



Historic Royal Palaces is the independent charity that looks after the Tower of London, Hampton Court Palace, the Banqueting House, Kensington Palace and Kew Palace. We help everyone explore the story of how monarchs and people have shaped society, in some of the greatest palaces ever built.

We receive no funding from the Government or the Crown, so we depend on the support of our visitors, members, donors, volunteers and sponsors.

FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

Trustees' Report

Trustees

Charles Mackay (Chairman)
Sir Alan Reid KCVO (Deputy Chairman)
Sophie Andreae
Dawn Austwick OBE
Ian Barlow DL (since 31 October 2010)
Liz Cleaver (since 27 May 2011)
General Sir Richard Dannatt GCB CBE MC DL
Sue Farr
John Hamer OBE (until 26 May 2011)
Jonathan Marsden LVO FSA (since 1 May 2010)
Sir Trevor McDonald OBE
Sir Adrian Montague CBE
Malcolm Reading
Sir Hugh Roberts KCVO (until 30 April 2010)

Executive Board

Michael Day (*Chief Executive and Accounting Officer*)
John Barnes
Major General Keith Cima CB (until 31 December 2010)
Tania Fitzgerald
Gina George
Rod Giddins (until 8 April 2011)
Colonel Richard Harrold OBE (since 18 April 2011)
Danny Homan
Graham Josephs

Registered Office

Hampton Court Palace
Surrey KT8 9AU

Auditors of the Group

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

Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

Solicitors

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

Historic Royal Palaces: Registered Charity number 1068852

Historic Royal Palaces Enterprises Ltd: Company limited by share capital, registered number 3418583

Trustees' Report (continued)

Historic Royal Palaces (HRP) was established in 1998 as a Royal Charter Body with charitable status and is contracted by the Secretary of State for Culture, Olympics, Media and Sport to manage the palaces on his behalf. It is responsible for the care, conservation and presentation to the public of the unoccupied royal palaces: HM Tower of London, Hampton Court Palace, Kensington Palace State Apartments, the Banqueting House at Whitehall and Kew Palace with Queen Charlotte's Cottage.

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

Further information and a copy of the Annual Review and Summary Accounts can be obtained from www.hrp.org.uk.

Objectives and activities

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

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

Our Cause

To help everyone explore the story of how monarchs and people have shaped society, in some of the greatest palaces ever built.

Our work is guided by four principles:

Guardianship

We exist for tomorrow, not just for yesterday. Our job is to give these palaces a future as valuable as their past. We know how precious they and their contents are, and we aim to conserve them to the standard they deserve: the best.

Discovery

We explain the bigger picture, and then encourage people to make their own discoveries, in particular, to find links with their own lives and with the world today.

Showmanship

We do everything with panache. Palaces have always been places of spectacle, beauty, majesty and pageantry, and we are proud to continue that tradition.

Independence

We have a unique task, and our own point of view. We challenge ourselves to find new ways to do our work. We are an independent charity, not funded by the Government or the Crown, and we are keen to welcome everyone who can support our Cause.

Trustees' Report (continued)

Five major strategic aims to face the challenges of the future

In setting Historic Royal Palaces' aims and planning our activities, the Trustees have given due consideration to the Charity Commission's general guidance on public benefit and also to its supplementary public benefit guidance on fee charging and advancing education.

1. Give the palaces the care they deserve

We are guardians of five of the nation's most important historic sites. Two are World Heritage Sites, four are Scheduled Ancient Monuments, and one is a Grade I listed building. Our responsibility covers the fabric of the buildings, interiors and contents, estates and landscapes, and the stories and traditions associated with these famous sites. We are also responsible for developing the specialist skills of our staff. The idea of 'Guardianship' for us means to *care for, look after and keep secure*, and also to *nurture, develop and reach potential*. Conserving in the state we have inherited them is not enough; we aim to hand them on to future generations in a better state. The scale of the future challenge is set out in the *State of the Estate* and the *State of the Interiors* reports, and the Gardens Conservation Management Plans. The top ten conservation projects in each of these areas are built into our forward plans

2. Transform the way visitors explore their story

The central idea of *visitors exploring their story* derives from our Cause. HRP believes history, beauty and art have the power to inspire, and that everyone wants to understand more of the world they live in. People make their own meaning and we can support this by helping our visitors make connections to our stories. In the total experience that people have, from planning a visit to the memories they take away, our aim is to inspire learning for everyone. Delighting our customers is also critical to our future financial prosperity; we depend on this income stream for the majority of our revenue. We are engaged in an extensive programme of change and development – in the way we present the palaces, help people explore stories, provide services and engage people's senses. An important current initiative is to improve the experience we provide for families.

3. Have wider impact in the world

Our Cause defines an ambition to 'help **everyone** explore the story of how monarchs and people have shaped society...' Our priority is to broaden our reach, build awareness, support and influence for HRP as widely as possible in all our communication and public-facing activities. We run extensive direct education programmes at all our sites. We are giving particular attention to outreach and community involvement activities, to exploiting the full potential of our website www.hrp.org.uk, and to contributing to the national celebrations for The Queen's Diamond Jubilee and the Olympics in 2012.

4. Build one organisation united behind our Cause

We continue to drive culture change and performance improvement in line with our Cause and performance framework: Putting the customer first; Knowing our stuff; Doing it well, and Working together. We are giving particular attention at the moment to supporting and developing team leaders across HRP, to improving leadership capacity and to increasing the ethnic diversity of our workforce.

5. Generate the money to make it all possible

Financial sustainability for HRP depends on the success of key income streams to fund our Charter and Cause objectives. This is supported by a reserves policy that aims to keep free reserves at a modest level so as to allow the maximum resource spend for our charitable objectives, and to designate any annual surpluses for projects. Our main income streams are from visitors, retail, catering, functions & events and fundraising. As a self-supporting charity, we charge admission fees to visitors to our palaces and for our education service. These are reviewed annually and benchmarked to ensure they remain affordable to the general public. We have concessionary prices for children, family groups, those over 60 and full time students, in addition to offers such as the Tesco voucher scheme, to widen our appeal to as many audiences as possible. HRP membership provides a significant discount for regular visitors who wish to support our work in that way. We provide special free programmes for local communities around our palaces and free content through our website and other media channels for people who do not visit the palaces in person.

Trustees' Report (continued)

Achievements and Performance

1. Give the palaces the care they deserve

- We have continued our programme of major conservation projects in buildings, interiors and contents, estates and landscapes
- The conservation of the external elevations, and repairs to the lead on the main roof and turrets of the White Tower at the Tower of London was completed
- The Brick Tower was conserved and the first section of the north wall walk was opened in preparation for an exhibition of Royal Beasts which can be seen at the Tower from April 2011
- Our conservators worked with the Royal Regiment of Fusiliers on the re-presentation of collections in their museum at the Tower of London
- The conservation of Great Hall Court at Hampton Court started with the first phase, focussed on the ground floor external walls, being completed in the year
- Work to conserve and repair the roof of Hampton Court's Real Tennis Court revealed it to be a rare example of Inigo Jones' work
- We completed the three-year project to conserve William III's arms and armour on display in the King's Guard Chamber at Hampton Court
- The major redevelopment of Kensington Palace has continued through the year. This year work involved the careful relocation of the Royal Ceremonial Dress Collection which is cared for at the palace
- Landscaping and planning of the east-front garden at Kensington started, in preparation for the re-opening of the palace in March next year
- An accessible archive of information about Kensington Palace, its buildings, interiors and grounds has been established
- The six historic royal wedding dresses in our collection were conserved and displayed for access by the world's media to mark the Royal Wedding in April
- The interior of Queen Charlotte's cottage at Kew was redecorated and the collection of Hogarth's paintings has been presented in full for the start of the 2011 season
- Total spend of £16.7m in the Statement of Financial Activities (SOFA) represents an increase of 6% from the previous year. The increase is due mostly to the investment in the re-development of Kensington Palace.

