



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 2010

# Trustees' Report

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## *Trustees*

Charles Mackay (Chairman)  
Sir Alan Reid KCVO (Deputy Chairman)  
Sophie Andreae  
Dawn Austwick OBE  
General Sir Richard Dannatt GCB CBE MC (since 1 August 2009)  
Sue Farr  
John Hamer  
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)  
General Sir Roger Wheeler GCB CBE (until 31 July 2009)

## *Executive Board*

Michael Day (*Chief Executive and Accounting Officer*)  
John Barnes  
Major General Keith Cima CB  
Tania Fitzgerald (since 22 June 2009)  
Gina George  
Rod Giddins  
Danny Homan  
Graham Josephs  
Jane McKeown (interim, from 7 February until 22 June 2009)

## *Registered Office*

Hampton Court Palace  
Surrey KT8 9AU

## *Auditors of Historic Royal Palaces and the Group*

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

## *Auditors of Historic Royal Palaces Enterprises Ltd*

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
Euston Square  
London NW1 2EP

## *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)

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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 the Department for Culture, Media and Sport (DCMS) 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](http://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)

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### 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, estates and landscapes, interiors, contents, 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](http://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 and 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)

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## 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 North elevation of the White Tower at the Tower of London was completed
- The Surveyor of the Fabric team contributed to improvements to the arrival experience for visitors at Hampton Court with completion of conservation work on the Lion Gate piers, cleaning the beasts on the Moat Bridge and work on the Great Gatehouse ceiling and brickwork
- The William Kent ceiling above the Queen's staircase at Hampton Court was subject to detailed conservation investigations, and during the process close-up access was given to members via guided visits to the scaffold
- The Kew Royal Kitchens project team is now completing research and is planning the re-opening of Frederick's Great Kitchen in 2011/12
- Protecting the fabric of Kensington Palace during preparations for the major building works beginning in 2010 has been a key priority this year. Over 7,000 dress collection items were labelled, packed and moved between July and December 2009 while continuing to allow visitor access
- In July, the Museum, Libraries and Archives Council recognised the Royal Ceremonial Dress Collection with 'Designated' status
- The trial of a protective tapestry curtain to reduce dust and light exposure in the Great Hall at Hampton Court commenced, further enhancing the care of our 500-year old tapestries
- Additions to the collections in the year included a pair of Queen Victoria's fine linen split drawers, a silver-embroidered 18th-century mantua, and a tweed sporting suit made for Diana, Princess of Wales
- The Cradle Walk and Sunken Garden at Kensington Palace were re-opened after restoration.
- Total spend of £15.7m in the Statement of Financial Activities (SOFA) represents a decrease of 4% from the previous year. The reduction is due mostly to the previous year's investment in the Base Court re-surfacing project at Hampton Court Palace

### 2. Transform the way visitors explore their story

- Major exhibitions to commemorate the 500<sup>th</sup> anniversary of Henry VIII's accession, at the Tower and Hampton Court, delivered record visitor numbers and unprecedented media coverage
- At Hampton Court 'Henry VIII: heads and hearts' celebrated the wedding of the King to his sixth wife, Kateryn Parr, engaging our visitors as honoured wedding guests
- The warrior and sportsman side of Henry was presented at the Tower of London through the 'Henry VIII: Dressed to Kill' exhibition, created in partnership with the Royal Armouries and bringing together the largest collection of Henry's armour since the reign of Elizabeth I
- A programme of celebratory events through the year at Hampton Court included a world premiere performance by Rick Wakeman of his rock opera, *The Six Wives of Henry VIII*, a four-night Tudor music festival in the Great Hall, seven Henry VIII talks, a public lecture series, and the palace hosted an international academic conference in association with Kingston and Oxford Brookes Universities
- A river pageant, organised in partnership with Thames Alive, saw 50 boats accompany the King and Queen as they travelled upriver from the Tower to Hampton Court to mark the anniversary of Henry's Coronation weekend in June. The day also resulted in the largest ever number of visitors to Hampton Court Palace in any one day
- The Council Chamber at Hampton Court Palace was opened to the public for the first time in 2009, and housed the popular temporary exhibition 'Henry's Women' until August. It is now permanently presented as King Henry's Council Chamber, where visitors can interact with video screens of Henry's courtiers debating issues of the day

