,217	161,572	405,790
Additions	2,396	84,959	42,046	20,830	150,231
Disposals	(5,123)	(386)	(1,693)	(27,949)	(35,151)
At 31 December 2023	37,079	130,768	198,570	154,453	520,870
Depreciation					
At 1 January 2023	30,952	18,873	62,294	97,790	209,909
Charge for the year	5,896	16,907	15,231	22,475	60,509
Eliminated on disposals	(4,481)	(386)	(1,552)	(27,237)	(33,656)
At 31 December 2023	32,367	35,394	75,973	93,028	236,762
Net book value					
At 31 December 2023	4,712	95,374	122,597	61,425	284,108
At 31 December 2022	8,854	27,322	95,923	63,782	195,881

10 Tangible fixed assets (continued)

Charity	Computer equipment £	Furniture, fittings & equipment £	Outdoor equipment £	Catering equipment £	Total £
Cost					
At 1 January 2023	39,806	46,195	158,217	23,991	268,209
Additions	2,396	84,959	42,046	-	129,401
Disposals	(5,123)	(386)	(1,693)	-	(7,202)
At 31 December 2023	37,079	130,768	198,570	23,991	390,408
Depreciation					
At 1 January 2023	30,952	18,873	62,294	21,594	133,713
Charge for the year	5,896	16,907	15,231	868	38,902
Eliminated on disposals	(4,481)	(386)	(1,552)	-	(6,419)
At 31 December 2023	32,367	35,394	75,973	22,462	166,196
Net book value					
At 31 December 2023	4,712	95,374	122,597	1,529	224,212
At 31 December 2022	8,854	27,322	95,923	2,397	134,496

11 Investments

Group	2023 £	2022 £
Unlisted investments		
Opening balance	49,550	56,128
Unrealised (loss) / gain	4,703	(6,578)
Closing balance	54,253	49,550
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.

11 Investments (continued)

Charity	2023	2022
	£	£
Unlisted investments		
Opening balance	49,550	56,128
Unrealised (loss) / gain	4,703	(6,578)
	<u>54,253</u>	<u>49,550</u>
Closing balance	<u>54,253</u>	<u>49,550</u>
Historical cost of investments	<u>33,593</u>	<u>33,593</u>

Charity investments at market value comprise:

	Total	Total
	2023	2022
	£	£
Shares in unlisted investments	54,253	49,550
Shareholding in Palace Enterprises (Wells) Limited		
Ordinary shares of £1 each	1	1
	<u>54,254</u>	<u>49,551</u>

Palace Enterprises (Wells) Limited (company no 03013064) was incorporated 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 is 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 4. 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.

11 Investments (continued)

A summary of the trading results is shown below:

	2023 £	2022 £
Turnover	717,055	609,663
Cost of sales	(572,151)	(479,045)
Gross profit	144,904	130,618
Administrative expenses	(196,086)	(150,637)
Operating profit	(51,182)	(20,019)
Investment income	-	-
Profit before tax & profit for the financial year	(51,182)	(20,019)
Retained earnings brought forward in subsidiary	54,417	135,917
Gift aid to The Palace Trust	-	(61,481)
Retained earnings carried forward in subsidiary	3,235	54,417
The assets and liabilities were:		
Fixed assets	59,896	61,385
Current assets	168,273	122,595
Current liabilities	(224,933)	(129,562)
Total net assets	3,236	54,418
Called up share capital	1	1
Profit and loss reserve	3,235	54,417
	3,236	54,418

12 Stocks

	2023	2023	2022	2022
	Group	Charity	Group	Charity
	£	£	£	£
Goods for resale	29,075	-	8,209	246

13 Debtors

	2023	2023	2022	2022
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	24,380	1,621	14,589	441
Prepayments and accrued income	56,417	55,365	42,218	39,091
Amounts owed by group undertakings	-	162,757	-	70,728
	80,797	219,743	56,807	110,260

14 Creditors: Amounts falling due within one year

	2023	2023	2022	2022
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	31,863	29,427	38,305	31,263
Other creditors	27,078	27,078	5,038	5,039
Accruals and deferred income	53,685	20,771	45,947	18,746
Taxation and social security	33,045	6,218	38,207	13,615
	<u>145,671</u>	<u>83,494</u>	<u>127,497</u>	<u>68,663</u>

Deferred Income

	2023	2023	2022	2022
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income at 1 January 2023	30,637	9,187	17,017	6,325
Released from previous years	(30,637)	(9,187)	(17,017)	(6,325)
Resources deferred in the year	33,695	8,759	30,637	9,187
	<u>33,695</u>	<u>8,759</u>	<u>30,637</u>	<u>9,187</u>

At the balance sheet date the trust was holding funds received in advance for events to be held in 2024.