2. Transform the way visitors explore their story

- We acquired a number of items to add to the collections across the palaces; a music book belonging to Queen Victoria's mother, the Duchess of Kent; a portrait of Sir William Chambers, George III's favourite architect, and a love letter to him from his wife Queen Charlotte
- The White Tower housed a new exhibition of five hundred years of spectacular royal armour, offering a fascinating insight into the personalities, power and physical size of England's kings
- The Constable of the Tower of London received dues from the Commander of the French Marine Nationale frigate *Latouche Tréville*, the first time this ceremony has been performed by a Continental European ship
- A series of striking animal sculptures by Kendra Haste arrived at the Tower of London to herald the opening of the Royal Beasts exhibition
- Henry VIII's celebrations at Hampton Court continued with a pageant to mark his return from honeymoon with Jane Seymour, culminating in an evening firework display
- We planted a flowerbed in the east-front garden at Hampton Court with the famous emblem of the Girl Guides to mark their centenary and our connections with Lady Baden-Powell, Chief and World Guides leader, who lived at the palace
- The second phase of the Enchanted Palace exhibition at Kensington opened in October, following a summer during which visitors could enjoy a series of themed late openings or 'Enchanted Evenings'
- As part of our ongoing relationship with Culture 24, Kensington Palace hosted the national launch of the 'Museums at Night' initiative at the Enchanted Palace in March 2011, featuring the scheme's ambassador, television presenter and BBC 6Music DJ Lauren Laverne

Trustees' Report (continued)

- Research into the story of Queen Victoria's love and loss has been ongoing through the year in preparation for the first visitor route at Kensington Palace when it re-opens in 2012
- A collection of 18th century caricatures of George III, on loan from Lord Baker of Dorking, has been put on display at Kew Palace
- The story of the Royal Kitchens is being developed to inform the interpretation of this addition to the visitor experience at Kew for 2012
- We continue to develop the visitor experience across our palaces and the results of the summer visitor survey for our three main palaces returned 12-year high scores for "staff friendliness/ helpfulness" and "enjoyment of visit"
- Total spend across the headings of Public Access and Interpretation and Learning in the SOFA of £27.0m represents an increase of 8% over the previous year. This increase also relates mostly to the Kensington project.

3. Have wider impact in the world

- We were included in the list of 'organisations under review' in the Public Bodies Bill but made a strong case for retaining our independent status and current business model. This argument proved to be successful and there was no change to our current arrangements
- Enhancements to the programmes on offer through our education service supported us to reach 194,000 learners in the year across our three largest palaces, attracting higher user satisfaction ratings than ever before
- A grant from the Clore Duffield Foundation will result in the creation of a dedicated learning centre at Kensington Palace on completion of the redevelopment project in 2012
- A number of generous donors supported a new project, Palace Explorers, that aims to establish links with hard-to-reach families through teaching their children to be story tellers and guides
- The adult education programme was extended, bringing new people to the palaces, and we continued to build our digital reach through the development of online learning resources
- Projects run by the outreach and community involvement team included; storytelling sessions about the Koh-I-Noor at the Tower, artist-led craft and knitting projects at Kensington, and creative workshops inspired by Hampton Court's State beds, taken to residents of local nursing homes
- Our online British Sign Language information videos earned the Access team the Jodi award for best use of digital technology
- Following performances of 'All the King's Fools' at Hampton Court during February half-term, actor Peet Cooper, and the Misfits Theatre company, ran workshops with children from two schools; St John the Baptist Primary in Kingston, and Oaklands special school in Isleworth for children with profound and multiple learning difficulties
- Hampton Court Palace hosted its first Citizenship ceremony in the King's Guard Chamber at which fifteen people were granted citizenship
- In July, Historic Royal Palaces was awarded full Museum Accreditation by the Museums, Libraries and Archives Council
- We were joined by our first three curatorial interns, recruited through a new programme of funded internships
- We undertook a survey of our website and although this showed that it attracts high levels of engagement, it informed some improvements to both content and navigation. Online sales increased by 21% from last year
- Our advertising for 'Enchanted Palace' at Kensington won the *Campaign* magazine media award in the Leisure and Tourism sector
- The publications team produced a number of new titles; an updated guidebook for the Banqueting House, *Curators' Choice*; co-published with Scala, *A really useful guide to Kings and Queens of England*, and our first children's craft book, *Royal Beasts*
- We were honoured that HM The Queen chose the Chapel Royal at Hampton Court as the venue for her Christmas broadcast to the Commonwealth for 2010
- The palaces became the focus of media attention from across the world in the build up to the Royal Wedding in April
- It was announced that Hampton Court will be the venue for the Olympic cycling time trials in August 2012

Trustees' Report (continued)

4. Build one organisation united behind our Cause

- We appointed a Diversity Officer to support continued progress with increasing the diversity of our workforce and building an organisation where staff treat all colleagues and customers with dignity and respect
- Kensington's front of house staff, with training from creative partners WildWorks, have developed a new and engaging storytelling style and a five-star welcome experience
- We continue to develop leadership competence through our core leadership programme, and the design and delivery of a new leadership programme for team leaders
- Attention was focussed on improving efficiency through an 'action learning project' that brought together a group of managers who implemented a range of initiatives to increase efficiency and reduce costs
- We achieved a 10% increase in the number of volunteer hours during the year, reaching 25,218 hours. At Kensington Palace, volunteers have trebled in number and increased in diversity
- We helped the National Heritage Ironwork Group secure funding from the HLF to work with 16 semi-skilled blacksmiths to develop the skills needed to work on projects such as the restoration of the Tijou screens at Hampton Court, through the 'Skills for the Future' programme
- We continued to develop our work experience /apprentice programmes- including a creative apprentice programme for frontline staff and traditional building/trades apprenticeship through our Working for Life programme.
- We introduced some new initiatives to increase efficiency in Human Resources support. These included; an online 'People Hub' of information, an online recruitment module, and an increase in our use of online advertising

5. Generate the money to make it all possible

- We attracted 3.26 million visitors to our palaces in 2010/11, which was a slight reduction on 2009/10, mostly as a result of the disruption to air travel caused by the volcanic ash cloud at the start of the year, and the poor weather during December
- Travel Trade business grew across both inbound and domestic markets however, and reached £10m of income for the first time
- Our Retail business had another good year although income fell slightly, in line with the fall in visitor numbers. We invested in a new warehouse to increase distribution efficiency, opened a temporary Crown Jewels shop through the summer, refurbished a number of our existing shops and launched new product including a Royal Wedding themed range and a photo booth at the Tower
- Our £20m fundraising campaign achieved another record year and fundraising for the Kensington Palace project neared £5m (80% of the target)
- We also launched our first ever public appeal, encouraging visitors and supporters to 'Join Kensington's Historic Royal Family' or 'Capture a moment in Kensington's History'
- The membership team ran an extended programme, including events hosted by Alison Weir Amanda Foreman, Lucy Worsley, Bernard Cornwall and Kate Williams. We reached nearly 39,000 members, contributing over £900,000 to our work
- After a challenging period through the recession, the functions and events business recovered strongly in 2010/11 and achieved a 17% increase in income, hosting events such as the post-premiere party for a major film, and a new product launch for a high profile brand
- The palaces were transformed into sets for three feature films which also brought significant additional licence income
- Despite the ongoing low rates of interest, we were able to more than double investment income through greater use of term deposits

Our performance is measured by the Secretary of State by submission of the annual Strategic Plan and by this report.

Trustees' Report (continued)

Financial Review

The number of visitors that spent a day out at one of our palaces in 2010/11 fell by 2% to 3.26m, from last year's record level.

The fall in visitor numbers, due to the travel disruption caused by both the volcanic ash cloud and the snow, resulted in a slight year on year reduction in both visitor income, and income from our shops and cafés.

Admissions income for 2010/11 was £39.5m – 63% of total income.

This income reduction has been offset by a strong recovery in the functions and events business, income from licenses for filming, and an increase in interest income.

Fundraising has had another successful year; attracting generous donations for our major projects. Income from grants and donations in the year has increased by over 50% from 2009/10.

All of this activity was achieved within budgeted expenditure and we have maintained our free reserves target of £5m.

The strong financial performance in the year has meant that we are able to designate more funds towards the cost of projects within our ambitious strategy for the next three years. The increase in our year-end cash balance includes the funds that have been set aside for this purpose.

Funds and reserves

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

Following this detailed review the target level for free reserves remains at £5 million and this has been maintained at March 2011.