## Trustees' Report (continued)

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- Kensington Palace was transformed into the 'Enchanted Palace'. A collaboration between Historic Royal Palaces, the theatre company Wildworks, and six leading fashion designers - combining drama, fashion and storytelling to provide a unique visitor experience
- We achieved our highest ever scores for enjoyment of visit and staff friendliness and helpfulness in the summer 2009 visitor survey
- A new Information Centre was installed in the Undercroft at Hampton Court bringing visitor information, audio guides and cloaks together for the first time
- Total spend across the headings of Public Access and Interpretation and Learning in the SOFA of £24.9m represents an increase of 4% over the previous year

### 3. Have wider impact in the world

- The installation of General Sir Richard Dannatt as the 159<sup>th</sup> Constable of the Tower of London, symbolised by the presentation of golden keys, inspired two outreach and community involvement projects involving families from Bethnal Green and Tower Hamlets who created a 'key' display in the Lower Salt Tower
- We launched our education service at Kensington Palace and now offer drop-in family learning activities at all three of our largest palaces
- The uptake of our Henry-related A-level offer has increased four-fold at Hampton Court this year, while the Tower's A-level offer is now the most extensive of any heritage site, covering Norman, Medieval and Tudor periods
- The Tower Education Service received a grant from the Museum, Libraries and Archives Council to host four seminars on 'Challenging History', part of the wider 'Their Past Your Future' scheme that offers museum educators the opportunity to be trained in engaging young learners with difficult and sensitive histories
- New Outreach and Community Involvement Projects this year included the Banqueting House being recreated in a marquee in Leicester Square as part of West End Live in June and pupils from a local primary school being invited to draw directly on the palace walls at Kensington as part of the Enchanted Palace experience
- Building on our work hosting citizenship ceremonies, we created the New Citizen's Guide to Historic Royal Palaces - a short introduction to our palaces, information on community projects, volunteering and employment opportunities. This is distributed in four London boroughs and given to each new citizen, an estimated total of 6,000 people last year
- We commissioned a set of short films offering British Sign Language interpretation of visitor information on the HRP website, produced by a member of our Access Panel
- Our curators contributed to a number of academic international conferences, including the Sixteenth Century Society of America Conference in St Louis, and the Leeds International Medieval Congress
- The AGM of the Association of Royal Residences of Europe was held at Hampton Court in October.
- Working with the Royal London Hospital and four care homes in Kensington and Chelsea, an illustrator and outreach officer worked with people to uncover their memories of fashion and events of 1958 to create a limited edition book as a continuation of our Last Debutantes exhibition which closed in March 2010
- The number of unique visitors to our website increased to a record 2.6m this year
- Our work was recognised through: the award of a Silver prize from VisitLondon for our Marketing and PR campaign for Henry; winning best consumer and digital media campaign in the Public Relations Consultants Awards; PR Week placed the 'IamHenryVIII' Twitter campaign in their top ten digital campaigns of 2009; and Hampton Court was voted UK Attraction of the year by UKInbound
- We reached out to new audiences through the creation of Peter the Wild Boy's blog as our YouTube channel and Facebook presences have continued to grow
- Television coverage this year included; BBC's 'Victoria: A Royal Love Story' in which Kensington Place featured; almost all the palaces were showcased in the BBC's series 'Seven Ages of Britain', and over five million people watched the 'Masterchef' semi final held at the Tower of London

## Trustees' Report (continued)

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### 4. Build one organisation united behind our Cause

- 84% of staff responded to the biennial staff survey which returned some very positive results. More than ever people believe HRP is a good place to work and the results show that staff are strongly aligned with our strategic direction; are motivated and engaged to get there; and feel enabled to deliver
- We published and launched our Diversity Strategy/Action Plan and have designed training for managers and staff to support the achievement of our Diversity Strategy aims
- We further increased the investment in training and developing our staff including; the roll out of customer service and storytelling training for our frontline staff, leadership, mentoring and Health and Safety training for managers
- We achieved a 10% increase in volunteer hours during the year, which reached nearly 23,000
- New volunteer roles were launched in Education and Outreach & Community Involvement at both the Tower and Kensington Palace, where volunteers are offering support for family learning and adult education activities. At the Open House London weekend, a team of six volunteers researched, designed, wrote and delivered tours
- We started a six-year programme of training young conservators in partnership with ICON and supported by funding from the Clothworkers' Foundation and welcomed our first textile conservation intern