15 Summary of movement in funds- Group

	Opening balance £	Income £	Expenditure £	Transfers & gains £	Closing balance £
Unrestricted funds - Group					
General	296,969	1,609,335	(1,632,685)	(7,583)	266,036
Designated funds - Group					
Palace interpretation	352,195	-	-	(122,600)	229,595
Trust Reserve	450,000	-	-	-	450,000
Fixed assets	195,881	-	(60,509)	148,736	284,108
Total designated funds	998,076	-	(60,509)	26,136	963,703
Restricted funds					
Gate funds	-	13,850	-	(13,850)	-
Total funds	1,295,045	1,623,185	(1,693,194)	4,703	1,229,739

Summary of movement in funds- Charity

	Opening balance £	Income £	Expenditure £	Transfers & gains £	Closing balance £
Unrestricted funds - Charity					
General	303,937	983,484	(977,258)	12,535	322,698
Designated funds - Charity					
Palace interpretation	352,195	-	-	(122,600)	229,595
Trust Reserve	450,000	-	-	-	450,000
Fixed assets	134,496	-	(38,902)	128,618	224,212
Total designated funds	936,691	-	(38,902)	6,018	903,807
Restricted funds					
Gate funds	-	13,850	-	(13,850)	-
Total funds	1,240,628	997,334	(1,016,160)	4,703	1,226,505

Summary of movement in funds – Group (2022)

	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 (2022)

	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

Summary of movement in funds (continued)

Designated funds

- The Palace interpretation fund relates to a large development project currently in the planning phase and fresh interpretation in the Palace building.
- Trust Reserve relates to an amount of unrestricted funds sufficient to cover 3 months of expenditure, to cover the period from January to March when The Palace Trust runs at a seasonal deficit.
- The fixed assets funds represent the net book value of the assets held.

Restricted funds

- The Gate Funds were received as a contribution towards the installation of the community gate. £10,000 of the funds came from The Medlock Charity, £350 from the Sir John and Lady Heathcoat Amory Trust and £3,500 from an anonymous source. The amount has been transferred to unrestricted upon the purchase of the fixed asset, as permitted by the Charity SORP.

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	54,253	148,155	(35,799)	-	166,609
Designated funds	284,108	779,022	-	-	1,063,130
Restricted funds	-	-	-	-	-
As at 31 December 2023	338,361	927,177	(35,799)	-	1,229,739

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	54,254	32,768	136,249	-	223,271
Designated funds	224,212	779,022	-	-	1,003,234
Restricted funds	-	-	-	-	-
As at 31 December 2023	278,466	811,790	136,249	-	1,226,505

Analysis of assets between funds – Group - 2022

	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 – 2022

	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

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 £14,124 (2022 - £98,481) based on income of £906,130 (2022 - £848,638). Gift aid distributions from trading subsidiary of £nil (2022: £61,481) were received in 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:

	2023 £	2022 £
Other		
Expiry date:		
Within one year	1,785	1,570
Within two and five years	3,193	4,709
	<u>4,978</u>	<u>6,279</u>

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 2033.

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 (who resigned 31 March 2023), J Wallwork Clark, was charged £800 (2022: £1,030) in rent for the use of the Gatehouse during the year. A balance of £nil (2022: £nil) was outstanding at the year end. This is considered to be a market rent.

The chief executive (who was appointed 1 April 2023), M Kidd, was charged £3,850 (2022: £nil) in rent for the use of The Gardeners Flat during the year. The rent collected, is in turn paid onto the Church Commissioner. A balance of £nil (2022: £nil) was outstanding at the year end. This is considered to be a market rent.

20 Financial instruments

	2023 Group £	2023 Charity £	2022 Group £	2022 Charity £
Financial assets that are fair value through income & expenditure account	54,253	54,254	49,550	49,550
Financial assets that are debt instruments measured at amortised cost	994,034	1,018,645	1,153,801	1,113,025
	<u>1,048,287</u>	<u>1,072,899</u>	<u>1,203,351</u>	<u>1,162,575</u>
Financial liabilities measured at amortised cost	78,931	65,263	58,653	45,861
	<u>78,931</u>	<u>65,263</u>	<u>58,653</u>	<u>45,861</u>

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

	Income £	Expense £	Net gains £	Net losses £
2023				
Financial assets that are fair value through income & expenditure account	-	-	4,703	-
Financial assets measured at amortised cost	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,703</u>	<u>-</u>
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>