The charity has various funds available to finance its activities. These are as follows:

Restricted funds

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

Unrestricted funds

These are funds that are expendable at the discretion of the Trustees in furtherance of the charity's objects. **Free reserves** are that part of the unrestricted fund that are not held as fixed assets or designated for other purposes:

- **Fixed asset fund**

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

Trustees' Report (continued)

- **Designated funds**

Funds have been designated out of general funds to protect long-term commitments to major projects. £5.7m has been designated to complete projects in 2011 that were underway in 2010, including funds for the ongoing re-development of Kensington Palace. £3.0m is designated for Tower-based projects including the investment in a new café on the Wharf, all due for completion by March 2012. We have set aside £2.8m towards the long term re-presentation of the Baroque Palace at Hampton Court. The remainder includes designations for the continued investment in our Retail Strategy, and in a new visitor admissions system.

- **Pension plan**

This liability does not result in any immediate requirement to pay this amount to the pension scheme, and ongoing cash contributions into the scheme are met through budgeted income. Following the October 2009 triennial actuarial valuation, there was a reduction in the employers' contributions required to meet the ongoing liabilities of the scheme. A revised eight-year plan was agreed to recover the historic deficit, with an increase in annual payments to £336,000. Both of these changes were implemented from October 2010. HRP's strategic planning process allows for the pension payments to the scheme to be made from planned income each year, and therefore there is no requirement to ring fence an amount equal to the full deficit from other reserves to cover this liability. The FRS17 liability, calculated for accounting purposes, at March 2011 is £1 million (March 2010: £3.4 million). Details of the retirement benefit scheme are disclosed in Note 8 to the accounts.

Details of the movements on total funds are disclosed in Note 5 to the accounts.

Equal opportunities policies

HRP is committed to a policy of equality of opportunity in all areas of employment, including recruitment, training, performance management and promotion. To encourage diversity in the workplace, formal policies on equal opportunities, disability and harassment have been developed and communicated to all staff. General training on these policy areas is provided to staff and specific training is provided in areas such as recruitment and performance appraisals. Equality policies and practices are regularly monitored and action plans developed, if appropriate, to deal with any specific issues. In addition, we have published a Diversity Strategy and Action Plan and are making progress in increasing the diversity of our workforce.

Consultation with, and provision of information to, employees

The Trustees and Directors encourage widespread consultation and exchange of information at all levels of the organisation using a range of different communication mechanisms. To facilitate information flows and discussion between the organisation and Trade Union representatives, Partnership Meetings are regularly held both centrally and at each palace. In addition, staff are kept up-to-date on the organisation's progress through notice boards, team briefings and a staff newsletter, *Our Story*.

Investment policy

HRP's investment policy is as follows:

1. Capital preservation is the priority
2. Surplus funds are invested on the money market in the UK
3. No more than 50% is invested in any one institution, except for deposits with the Bank of England.

Suppliers' payment policy

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

Trustees' Report (continued)

During 2010/11 67% of supplier invoices were paid within 30 days of date of invoice (68% in 2009/10) and 77% within 40 days (78% in 2009/10). This payment performance has not been adjusted for invoices which have been delayed for payment due to a query with the supplier.

Structure, governance and management

Details of the Trustees are given on page 1. The Board consists of a Chairman and eleven Trustees, chosen for their skills and experience. All are non-executive and unpaid.

The Chairman is appointed by The Queen on the advice of the Secretary of State. Four Trustees are appointed by The Queen, of whom three are ex officio appointments: The Director of the Royal Collection; The Keeper of the Privy Purse; and The Lord Chamberlain. The Lord Chamberlain may choose to relinquish his appointment, in which case The Queen may appoint someone to take his place, as currently. The remaining seven are appointed by the Secretary of State, two of whom must be the Constable of the Tower of London and the Chairman of the Campaign Board.

The appointments are part-time and last initially for three years. Under the Royal Charter, with the exception of ex officio appointments, Trustees may be appointed for a further two periods of up to three years, subject to review at the end of each period. Third appointments are only made exceptionally.

Trustees are recruited through advertisement, by using existing contacts, by further research and through executive search. New Trustees are supported through an induction process tailored to their needs and experience. This includes meetings, visits and a substantial amount of written material both on their responsibilities as a Trustee of both a charity and a public body and about the organisation.

As in previous years, a detailed review of Board effectiveness has been conducted.

Organisational structure

The Chief Executive is granted a general delegation to act on behalf of the Trustees, except for matters reserved by the Trustees for decision by the Board or its committees. Such matters include approval of strategic plans, annual budgets and major projects, remuneration of the Directors and variation to governing documents.

Report of the Remuneration Committee

Membership

The membership of the Remuneration Committee during 2010/11 consisted of four Trustees. John Hamer (Chairman), Richard Dannatt, and Sue Farr served on the committee throughout the year. Hugh Roberts served until his retirement on 30th April 2010 when he was replaced by Jonathan Marsden.

Policy statement

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

Members of the Board of Trustees receive no remuneration. However, they are entitled to claim expenses and to make charges if instructed by the Trust to apply their specialist skills or knowledge. Details are set out in Note 6 to the accounts.

Trustees' Report (continued)

Review of activity during the year

At the Annual Salary Review in August 2010, most Directors received a 1.25% increase to their basic salaries, together with a 1% lump sum payment which was not consolidated into basic salary. This level of increase was in line with the external market and with the settlement awarded to other HRP staff. Two Directors also received an additional increase; one as a result of a contractual commitment made at the time of appointment and the other to address an issue of internal equity.

In addition, the Directors received a performance-related bonus for the 2009/10 period. These bonuses were awarded consistently with the Directors' performance-related bonus scheme that was introduced in August 2001. Actual bonus payments were calculated on the basis of the overall performance of the organisation and Directors' individual performance against agreed objectives.

Performance-related bonuses for the 2010/11 period have been accrued and will be paid in accordance with the agreed scheme.

Details of the emoluments of the Chief Executive are set out in Note 7 to the accounts, together with information on the number of employees whose remuneration (excluding pension contributions) exceeds £60,000.

Charles Mackay
Chairman of the Board of Trustees
20 June 2011

Hampton Court Palace
Surrey
KT8 9AU

Statement on Internal Control

Scope of responsibility

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

- supports the achievement of HRP's Cause and strategy, whilst;
- safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in *Managing Public Money*; and
- ensuring compliance with HRP's Management Statement and Financial Memorandum.

The respective allocation of responsibilities between the Trustees and Accounting Officer are detailed in the Trustees' Report.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve HRP's Cause and strategy; it can therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in HRP for the year ended 31 March 2011 and up to the date of approval of the Annual Review and Accounts, and accords with Treasury guidance.

Capacity to handle risk

Strategic leadership of the risk management process comes from the Executive Board, and the Trustees and Accounting Officer oversee the process.

The Chief Executive Officer (CEO) reports annually to the Board of Trustees on the effectiveness of the internal control system established to ensure that the aims, objectives and key performance targets of HRP are achieved in the most economic and effective manner.

The Executive Board:

- assesses risks and opportunities annually as part of the Annual Operating Plan process (looking forward);
- provides assurance to the CEO/Accounting Officer about the effectiveness of risk management in their annual letters of representation (looking back);
- as the Risk Committee, develops HRP's risk management policy and is responsible for communicating it to staff; maintains the risk register, monitors change in the corporate risk profile and reports significant changes to the Trustees (ongoing).

Directors, managers and staff are responsible for identifying, assessing and managing the corporate operational risks in their areas.

Specialist risk managers exist within HRP: the Fire, Health & Safety Adviser and the Security Adviser. These specialists provide advice on the management of the risks that fall within their remit, and provide annual reports of assurance to Trustees and the Executive Board.

The Audit Committee is a sub-committee of the Board of Trustees. It reports annually to the Board on the adequacy of HRP's arrangements for risk management and internal control. During the year the following Trustees served on the committee: Sir Alan Reid, Sophie Andreae, Dawn Austwick, and Malcolm Reading. Sir Alan Reid served as Chair until June 2010 after which he stepped down from the Committee and Dawn Austwick was appointed Chair. Anupam Ganguli was appointed as a co-opted member of the Committee from 4th February 2011.

Oversight of investment activities is provided by an Investment Committee, whose remit includes reviewing the balance of risk/return, and the impact of external factors. During the year the committee comprised four Trustees (Sir Adrian Montague (Chairman), Charles Mackay, Sir Alan Reid and Ian Barlow) and two members of the Executive Board (Michael Day and Tania Fitzgerald).