### 5. Generate the money to make it all possible

- We attracted 3.3 million visitors to our palaces in 2009/10, up from 2.9m last year and our best performance for a decade
- Our Retail business also performed very strongly, a new strategy was introduced and our income in the year exceeded £10m for the first time
- Our £20m fundraising campaign reached the halfway mark and, in challenging economic conditions, succeeded in delivering the best year for fundraising in our history as a charity. Of amounts pledged, £2m has been recognised in this year's financial statements
- Membership continued to grow strongly, increasing by almost 50% from last year to just under 38,000 members
- The recession had a bigger impact on the functions and events business however, and we saw an 18% fall in income in this area with reduced bookings from the corporate sector in particular
- Interest income from our cash deposits also fell, as a result of the low interest rates that prevailed throughout the year

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

# Trustees' Report (continued)

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## Financial Review

The number of visitors that spent a day out at one of our palaces in 2009/10 increased by 15% to 3.3m, generating admission revenue of £41m – 66% of our revenue. There was an associated benefit for our shops and cafes, both of which make a significant contribution to income.

Our functions and events business has however felt the pressure of the recession, resulting in a fall in income from last year. Interest income also fell as a result of the low interest rates. Fundraising has had another successful year; attracting generous donations for our major projects.

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, in particular the major project at Kensington. 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 2010.

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.

- **Designated funds**

Funds have been designated out of general funds to protect long-term commitments to major projects. The single largest fund at March 2010 is £4.4m towards the major development project at Kensington Palace. In addition, £2.4m is designated for projects to mark the 2012 celebrations, and we have set aside £1.6m towards the long term re-presentation of the Baroque Place at Hampton Court. £1.6m has been designated to complete projects in 2010 that were underway in 2009, and

## Trustees' Report (continued)

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the remainder includes investment in our Retail Strategy in 2010, and in a new visitor admissions system in 2010 and 2011.

- **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 March 2007 triennial actuarial valuation the Trustees approved an increase in employers' contributions into the scheme to meet its ongoing liabilities. In addition, an adjustment was approved to the remaining seven year plan to fund the deficit by fixed payments of £328,000 per annum. Both of these changes were implemented from April 2008. 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 at March 2010 is £3.4million (March 2009: £3.2 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.

Up to October 2009 all surplus funds were invested in a common deposit fund, established under the Charities Act. This pooled fund invests in a range of institutions. From December 2009, Trustees agreed that some funds would be moved back to term deposits or fixed bonds with banks to increase the returns generated.

### **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)

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During 2009/10 68% of supplier invoices were paid within 30 days of date of invoice (57% in 2008/09) and 78% within 40 days (70% in 2008/09). 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 ten 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 also appoint someone to take his place, as currently. The remaining six are appointed by the Secretary of State, one of whom must be the Constable of the Tower of London.

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 usually recruited through advertisement, by using existing contacts, by further research and, exceptionally, 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 2009/10 consisted of four Trustees: General Sir Roger Wheeler, Sue Farr, John Hamer and Sir Hugh Roberts. General Sir Roger Wheeler retired from the Committee with effect from 22<sup>nd</sup> July 2009, and was replaced as Chairman by John Hamer. Sue Farr, John Hamer and Sir Hugh Roberts served on the Committee throughout the year.

During 2010/11 Sir Hugh Roberts retired from the Committee with effect from April 29<sup>th</sup> 2010, and was replaced by Jonathan Marsden. General Sir Richard Dannatt was appointed as a replacement for General Sir Roger Wheeler.

### 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.

## Trustees' Report (continued)

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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.

### Review of activity during the year

At the Annual Salary Review in August 2009, 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.

In addition, the Directors received a performance-related bonus for the 2008/09 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. However, on the recommendation of the Executive Board, although all but one of the organisational bonus targets had been met and individual performance was excellent, actual bonus payments were reduced by 25%. This was in response to the potentially difficult external environment for HRP, which at that time, was expected for 2009/10. In the event, this did not in fact materialise.

Performance-related bonuses for the 2009/10 period have been accrued and will be paid in accordance with the agreed scheme.