Statement on Internal Control (continued)

Internal Audit is responsible for the ongoing examination of and the reporting on the adequacy and effectiveness of HRP's risk management process. The Head of Internal Audit provides an annual report to the CEO/Accounting Officer and the Audit Committee on the adequacy and effectiveness of the risk management process, internal control and corporate governance in the year.

External Audit takes account of the risk management process when evaluating the strength of internal controls.

The risk and control framework

HRP's management of risk is embedded in policymaking, planning and delivery in the following ways:

- A continuing risk assessment programme is in place. This includes regular reviews and updates of the risk register by management. The Audit Committee regularly reviews the changing risk register;
- The Audit Committee meets at least three times a year and reviews and advises on internal control issues raised by internal and external audit;
- The Internal Audit Department takes a risk-based approach to audits and operates in compliance with Government Internal Audit standards (except where this is impractical for this small department);
- Progress in implementing internal audit recommendations is monitored by the Executive Board and the Audit Committee;
- The organisation has a project assessment and approval process which requires risk assessments to be done on all major projects;
- A member of the Executive Board has been appointed Senior Information Risk Owner, and takes responsibility for the management of information risk;
- The Security Adviser provides an annual internal and external security threat analysis;
- Regular reviews are made of health and safety, environmental and security risks, and the implementation of related policies and procedures;
- A fraud risk profile is updated annually by Directors and reviewed by the Audit Committee;
- New activities and changes to existing processes are routinely reviewed to ensure that adequate controls are in place;
- The IT systems and network are managed in compliance with BS7799 information security standard (except where this is impractical for this small department);
- All staff are made aware of the Data Protection Act when they join the organisation. In addition, staff receive specific training on areas relevant to their roles and are regularly reminded of the need for vigilance in the handling of all forms of data, particularly personal and financial information.

Some of the initiatives and improvements during the year include:

- HRP was identified as an 'organisation under review' in the Public Bodies Bill. We made a strong case for retaining our independent status, an argument that proved to be successful;
- HRP's Strategic Plan has been updated for the three years to March 2014. This also involved identifying key strategic risks and opportunities;
- The strategic plan includes a ten year vision for the organisation, setting out its broad ambitions in each of the main strategic aims;
- Audit Committee commenced a process of in-depth review of risk management in key areas through a cycle of presentations by senior managers;
- The Security Adviser conducted a formal annual security inspection of all palaces and departments. No major problems were found;
- Counter-terrorist security measures were kept under continual review during the year and enhanced where necessary. A cross-organisational exercise run by the National Counter Terrorism Security Office was carried out in early April 2011 and Major Incident Plans will be updated to reflect learning from this exercise;

Statement on Internal Control (continued)

- There have been a number of physical security improvements in the year; an alarm management back-up for the main alarm system was installed, night custody staffing levels at Kensington Palace have been increased for the duration of the building works, and a detailed review of anti-shatter film requirements for the windows at the Tower was completed;
- An advisory visit from the Security Service took place in March 2011 and this concluded that security was of a good standard and appropriate measures for further improvement were in hand;
- Work towards Payment Card Industry Data Security Standards and Security Policy Framework compliance has progressed throughout the year. Each department has now appointed an Information Asset Owner (IAO). IAOs have been trained, maintain the register of information subject to the Data Protection Act, and complete quarterly risk assessment reports;
- Email encryption is now in use for the transfer of personal data, and specially formatted laptops with disc encryption technologies have been issued for storage of data with the highest security classification;
- There has been a full review of procedures for transferring customer information between palaces and changes to increase its security have been implemented;
- Further fraud awareness training was carried out during the year and there was an increase in the number of staff attending the range of security training courses;
- All managers, team leaders and supervisors have now attended a one day risk management training course and have completed a range of self-study health & safety workbooks covering matters relevant to their areas of responsibility;
- An accident review panel was established to review accidents at Hampton Court Palace and all operational management at the palace attended a training course on accident cause and investigation;
- All front of house staff received a training session on hazard awareness and accident prevention;
- A new salvage plan was issued for Kensington Palace and this will become a template for the salvage plans at each palace;
- An environmental legal compliance audit was carried out and recommendations are being implemented.

Review of Effectiveness

The Trustees and Accounting Officer have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Board who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The Trustees and Accounting Officer have carried out this review of the effectiveness of the system of internal control through the mechanisms set out in the previous section. A plan to address any weaknesses and ensure continuous improvement of the system is in place.

Significant internal control issues

No significant internal control issues have arisen during the year 2010/11.

Charles Mackay
Chairman of the Board of Trustees
20 June 2011

Michael Day
Chief Executive and Accounting Officer

Statement of Responsibility

Statement of Trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the Trustees of HRP to prepare (or have prepared) financial statements for each financial year that give a true and fair view of the state of affairs of the Trust and the Group and of their financial activities during the year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures being disclosed and explained in the financial statements;
- ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to assume that the Trust and the Group will continue in operation.

The Trustees are required to follow the Accounts Direction issued by the Secretary of State for Culture, Olympics, Media and Sport, and are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Trust and which enable them to ensure that the financial statements comply with the Charities regulations and relevant Generally Accepted Accounting Practice. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Charles Mackay
Chairman of the Board of Trustees
20 June 2011

Accounting Officer's responsibilities

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive as the Accounting Officer for the Trust. His responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in *Managing Public Money* published by HM Treasury. He is also required to follow the Accounts Direction issued by the Secretary of State for Culture, Olympics, Media and Sport.

The Accounting Officer confirms that so far as he is aware, there is no relevant audit information of which HRP's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that HRP's auditors are aware of that information.

Michael Day
Chief Executive and Accounting Officer
20 June 2011

Independent Auditor's Report to the Trustees of Historic Royal Palaces

I have audited the financial statements of Historic Royal Palaces for the year ended 31 March 2011. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Trust Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Board of Trustees, Accounting Officer and Auditor

As explained more fully in the Statement of Responsibility, the Board of Trustees and the Chief Executive as Accounting Officer, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit and express an opinion on the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Historic Royal Palace's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Report, Statement on Internal Control and Statement of Responsibility, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of Historic Royal Palace's and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Charities Act 1993 and Secretary of State directions issued thereunder with the approval of HM Treasury.

Opinion on other matters

In my opinion:

- the information given within the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Trustees of Historic Royal Palaces (continued)

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 27 June 2011

Consolidated Statement of Financial Activities

for the year ended 31 March 2011

	Note	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	Total 2010 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income					
Grants and donations	5	94	3,103	3,197	2,086
Activities for generating funds					
Retail income		9,711	-	9,711	10,024
Functions and events		4,579	-	4,579	3,919
Licences and rents		2,814	-	2,814	2,365
Sponsorship		588	-	588	413
		17,692	-	17,692	16,721
Investment income		377	-	377	156
Incoming resources from charitable activities:					
Admissions		39,445	-	39,445	40,697
Concessions		1,558	-	1,558	2,132
Total incoming resources		59,166	3,103	62,269	61,792
RESOURCES EXPENDED					
Costs of generating funds:					
Fundraising		946	-	946	692
Retail activities		7,917	1	7,918	7,927
Other commercial activities		2,642	-	2,642	2,293
		11,505	1	11,506	10,912
Charitable activities:					
<i>Give the palaces the care they deserve</i>		16,182	534	16,716	15,695
<i>Transform the way visitors explore their story:</i>					
Public access		19,291	107	19,398	17,389
Interpretation and learning		7,553	69	7,622	7,537
<i>Have a wider impact in the world</i>		4,021	-	4,021	3,603
Governance costs	4	480	-	480	404
		47,527	710	48,237	44,628
Pension finance (income)/costs	8	(58)	-	(58)	494
Total resources expended	3	58,974	711	59,685	56,034
Net incoming/(outgoing) resources before transfers					
Actuarial profit/(loss) on pension plan	8	1,922	2,392	2,584	5,758
		1,830	-	1,830	(745)
Net movement in funds		2,022	2,392	4,414	5,013
Fund balances brought forward at 1 April	5	24,011	3,968	27,979	22,966
Fund balances carried forward at 31 March	5	26,033	6,360	32,393	27,979

The amounts shown above derive from continuing activities. There were no recognised gains or losses other than those disclosed above. The notes on pages 20 to 39 form an integral part of these accounts.

Consolidated and Trust Balance Sheets as at 31 March 2011

		Group 2011	Trust 2011	Group 2010	Trust 2010
	Note	£000	£000	£000	£000
<i>Fixed assets:</i>					
Intangible assets	9	62	62	67	67
Tangible assets	10	5,573	5,573	6,478	6,478
Heritage assets	11	4,975	4,975	4,932	4,932
		10,610	10,610	11,477	11,477
<i>Current assets:</i>					
Stocks - goods for resale		1,321	-	1,343	-
Debtors	12	3,741	4,049	2,705	3,011
Short-term cash deposits		23,000	23,000	15,000	15,000
Cash at bank and in-hand		4,854	3,973	10,763	9,982
		32,916	31,022	29,811	27,993
<i>Creditors:</i>					
Amounts falling due within one year	13	9,844	7,950	9,518	7,705
Net current assets		23,072	23,072	20,293	20,288
Total assets less current liabilities		33,682	33,682	31,770	31,765
<i>Provision for liabilities and charges</i>	14	275	275	402	402
Net assets excluding Pension Plan liability		33,407	33,407	31,368	31,363
<i>Pension Plan liability</i>	8	1,014	1,014	3,389	3,389
Net assets including Pension Plan liability		32,393	32,393	27,979	27,974
Unrestricted funds		26,033	26,033	24,011	24,006
Restricted funds		6,360	6,360	3,968	3,968
Total funds	5	32,393	32,393	27,979	27,974

These financial statements were approved by the Trustees and the Accounting Officer on 20 June 2011 and were signed on their behalf by:

Charles Mackay
Chairman of the Board of Trustees

Michael Day
Chief Executive and
Accounting Officer

The notes on pages 20 to 39 form an integral part of these accounts.

Consolidated Cash Flow Statement for the year ended 31 March 2011

Cash flow statement	2011 £000	2010 £000	
Net cash inflow from operating activities	2,422	7,381	
Returns on investment and servicing of finance:			
Interest received	377	156	
Taxation paid	(3)	5	
Gift aid from prior year	4	-	
Investing activities:			
Purchase of tangible assets	(636)	(362)	
Purchase of intangible assets	(30)	-	
Purchase of heritage assets	(43)	(44)	
Management of liquid resources:*			
Net (purchase) of short-term deposits	(8,000)	(15,000)	
(Decrease) in cash	(5,909)	(7,864)	
<i>Reconciliation of net incoming resources to net cash inflow from operating activities</i>	2011 £000	2010 £000	
Net incoming resources from charitable and trading activities	2,584	5,758	
Interest receivable	(377)	(156)	
Taxation	3	(5)	
Pension scheme: non-cash movements	1,830	(745)	
Donated heritage assets	-	(6)	
Depreciation	1,521	1,563	
Loss on disposal of fixed assets	51	7	
(Increase)/ Decrease in stocks	22	(207)	
(Increase) in debtors	(1,036)	(768)	
Increase in creditors: current liabilities	326	1,511	
Increase / (Decrease) in provisions for liabilities and charges	(127)	251	
(Decrease)/Increase in pension plan liability	(2,375)	178	
Net cash inflow from operating activities	2,422	7,381	
<i>Analysis of net funds</i>	2011 £000	2010 £000	Change in year £000
Cash at bank and in hand	4,854	10,763	(5,909)

* Liquid resources include term deposits of less than a year

Notes to the Consolidated Accounts for the year ended 31 March 2011

1 Accounting Policies

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

- a) **Status of charity**
HRP is a registered charity established by Royal Charter.
- b) **Basis of preparation**
The financial statements have been prepared in accordance with the *Statement of Recommended Practice (SORP): Accounting and Reporting by Charities* published in March 2005, and applicable accounting standards. The financial statements have been prepared under the historic cost convention. They have been prepared in accordance with the Accounts Direction, a copy of which can be obtained from the Trust and Company Secretary. No separate statement of financial activities has been presented for the Trust alone as permitted by paragraph 397 of the SORP.
- c) **Basis of consolidation**
The Group accounts consolidate HRP and its subsidiary undertaking, HRPE, which has a co-terminous year end. Consolidation has been carried out on a line-by-line basis.
- d) **Funds**
Incoming resources and resources expended are allocated to particular funds according to their purpose.
Unrestricted fund - the unrestricted fund includes income from admissions, donations and other income received without restriction including retained profits of HRPE. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. Trustees may earmark unrestricted funds for a particular project or use, without restricting or committing the funds legally. Such amounts are known as designated funds.
Restricted funds - restricted funds include those receipts which are subject to specific restrictions imposed by donors, including grants towards specific conservation and improvement projects undertaken at the palaces.
- e) **Incoming resources**
All incoming resources are included in the SOFA when the Group is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:
- Grants - where related to performance and specific deliverables, are accounted for as the Group earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued.
 - Gifts in kind - where donated to the Group are included as income at market value at the time of receipt.

Notes to the Consolidated Accounts for the year ended 31 March 2011

1 Accounting Policies (continued)

f) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'costs of generating funds' and 'charitable activities'. The expenditure classifications comprise direct expenditure, including staff costs, attributable to the activity. Governance costs are the costs associated with the governance arrangements of the Trust which relate to the general running of the Trust as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to the day-to-day management of the Trust's activities.

Support costs, which include functions such as Human Resources, Accounting, Payroll, Procurement and Information Systems are allocated across the categories of costs of generating funds, charitable activities and governance costs. The basis of the cost allocation is explained in note 4 to the accounts.

g) Intangible fixed assets

From 1 April 2006 intangible fixed assets costing more than £5,000 are capitalised and included at cost. Prior to 1 April 2006 assets costing more than £2,000 were capitalised and included at cost. From 1 April 2003 bought-in software licences are capitalised within intangible assets.

h) Tangible fixed assets

From 1 April 2006 tangible fixed assets costing more than £5,000 are capitalised and included at cost. Prior to 1 April 2006 assets costing more than £2,000 were capitalised and included at cost. Assets are capitalised at a value net of VAT as, in accordance with SSAP 5, it is not practicable to include. All expenditure on repairing and maintaining the original fabric of the buildings and on non-revenue generating improvements is written off in the year incurred. All improvements to the fabric of the buildings, with the aim of raising or increasing revenue, are capitalised. New buildings constructed by the Trust are depreciated over a period of 20 years. Assets purchased by or gifted to the Trust's predecessors prior to September 1989 have not been capitalised.

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

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

Notes to the Consolidated Accounts for the year ended 31 March 2011

1 Accounting Policies (continued)

i) Heritage Assets

SORP 2005 defined an additional category of assets: Heritage Assets. These are defined as assets of historical and artistic importance that are held to advance preservation, conservation and the educational objectives of the Trust. Those heritage assets acquired since September 1989 are reported in the balance sheet at cost or, in the case of donated assets, at a valuation assessed by HRP's curators to be an appropriate market value at the time of acquisition. Such assets are not depreciated as they are deemed to have indeterminate lives and a high residual value. Regular impairment reviews of heritage assets are undertaken.

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

Further information about HRP's total collection of heritage assets is set out in Note 11.

j) Investment in subsidiary

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

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

k) Stocks

Stock consists of purchased goods for resale. Stock is stated at the lower of cost and net realisable value. Cost of sales is determined on a weighted average cost basis and includes all costs of purchase such as associated transportation charges.

l) Leases

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

m) Pensions

The Trust operates a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of HRP. From October 2002 the scheme was closed to new members. A Group personal pension scheme based on defined contributions was established for new members of staff with effect from this date. The cost to HRP is the contributions paid during the year.

The Trust has implemented the full reporting requirements of FRS17: Retirement Benefits in relation to the defined benefit scheme. The resulting deficit is treated as an unrestricted fund.

n) Taxation

As a charity, the Trust is exempt from corporation tax under section 505 ICTA 1988. HRPE passes its profits before tax by Gift Aid to the Trust to leave reserves at or close to nil.

Admissions to the palaces administered by HRP are exempt from VAT under Schedule 9 of the VAT Act 1994. Due to this exemption, approximately 66% of VAT incurred by HRP is irrecoverable.