During the year, the Committee reviewed and recommended to the Board of Trustees succession plans for the Chief Executive and Directors.

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*  
21 June 2010

Hampton Court Palace  
Surrey  
KT8 9AU

# Statement on Internal Control

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## 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 2010 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 are available to 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 (Chairman), Sophie Andrae, Dawn Austwick, and Malcolm Reading.

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 three Trustees (Sir Adrian Montague (Chairman), Charles Mackay and Sir Alan Reid), the Chairman of the Campaign Board (Ian Barlow) and two members of the Executive Board (Michael Day and Tania Fitzgerald (since 22 June 2009)).

## Statement on Internal Control (continued)

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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 given the size of the 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;
- Regular reviews are made of health and safety, environmental and security risks, and the implementation of related policies and procedures;
- 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 improvements and initiatives that have been made during the year include:

- HRP's Strategic Plan has been updated for the three years to March 2013. This also involved identifying key strategic risks and opportunities;
- The strategic plan also includes a ten year vision for the organisation, setting out its broad ambitions in each of the five main strategic aims;
- 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;
- There have been a number of physical security improvements in the year; the vehicle defence measures at the Tower of London were completed, the Tower security control room, alarm and CCTV systems were upgraded and new security systems were installed at Kensington Palace;
- An advisory visit from the Security Service took place in March 2010 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. Key elements include the appointment and training of a Senior Information Risk Owner, a plan for training Information Assets Owners for each department, and the installation of hardware to allow the encryption of email and USB memory sticks;
- Thirteen new safety and fire safety policies were issued;

## Statement on Internal Control (continued)

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- Formal self-learning health and safety training modules were issued to all managers, supervisors and team leaders for completion within the next 12 months;
- The risk management training programme was completed;
- General health and safety risk assessments at all sites were reviewed and updated where necessary;
- All fire risk assessments were reviewed and any operational recommendations were 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, comments made by the external auditors in their management letter and other reports and the Executive Board who have responsibility for the development and maintenance of the internal control framework. 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 2009/10. However, in June 2010 an external courier lost some customer information being carried between palaces. Customers have been informed where we have contact details, as have the appropriate authorities, including the police. Whilst the data is unlikely to be of financial use if found and has minimal impact on our income, its loss could damage the reputation of the organisation. A review of the methods by which such data is transported is being undertaken

Charles Mackay  
Chairman of the Board of Trustees  
21 June 2010

Michael Day  
Chief Executive and Accounting Officer

# Statement of Responsibility

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## 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  
21 June 2010

## 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  
21 June 2010

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

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I have audited the financial statements of Historic Royal Palaces group for the year ended 31 March 2010. 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, Chief Executive and Auditor**

The Board of Trustees and the Chief Executive, as Accounting Officer, are responsible for preparing the Trustees' Report and the financial statements and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Trustees' and the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Charities Act 1993 and directions given by the Secretary of State for Culture, Olympics, Media & Sport, with the approval of the Treasury. I report whether 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. I also report to you if, in my opinion, the information given in the Trustees' Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on Internal Control reflects Historic Royal Palaces' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Historic Royal Palaces' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Historic Royal Palaces' and the group's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

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

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## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions given by the Secretary of State for Culture, Olympics, Media & Sport, with the approval of the Treasury, of the state of Historic Royal Palaces' and the group's affairs as at 31 March 2010 and of its 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 directions given by the Secretary of State for Culture, Olympics, Media & Sport, with the approval of the Treasury; and
- information given within the Trustees' Report is consistent with the financial statements.