Notes to the Consolidated Accounts for the year ended 31 March 2011

2. Historic Royal Palaces Enterprises Ltd

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

	2011 £000	2010 £000
Profit and loss account		
Turnover	16,504	15,554
Cost of sales	(3,578)	(3,913)
Gross profit	12,926	11,641
Administrative expenses	(8,950)	(8,168)
Interest receivable	-	-
Net profit	3,976	3,473
Amount passed as Gift Aid to HRP	(3,978)	(3,473)
Taxation	(3)	5
Retained in subsidiary	(5)	5
Balance Sheet as at 31 March 2011	2011 £000	2010 £000
Stocks - goods for resale	1,321	1,343
Debtors	882	589
Cash	881	781
Current liabilities	(3,084)	(2,708)
Net assets	-	5
Share capital and reserves	-	5

Notes to the Consolidated Accounts for the year ended 31 March 2011

3. Total resources expended

	Total direct costs £000	Allocation of support costs £000	Total 2011 £000	Total 2010 £000
Costs of generating funds				
Generating the money to make it possible				
Fundraising	869	77	946	692
Retail activities	7,157	761	7,918	7,927
Other commercial activities	2,436	206	2,642	2,293
	10,462	1,044	11,506	10,912
Charitable expenditure				
<i>Give the palaces the care they deserve</i>	15,408	1,308	16,716	15,695
<i>Transform the way visitors explore their story:</i>				
Public access	17,163	2,235	19,398	17,389
Interpretation and learning	6,926	696	7,622	7,537
<i>Have a wider impact in the world</i>				
Governance costs (see Note 4)	449	31	480	404
	43,717	4,520	48,237	44,628
Pension finance (income)/costs	(58)	-	(58)	494
Total	54,121	5,564	59,685	56,034
Resources expended include charges for:			Total 2011 £000	Total 2010 £000
Auditors' remuneration:				
Audit	- HRP		26	25
	- HRPE (2011)		18	-
	- HRPE (2010)		(1)	23
Hire of:				
Computers			121	107
Plant and machinery			85	133
Other			316	585
Depreciation written off owned fixed assets:				
Tangible			1,486	1,530
Intangible			35	33
Corporation tax			3	(5)

Notes to the Consolidated Accounts for the year ended 31 March 2011

4. Support and governance costs

Costs for developing an organisation 'Living the Cause', broken down by activity:

	Human Resources £000	Information Systems £000	Finance Department £000	Employee Services £000	Manage- ment Costs £000	Total 2011 £000	Total 2010 £000
Costs of generating funds							
Fundraising	13	23	24	6	11	77	58
Retail activities	132	229	237	57	106	761	765
Other commercial activities	34	59	71	15	27	206	182
Charitable expenditure							
<i>Give the palaces the care they deserve</i>	211	366	470	92	169	1,308	1,247
<i>Transform the way visitors explore their story:</i>							
Public access	468	814	374	204	375	2,235	2,042
Interpretation and learning	139	241	145	60	111	696	656
<i>Have a wider impact in the world</i>	31	53	129	13	24	250	224
Governance costs	6	10	7	3	5	31	26
Total	1,034	1,795	1,457	450	828	5,564	5,200

The bases of apportionment in the above table are:

Human Resources	staff headcount (see Note 7)
Information Systems	staff headcount (see Note 7)
Finance Department	expenditure excluding payroll
Employee Services	staff headcount (see Note 7)
Management Costs	staff headcount (see Note 7)

Governance costs

Governance costs include internal and external audit fees, Trustees' meeting expenses and management costs relating to the Trustees.

	Total 2011 £000	Total 2010 £000
Internal and external audit	206	205
Trustee costs	30	6
Production of annual report	8	7
Management costs	205	160
Support costs	31	26
	480	404

Notes to the Consolidated Accounts for the year ended 31 March 2011

5. Total funds

	Funds as at 1 April 2010	Incoming resources	Resources expended	Revaluations	Transfers between funds	Funds as at 31 March 2011
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
General (Free) reserves	5,000	56,703	(57,056)	-	353	5,000
Designated funds	12,651	-	-	-	514	13,165
Fixed assets	9,749	-	-	-	(867)	8,882
Pension plan	(3,389)	2,463	(1,918)	1,830	-	(1,014)
Total	24,011	59,166	(58,974)	1,830	-	26,033
Restricted funds						
Kensington Palace Development	1,043	1,975	-	-	-	3,018
Donated assets	1,728	-	-	-	-	1,728
Kew Kitchens	975	1	(142)	-	-	834
Middle Drawbridge and other conservation at HM Tower of London	-	646	-	-	-	646
White Tower restoration, HM Tower of London	136	250	(386)	-	-	-
Other	86	231	(183)	-	-	134
Total	3,968	3,103	(711)	-	-	6,360
Total funds	27,979	62,269	(59,685)	1,830	-	32,393

Restricted Funds

Restricted funds for the Kensington Palace development are to be spent at the end of the project, during 2011/12.

Designated funds

Funds have been designated out of general reserves to protect expenditure on long-term commitments to major projects, including:

- £5.7m to complete projects in 2011 that were underway in 2010, including funds for the ongoing re-development of Kensington Palace
- £3.0m is designated for Tower-based projects including the investment in a new café on the Wharf, all due for completion by March 2012
- £2.8m for the long term re-presentation of the Baroque Place at Hampton Court

Notes to the Consolidated Accounts for the year ended 31 March 2011

6. Remuneration of Trustees

None of the Trustees received any remuneration during the year in connection with services to the Trust or its subsidiary. Reimbursement of travel and subsistence expenses incurred by the Trustees whilst carrying out their responsibilities for the Trust totalled £981 (2010: £698) for the year ending 31 March 2011. Expenses were reimbursed for 5 Trustees (2010: 3). HRP provides liability insurance for Trustees.

7. Staff numbers and costs

The average number of full-time equivalent staff (including senior management) employed during the year was as follows:

	2011 FTE	2010 FTE
Fundraising	8	7
Retail activities	83	89
Other commercial activities	21	21
<i>Give the palaces the care they deserve</i>	133	136
<i>Transform the way visitors explore their story:</i>		
Public access	294	292
Interpretation and learning	87	84
<i>Have a wider impact in the world</i>	19	18
Governance	4	4
Support costs	60	56
Total	709	707

The aggregate payroll costs of these staff were as follows:

	2011 £000	2010 £000
Wages and salaries	20,899	20,118
Loss of office	1	-
Ex gratia payments	37	-
Social security costs	1,902	1,781
Pension costs	2,767	2,059
Total	25,606	23,958
Agency staff	306	231
Total	25,912	24,189

Ex gratia payments of £60,000 were made during 2011 for which provisions categorised as legal costs had been made in 2010.

The number of employees, excluding the Chief Executive, whose remuneration (excluding pension contributions) was:

	2011 No. of staff	2010 No. of staff
£60,001 to £70,000	18	16
£70,001 to £80,000	2	2
£80,001 to £90,000	1	1
£90,001 to £100,000	-	-
£100,001 to £110,000	2	2
£110,001 to £120,000	2	3
£120,001 to £130,000	2	-

Notes to the Consolidated Accounts for the year ended 31 March 2011

7. Staff numbers and costs (continued)

There were 27 staff during the year earning in excess of £60,000 (2010: 24), 16 were in a defined benefit scheme (2010: 14) and 12 were in a defined contribution scheme (2010: 10) where the employer contributions were £78,933 (2010: £65,711).

The aggregate emoluments of the Chief Executive were as follows:

	Age	Remuneration	Pension Contributions made to Group Personal Pension Plan
Michael Day	58	£149,952	£10,995

The emoluments of the Chief Executive in 2009/10 totalled £143,613 (excluding pension benefits).

8. Retirement benefits

a) Defined Benefit Pension Scheme

The Trust operates a defined benefit scheme in the UK. The scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method can be expected to increase over time, as the average age of the membership increases. A full valuation was carried out at 1 October 2009 and updated to 31 March 2011 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Following the 1 October 2009 actuarial valuation, the employer agreed a contribution rate of 26.5% (including 1.5% payable by members). The employer also contributes towards the cost of the scheme's general administration and the insurance cost of death in service benefits. The employer, with approval from the trustees, has agreed to pay £28,000 per month to fund the past service deficit. This is anticipated to continue until September 2018. These contributions were calculated by the Scheme Actuary on the basis set out in the scheme's Statement of Funding Principles and Recovery Plan.

Present values of scheme liabilities, fair value of assets and surplus / (deficit)

	31/03/2011	31/03/2010	31/03/2009
	£'000	£'000	£'000
Fair value of scheme assets	45,535	41,061	28,365
Present value of scheme liabilities	46,549	44,450	31,576
Surplus / (deficit) in scheme	(1,014)	(3,389)	(3,211)
Unrecognised surplus	-	-	-
Asset / (liability) to be recognised	(1,014)	(3,389)	(3,211)

Notes to the Consolidated Accounts for the year ended 31 March 2011

8. Retirement benefits (continued)

Reconciliation of opening and closing balances of the present value of the scheme liabilities.

	Period Ending 31/03/2011 £'000	Period Ending 31/03/2010 £'000
Scheme liabilities at start of period	44,450	31,576
Current service cost	1,918	1,542
Interest cost	2,468	2,016
Contributions by scheme participants	111	116
Actuarial losses /(gains)	(1,236)	9,899
Benefits paid and death in service insurance premiums	(1,162)	(699)
Scheme liabilities at end of period	46,549	44,450

Reconciliation of opening and closing balances of the fair value of scheme assets

	Period Ending 31/03/2011 £'000	Period Ending 31/03/2010 £'000
Fair value of scheme assets at start of period	41,061	28,365
Expected return on scheme assets	2,526	1,522
Actuarial gains /(losses)	594	9,154
Contributions by the Employer	2,405	2,603
Contributions by scheme participants	111	116
Benefits paid and death in service insurance premiums	(1,162)	(699)
Fair value of scheme assets at end of year	45,535	41,061

The actual return on the scheme assets over the period ending 31 March 2011 was (£3,120,000).

Total expense recognised in Statement of Financial Activities (SOFA)

	Period Ending 31/03/2011 £'000	Period Ending 31/03/2010 £'000
Current service cost	1,918	1,542
Interest cost	2,468	2,016
Expected return on scheme assets	(2,526)	(1,522)
Total expense recognised in SOFA	1,860	2,036

Notes to the Consolidated Accounts for the year ended 31 March 2011

8. Retirement benefits (continued)

Analysis of amounts recognised in fund movements

	Period Ending 31/03/2011 £'000	Period Ending 31/03/2010 £'000
Difference between expected and actual return on scheme assets:		
Amount: gain / (loss)	594	9,154
Experience gains and losses arising on the scheme liabilities:		
Amount: gain / (loss)	563	(523)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Amount: gain / (loss)	673	(9,376)
Total amount recognised in fund movements		
Amount: gain / (loss)	1,830	(745)

The cumulative amount of actuarial gains and losses recognised in fund movements since adoption of FRS17 is (£3,018,000) (a loss).

Assets

	31/03/2011 £'000	31/03/2010 £'000	31/03/2009 £'000
Equity	32,304	29,040	19,829
Corporate Bonds	6,597	5,909	4,164
Gilts	6,597	5,926	3,935
Other	37	186	437
Total assets	45,535	41,061	28,365

None of the fair values of the asset shown above include any of the Employer's own financial instruments or any property occupied by, or other assets used by, the Employer.

Assumptions

	31/03/2011 % per annum	31/03/2010 % per annum	31/03/2009 % per annum
Inflation	3.60%	3.70%	3.00%
Salary increases	4.10%	4.20%	3.50%
Rate of discount	5.50%	5.50%	6.30%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.50%	3.60%	2.90%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.60%	3.70%	3.00%
Allowance for commutation of pension for cash at retirement	None	None	None

Notes to the Consolidated Accounts for the year ended 31 March 2011

8. Retirement benefits (continued)

The mortality assumptions adopted at 31 March 2011 imply the following life expectancies:

	2011	2030
Male retiring at age 60 in	27.3	29.5
Female retiring at age 60 in	30.1	32.2

Expected long-term rates of return

The long-term expected return on bonds and cash is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The expected long-term rates of return applicable for each period are as follows

	Period commencing 01/04/2010 % per annum	Period commencing 01/04/2009 % per annum
Equity	6.50%	5.80%
Corporate Bonds	5.50%	3.80%
Gilts	4.50%	3.80%
Other	4.50%	3.80%
Overall for scheme	6.06%	5.20%

Amounts for the current and previous four years

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	45,535	41,061	28,365	32,183	30,522
Present value of scheme liabilities	46,549	44,450	31,576	35,064	32,979
Surplus (deficit) in scheme	(1,014)	(3,389)	(3,211)	(2,881)	(2,457)
Experience adjustment on scheme assets	594	9,154	(8,007)	(2,271)	31
Experience adjustment on scheme liabilities	563	(523)	(535)	(884)	(553)

The best estimate of contributions to be paid by the Employer to the scheme for the period beginning after 31 March 2011 is £2,356,000.

b) Defined Contribution Scheme

A group personal pension scheme based on defined contributions was set up for new members of staff with effect from October 2002. The cost for the year was £ 604,379 (2010: £540,923), with no outstanding contributions at the balance sheet date.

Notes to the Consolidated Accounts for the year ended 31 March 2011

9. Intangible fixed assets

	Software licences £000
Cost	
Balance as at 1 April 2010	178
Additions	30
Balance as at 31 March 2011	208
Accumulated depreciation	
Balance as at 1 April 2010	111
Charge for the year	35
Balance as at 31 March 2011	146
Net book value as at 31 March 2011	62
As at 31 March 2010	67

The net book value as at 31 March 2011 represents intangible fixed assets used for

	£000
Costs of generating funds	
Retail activities	3
Other commercial activities	1
Charitable expenditure	
<i>Give the palaces the care they deserve</i>	26
<i>Transform the way visitors explore their story:</i>	
Public access	26
Interpretation and learning	5
<i>Have a wider impact in the world</i>	1
	62

Notes to the Consolidated Accounts for the year ended 31 March 2011

10. Tangible fixed assets

	Buildings & refurbishments	Fixtures & fittings	Furniture, equipment & exhibitions	Computers	Plant, machinery & vehicles	Assets in course of construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
Balance as at 1 April 2010	9,653	4,040	2,908	775	3,920	212	21,508
Additions	-	103	10	24	217	282	636
Disposals	-	(492)	(162)	(23)	(63)	(2)	(742)
Transfers within tangible assets	-	83	104	30	-	(217)	-
Balance as at 31 March 2011	9,653	3,734	2,860	806	4,074	275	21,402
Accumulated depreciation							
Balance as at 1 April 2010	6,526	3,131	2,172	441	2,760	-	15,030
Charge for the year	687	184	211	103	301	-	1,486
Disposals	-	(461)	(161)	(10)	(55)	-	(687)
Balance as at 31 March 2011	7,213	2,854	2,222	534	3,006	-	15,829
Net book value as at 31 March 2011	2,440	880	638	272	1,068	275	5,573
As at 31 March 2010	3,127	909	736	334	1,160	212	6,478
The net book value as at 31 March 2011 represents fixed assets used for							
Fundraising	-	-	8	2	-	-	10
Retail activities	344	383	12	16	141	1	897
Other commercial activities	54	46	11	4	-	-	115
Charitable expenditure:							
<i>Give the palaces the care they deserve</i>	-	81	27	156	432	63	759
<i>Transform the way visitors explore their story:</i>							
Public access	947	52	149	74	474	6	1,702
Interpretation and learning	1,095	318	423	15	15	205	2,071
<i>Have a wider impact in the world</i>	-	-	8	4	6	-	18
Governance costs	-	-	-	1	-	-	1
	2,440	880	638	272	1,068	275	5,573

Notes to the Consolidated Accounts for the year ended 31 March 2011

11. Heritage assets

	Total 2011 £000	No.	Total 2010 £000	No.	Total 2009 £000	No.	Total 2008 £000	Total 2007 £000
Cost and net book value								
Balance as at 1 April	4,932	436	4,882	429	3,350	425	3,350	3,011
Additions	43	2	44	6	32	3	-	339
Donated works	-	-	6	1	1,500	1	-	-
Balance as at 31 March	4,975	438	4,932	436	4,882	429	3,350	3,350

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

Charitable expenditure

*Transform the way visitors
explore their story:*

Interpretation and learning	4,975	4,932	4,882	3,350	3,350
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11a) Further information on HRP's collections of heritage assets

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

HRP owns around 38,000 catalogued heritage assets, including those shown on the balance sheet. Volumes quoted mainly relate to individual items (rather than groups of items combining to form one overall asset):

The main categories are:

- The Royal Ceremonial Dress Collection (c 11,000 items), an important collection of largely British royal and court ceremonial dress, established at Kensington Palace in 1984;
- The general collection (c 5,000 items), consisting of paintings, drawings, prints, furniture, sculpture, furnishing textiles, decorative arts and social history objects, chiefly displayed as part of the historic furnished interiors at the palaces;
- Architectural drawings archive (c 22,000 items), containing both modern and historic drawings and copies.