## 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.

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

28 June 2010

# Consolidated Statement of Financial Activities

## for the year ended 31 March 2010

	Note	Unrestricted funds £000	Restricted funds £000	Total 2010 £000	Total 2009 £000
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
<b>Voluntary income</b>					
Grants and donations	5	141	1,945	2,086	4,315
<b>Activities for generating funds</b>					
Retail income		10,024	-	10,024	8,730
Functions and events		3,919	-	3,919	4,806
Licences and rents		2,365	-	2,365	2,252
Sponsorship		413	-	413	374
		<b>16,721</b>	<b>-</b>	<b>16,721</b>	<b>16,162</b>
Investment income		156	-	156	904
<b>Incoming resources from charitable activities:</b>					
Admissions		40,697	-	40,697	34,437
Concessions		2,132	-	2,132	1,292
<b>Total incoming resources</b>		<b>59,847</b>	<b>1,945</b>	<b>61,792</b>	<b>57,110</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Fundraising		692	-	692	737
Retail activities		7,927	-	7,927	7,555
Other commercial activities		2,293	-	2,293	2,265
		<b>10,912</b>	<b>-</b>	<b>10,912</b>	<b>10,557</b>
<b>Charitable activities:</b>					
<i>Give the palaces the care they deserve</i>		14,450	1,245	15,695	16,339
<i>Transform the way visitors explore their story:</i>					
Public access		17,311	78	17,389	16,018
Interpretation and learning		7,528	9	7,537	7,840
<i>Have a wider impact in the world</i>		3,603	-	3,603	3,300
<b>Governance costs</b>	4	404	-	404	418
		<b>43,296</b>	<b>1,332</b>	<b>44,628</b>	<b>43,915</b>
Pension finance costs/(income)	8	494	-	494	268
<b>Total resources expended</b>	3	<b>54,702</b>	<b>1,332</b>	<b>56,034</b>	<b>54,740</b>
<b>Net incoming/(outgoing) resources before transfers</b>					
Actuarial (loss) on pension plan	8	5,145	613	5,758	2,370
		(745)	-	(745)	(1,073)
<b>Net movement in funds</b>		<b>4,400</b>	<b>613</b>	<b>5,013</b>	<b>1,297</b>
Fund balances brought forward at 1 April	5	19,611	3,355	22,966	21,669
<b>Fund balances carried forward at 31 March</b>	5	<b>24,011</b>	<b>3,968</b>	<b>27,979</b>	<b>22,966</b>

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 37 form an integral part of these accounts.

## Consolidated and Trust Balance Sheets as at 31 March 2010

	Note	Group 2010 £000	Trust 2010 £000	Group 2009 £000	Trust 2009 £000
<i>Fixed assets:</i>					
Intangible assets	9	67	67	100	100
Tangible assets	10	6,478	6,478	7,653	7,653
Heritage assets	11	4,932	4,932	4,882	4,882
		<b>11,477</b>	<b>11,477</b>	<b>12,635</b>	<b>12,635</b>
<i>Current assets:</i>					
Stocks - goods for resale		1,343	-	1,136	-
Debtors	12	2,705	3,011	1,937	1,821
Short-term cash deposits		15,000	15,000	-	-
Cash at bank and in-hand		10,763	9,982	18,627	18,410
		<b>29,811</b>	<b>27,993</b>	<b>21,700</b>	<b>20,231</b>
<i>Creditors:</i>					
Amounts falling due within one year	13	9,518	7,705	8,007	6,538
<b>Net current assets</b>		<b>20,293</b>	<b>20,288</b>	<b>13,693</b>	<b>13,693</b>
<b>Total assets less current liabilities</b>		<b>31,770</b>	<b>31,765</b>	<b>26,328</b>	<b>26,328</b>
<i>Provision for liabilities and charges</i>	14	402	402	151	151
<b>Net assets excluding Pension Plan liability</b>		<b>31,368</b>	<b>31,363</b>	<b>26,177</b>	<b>26,177</b>
<i>Pension Plan liability</i>	8	3,389	3,389	3,211	3,211
<b>Net assets including Pension Plan liability</b>		<b>27,979</b>	<b>27,974</b>	<b>22,966</b>	<b>22,966</b>
Unrestricted funds		24,011	24,006	19,611	19,611
Restricted funds		3,968	3,968	3,355	3,355
<b>Total funds</b>	5	<b>27,979</b>	<b>27,974</b>	<b>22,966</b>	<b>22,966</b>

These financial statements were approved by the Trustees and the Accounting Officer on 21 June 2010 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 37 form an integral part of these accounts.

## Consolidated Cash Flow Statement for the year ended 31 March 2010

	2010	2009	
	£000	£000	
Cash flow statement			
Net cash inflow/(outflow) from operating activities	7,381	421	
Returns on investment and servicing of finance:			
Interest received	156	904	
Taxation paid	5	(5)	
Investing activities:			
Purchase of tangible assets	(362)	(663)	
Purchase of intangible assets	-	(27)	
Purchase of heritage assets	(44)	(32)	
Management of liquid resources:*			
Net (purchase) of short-term deposits	(15,000)	16,634	
<b>(Decrease)/Increase in cash</b>	<b>(7,864)</b>	<b>17,232</b>	
<i>Reconciliation of net incoming resources to net cash inflow from operating activities</i>	<i>2010</i>	<i>2009</i>	
	<i>£000</i>	<i>£000</i>	
Net incoming/(outgoing) resources from charitable and trading activities	5,758	2,370	
Interest receivable	(156)	(904)	
Taxation	(5)	5	
Pension scheme: non-cash movements	(745)	(1,073)	
Donated heritage assets	(6)	(1,500)	
Depreciation	1,563	1,559	
(Profit)/Loss on disposal of fixed assets	7	(5)	
(Increase)/ Decrease in stocks	(207)	(141)	
(Increase)/ Decrease in debtors	(768)	752	
Increase / (Decrease) in creditors: current liabilities	1,511	(1,065)	
Increase / (Decrease) in provisions for liabilities and charges	251	93	
Increase / (Decrease) in pension plan liability	178	330	
<b>Net cash inflow/(outflow) from operating activities</b>	<b>7,381</b>	<b>421</b>	
<i>Analysis of net funds</i>			<i>Change</i>
	<i>2010</i>	<i>2009</i>	<i>in year</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	<b>10,763</b>	<b>18,627</b>	<b>(7,864)</b>

\* Liquid resources include term deposits of less than a year

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 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 2010

## 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

### i) Heritage Assets

SORP 2005 defined a new 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 items that were purchased by or gifted to the Trust's predecessors prior to September 1989 have not been capitalised, as reliable cost information is not available, as permitted by the SORP. Such assets are not depreciated as their residual value is considered to be higher than the carrying value. Regular impairment reviews of heritage assets are undertaken.

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 1 Accounting Policies (continued)

### 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 material

### 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 65% of VAT incurred by HRP is irrecoverable.

## Notes to the Consolidated Accounts for the year ended 31 March 2010

### 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.

	2010 £000	2009 £000
<b>Profit and loss account</b>		
Turnover	15,554	15,185
Cost of sales	(3,913)	(3,471)
<b>Gross profit</b>	<b>11,641</b>	<b>11,714</b>
Administrative expenses	(8,168)	(8,146)
Interest receivable	-	12
<b>Net profit</b>	<b>3,473</b>	<b>3,580</b>
Amount passed as Gift Aid to HRP	(3,473)	(3,575)
Taxation	5	(5)
<b>Retained in subsidiary</b>	<b>5</b>	<b>-</b>
<b>Balance Sheet as at 31 March 2010</b>	<b>2010 £000</b>	<b>2009 £000</b>
Stocks - goods for resale	1,343	1,136
Debtors	589	486
Cash	781	217
Current liabilities	(2,708)	(1,839)
<b>Net assets</b>	<b>5</b>	<b>-</b>
<b>Share capital and reserves</b>	<b>5</b>	<b>-</b>

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 3. Total resources expended

	Total direct costs £000	Allocation of support costs £000	Total 2010 £000	Total 2009 £000
<b>Costs of generating funds</b>				
<b>Generating the money to make it possible</b>				
Fundraising	634	58	692	737
Retail activities	7,162	765	7,927	7,555
Other commercial activities	2,111	182	2,293	2,265
	<b>9,907</b>	<b>1,005</b>	<b>10,912</b>	<b>10,557</b>
<b>Charitable expenditure</b>				
<i>Give the palaces the care they deserve</i>	14,448	1,247	15,695	16,339
<i>Transform the way visitors explore their story:</i>				
Public access	15,347	2,042	17,389	16,018
Interpretation and learning	6,881	656	7,537	7,840
<i>Have a wider impact in the world</i>				
Governance costs (see Note 4)	378	26	404	418
	<b>40,433</b>	<b>4,195</b>	<b>44,628</b>	<b>43,915</b>
Pension finance costs/(income)	494	-	494	268
<b>Total</b>	<b>50,834</b>	<b>5,200</b>	<b>56,034</b>	<b>54,740</b>
<b>Resources expended include charges for:</b>			Total 2010 £000	Total 2009 £000
Auditors' remuneration:				
Audit	- HRP		25	24
	- HRPE		23	22
Non-audit	- HRP		-	7
Hire of:				
Computers			107	97
Plant and machinery			133	116
Other			585	541
Depreciation written off owned fixed assets:				
Tangible			1,530	1,507
Intangible			33	51
Corporation tax			(5)	5