In addition, HRP owns un-catalogued assets as follows:

- Architectural and archaeological materials salvaged or excavated from the palaces. These are primarily used as a research archive. There are around 4,000 boxes / larger objects of this nature;
- c 8,000 architectural drawings.

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

- The majority of the important works of art displayed and stored form part of the Royal Collection, owned by The Queen and administered by the Royal Collection Trust (c 8,000 items);
- The displays of arms, armour and related material at the Tower of London belong to the Royal Armouries (c 900 items).

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

Notes to the Consolidated Accounts for the year ended 31 March 2011

11. Heritage assets (continued)

The priority for acquisition or long term loan of heritage assets is to enhance and explain the historic buildings of the palaces with relevant objects. Acquisitions are made by purchase or donation, taking six criteria into consideration. Significant acquisitions require Trustee approval. The highest priority is given to items deriving from the existing buildings of the palaces. Additional criteria apply to the Royal Ceremonial Dress Collection.

Exceptionally, the Trustees will approve the disposal of objects for curatorial reasons but not disposal motivated by financial reasons. The principle of retaining disposed items in public ownership is preferred. Any proceeds of sale are applied for the benefit of the collections.

11b) Heritage assets of particular importance

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

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

We do not own, but display and provide day-to-day care for the Crown Jewels in HM Tower of London.

11c) Management and Conservation

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

The long term conservation requirements of the collections are identified and prioritised by HRP's conservators through a programme of condition audits.

12. Debtors

	Group 2011 £000	Trust 2011 £000	Group 2010 £000	Trust 2010 £000
Trade debtors	1,493	856	1,113	759
Amounts due from subsidiary	-	1,190	-	895
Other debtors	51	51	86	86
Prepayments and accrued income	2,197	1,952	1,506	1,271
	3,741	4,049	2,705	3,011

Within debtors nil is due after more than one year (2010: nil).

Notes to the Consolidated Accounts for the year ended 31 March 2011

13. Creditors: amounts falling due within one year

	Group 2011 £000	Trust 2011 £000	Group 2010 £000	Trust 2010 £000
Trade creditors	1,483	1,272	1,974	1,576
Taxation and social security	689	565	624	546
Other creditors	60	21	84	37
Accruals	5,713	5,261	5,029	4,720
Deferred income	1,899	831	1,807	826
	9,844	7,950	9,518	7,705

Within creditors nil is due after more than one year (2010: nil).

14. Provision for liabilities and charges

	Claims £000	Total £000
Balance as at 1 April 2010	402	402
Amounts charged in year	(402)	(402)
New provisions in year	275	275
Balance as at 31 March 2011	275	275

Claim provisions include amounts that will probably be due in the next year following contractual and employment claims.

15 Financial commitments under operating leases

	Group 2011 £000	Trust 2011 £000	Group 2010 £000	Trust 2010 £000
Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring:				
Land and buildings:				
Within one year	-	-	20	-
More than five years	236	169	169	169
Others:				
Within one year	43	39	15	14
Between two to five years	166	86	172	86
Total payable within one year	445	294	376	269

Notes to the Consolidated Accounts for the year ended 31 March 2011

16. Capital commitments

	Group 2011 £000	Trust 2011 £000	Group 2010 £000	Trust 2010 £000
Contracted capital commitments as at 31 March 2011, for which no provision has been made in the accounts:				
Contracted	6,871	6,871	3,016	3,016
Authorised	20,637	20,637	20,409	20,409
	27,508	27,508	23,425	23,425

Commitments include £4,601,595 (2010: £3,154,259) relating to projects that are being funded by donations from third parties. £3,544,262 (2010: £10,473,706) of the authorised expenditure for 2011 relates to the project for the representation of Kensington Palace.

17. Contingent liabilities

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

18. Related party transactions

This note lists material transactions with other entities in which either Trustees or senior employees of HRP or their close family members hold positions of authority. It also details material transactions with members of the Royal Family and all transactions with Trustees (with the exception of remuneration of Trustees which is covered in Note 6 and donations made by them).

The palaces and much of their contents are held by The Queen in right of Crown. These contents are the responsibility of the Royal Collection Trust.

Historic Royal Palaces (HRP) is contracted by the Secretary of State for Culture, Olympics, Media and Sport to manage the palaces on his behalf.

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

Related party	Connected party	2011 £000	2010 £000	Detail of transaction
HRP Inc	Michael Day (Chief Executive of HRP) is President of HRP Inc and Danny Homan (Director of HRP) is a Director of HRP Inc	11 (nil)	- (nil)	Grant received by HRP from HRP Inc
INSEAD	Charles Mackay (Chairman of HRP) was a member of the Board (until Jan 2011) and is a member of the Advisory Council	6 (nil)	- (nil)	Charge made to INSEAD UK Alumni Association by HRPE for event at HM Tower of London

Notes to the Consolidated Accounts for the year ended 31 March 2011

18. Related party transactions (continued)

Related party	Connected party	2011 £000	2010 £000	Detail of transaction
Institute of Conservation (ICON)	The Head of HRP Conservation and Collection Care is a Trustee of ICON	18 (nil)	21 (nil)	Payments made by HRP for Icon-administered interns working in CCC section.
Charles Mackay	Charles Mackay (Chairman of HRP)	9 (nil)	- (nil)	Charge made by HRPE for personal event at HM Tower of London
Michael Page International plc (MPI)	Sir Adrian Montague (Trustee of HRP) is Chairman of MPI	8 (nil)	20 (nil)	Payments made by HRPE and HRP for recruitment and temporary staff
Production Services Network Limited (PSN)	Charles Mackay (Chairman of HRP) was Chairman of PSN until April 2011	5 (nil)	5 (nil)	Charges made by HRP for secretarial services at Kensington Palace
HRH Prince of Wales	HM The Queen	13 (nil)	- (nil)	Payments made by HRP for costs incurred by Clarence House for hosting Development event
Royal Armouries (RA)	General Sir Richard Dannatt (Trustee of HRP) is a Trustee of RA.	410 (178)	352 (nil)	Payments made by HRP for goods and services provided at HM Tower of London.
		13 (nil)	37 (nil)	Recovery of costs from RA for maintenance, goods and services provided by HRP at HM Tower of London
		5 (nil)	15 (4)	Payments made by HRPE for goods for resale.
Royal Collection Trust (RCT) and Royal Collection Enterprises Limited (RCEL) which is a wholly owned subsidiary of RCT	Sir Alan Reid (Trustee of HRP) is a Trustee of RCT and the Chairman of RCEL.	70 (18)	18 (3)	Charges made by RCEL to HRP and HRPE for the right to produce images of Royal Collection items and for the purchase of goods for resale.
	Sir Hugh Roberts (Trustee of HRP until May 2010) was and Jonathan Marsden (Trustee of HRP from May 2010) is a Director of RCEL.	18 (9)	53 (38)	Recovery by RCT from HRP of a proportion of the costs of maintaining and recording Royal Collection and other items displayed in the palaces.
Royal Household (RH)	Sir Alan Reid (Trustee of HRP) is Keeper of the Privy Purse and Treasurer to the Queen	23 (2)	23 (3)	Payments made by HRP for rent and services provided by RH at Kensington Palace

Notes to the Consolidated Accounts for the year ended 31 March 2011

18. Related party transactions (continued)

Copies of the Trustees' register of interests and their biographical details are available from the Trust and Company Secretary, Apartment 39, Hampton Court Palace, Surrey KT8 9AU.

19. Post Balance Sheet Events

The financial statements were approved by the Accounting Officer and Trustees on 20 June 2011 and authorised for issue on 27 June 2011.