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 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	Management Costs £000	Total 2010 £000	Total 2009 £000
<b>Costs of generating funds</b>							
Fundraising	10	20	16	5	7	58	58
Retail activities	123	244	240	64	94	765	742
Other commercial activities	28	56	61	15	22	182	176
<b>Charitable expenditure</b>							
<i>Give the palaces the care they deserve</i>	189	373	444	98	143	1,247	1,220
<i>Transform the way visitors explore their story:</i>							
Public access	403	799	324	210	306	2,042	1,868
Interpretation and learning	117	232	157	61	89	656	656
<i>Have a wider impact in the world</i>	25	50	116	13	20	224	199
Governance costs	5	11	4	3	3	26	26
<b>Total</b>	<b>900</b>	<b>1,785</b>	<b>1,362</b>	<b>469</b>	<b>684</b>	<b>5,200</b>	<b>4,945</b>

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 2010 £000	Total 2009 £000
Internal and external audit	205	198
Trustee costs	6	13
Production of annual report	7	9
Management costs	160	172
Support costs	26	26
	<b>404</b>	<b>418</b>

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 5. Total funds

	Funds as at 1 April 2009	Incoming resources	Resources expended	Revaluations	Transfers between funds	Funds as at 31 March 2010
	£000	£000	£000	£000	£000	£000
<b>Unrestricted funds</b>						
<b>General (Free) reserves</b>	5,000	57,738	(53,160)	-	(4,578)	5,000
Designated funds	6,909	-	-	-	5,742	12,651
Fixed assets	10,913	-	-	-	(1,164)	9,749
Pension plan	(3,211)	2,109	(1,542)	(745)	-	(3,389)
<b>Total</b>	<b>19,611</b>	<b>59,847</b>	<b>(54,702)</b>	<b>(745)</b>	<b>-</b>	<b>24,011</b>
<b>Restricted funds</b>						
White Tower restoration, HM Tower of London	230	350	(444)	-	-	136
Royal Fusiliers Building restoration, HM Tower of London	-	707	(707)	-	-	-
Kensington Palace Development	287	756	-	-	-	1,043
Kew Kitchens	1,000	-	(25)	-	-	975
Donated assets	1,722	6	-	-	-	1,728
Other	116	126	(156)	-	-	86
<b>Total</b>	<b>3,355</b>	<b>1,945</b>	<b>(1,332)</b>	<b>-</b>	<b>-</b>	<b>3,968</b>
<b>Total funds</b>	<b>22,966</b>	<b>61,792</b>	<b>(56,034)</b>	<b>(745)</b>	<b>-</b>	<b>27,979</b>

### Restricted Funds

Grants and donations have halved; 2008/09 included a donation for representing the Georgian Kitchens at Kew and the donation asset of a painting

### Designated funds

Funds have been designated out of general reserves to protect expenditure on long-term commitments to major projects. The single largest fund at March 2010 is £4.4m towards the major development project at Kensington Palace. In addition, £2.4m is designated for projects to mark the 2012 celebrations, and we have set aside £1.6m towards the long term re-presentation of the Baroque Place at Hampton Court. £1.6m has been designated to complete projects in 2010 that were underway in 2009, and the remainder includes investment in our Retail Strategy in 2010, and in a new visitor admissions system in 2010 and 2011.

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 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 £698 (2009: £280) for the year ending 31 March 2010. Expenses were reimbursed for 3 Trustees (2008: 3). HRP does not provide 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:

	2010 FTE	2009 FTE
Fundraising	7	7
Retail activities	89	91
Other commercial activities	21	20
<i>Give the palaces the care they deserve</i>	136	130
<i>Transform the way visitors explore their story:</i>		
Public access	292	280
Interpretation and learning	84	84
<i>Have a wider impact in the world</i>	18	17
Governance	4	4
Support costs	56	56
<b>Total</b>	<b>707</b>	<b>689</b>

The aggregate payroll costs of these staff were as follows:

	2010 £000	2009 £000
Wages and salaries	20,118	19,080
Loss of office	-	55
Social security costs	1,781	1,690
Pension costs	2,059	2,484
<b>Total</b>	<b>23,958</b>	<b>23,309</b>
Agency staff	231	332
<b>Total</b>	<b>24,189</b>	<b>23,641</b>

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

	2010 No. of staff	2009 No. of staff
£60,001 to £70,000	16	15
£70,001 to £80,000	2	-
£80,001 to £90,000	1	-
£90,001 to £100,000	-	-
£100,001 to £110,000	2	3
£110,001 to £120,000	3	2
£120,001 to £130,000	-	1

There were 24 staff during the year earning in excess of £60,000 (2009: 21), 14 were in a defined benefit scheme (2009: 13) and 10 were in a defined contribution scheme (2009: 8) where the employer contributions were £65,711 (2009: £48,550).

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 7. Staff numbers and costs (continued)

The aggregate emoluments of the Chief Executive were as follows:

	Age	Remuneration	Pension Contributions made to Group Personal Pension Plan
Michael Day	57	£143,613	£10,860

The emoluments of the Chief Executive in 2008/9 totalled £145,381 (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 preliminary actuarial valuation was carried out at 1 October 2009 and updated to 31 March 2010 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Following the 2007 actuarial valuation the employer agreed a contribution rate of 27% (including 1.5% payable by members). The employer also pays a 2.0% contribution representing 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 £23,700 per month to fund the past service deficit. This is anticipated to continue until April 2015. These contributions were calculated by the Scheme Actuary on the basis set out in the Scheme's Statement of Funding Principles and Recovery Plan. A special contribution of £19,000 was paid during, and £122,000 payable as at, March 2010. Employees can also make additional voluntary contributions. These are not brought into account in the scheme's statements.

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

	31/03/2010	31/03/2009	31/03/2008
	£'000	£'000	£'000
Fair value of scheme assets	41,061	28,365	32,183
Present value of scheme liabilities	44,450	31,576	35,064
Surplus (deficit) in scheme	(3,389)	(3,211)	(2,881)
Unrecognised surplus	-	-	-
Asset (liability) to be recognised	(3,389)	(3,211)	(2,881)
Deferred tax	-	-	-
Net asset (liability) to be recognised	<b>(3,389)</b>	<b>(3,211)</b>	<b>(2,881)</b>

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 8. Retirement benefits (continued)

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

	Period Ending 31/03/2010 £'000	Period Ending 31/03/2009 £'000
Scheme liabilities at start of period	31,576	35,064
Current service cost	1,542	1,789
Interest cost	2,016	2,178
Contributions by scheme participants	116	118
Actuarial losses (gains)	9,899	(6,934)
Benefits paid and death in service insurance premiums	(699)	(639)
Scheme liabilities at end of period	<b>44,450</b>	<b>31,576</b>

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

	Period Ending 31/03/2010 £'000	Period Ending 31/03/2009 £'000
Fair value of scheme assets at start of period	28,365	32,183
Expected return on scheme assets	1,522	1,910
Actuarial gains (losses)	9,154	(8,007)
Contributions by the Employer	2,603	2,800
Contributions by scheme participants	116	118
Benefits paid and death in service insurance premiums	(699)	(639)
Fair value of scheme assets at end of year	<b>41,061</b>	<b>28,365</b>

The actual return on the scheme assets over the period ending 31 March 2010 was (£10,676,000).

Total expense recognised in Statement of Financial Activities (SOFA)

	Period Ending 31/03/2010 £'000	Period Ending 31/03/2009 £'000
Current service cost	1,542	1,789
Interest cost	2,016	2,178
Expected return on scheme assets	(1,522)	(1,910)
<b>Total expense recognised in SOFA</b>	<b>2,036</b>	<b>2,057</b>

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 8. Retirement benefits (continued)

### Analysis of amounts recognised in fund movements

	Period Ending 31/03/2010 £'000	Period Ending 31/03/2009 £'000
Difference between expected and actual return on scheme assets:		
Amount: gain (loss)	9,154	(8,007)
Experience gains and losses arising on the scheme liabilities:		
Amount: gain (loss)	(523)	(535)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Amount: gain (loss)	(9,376)	7,469
<b>Total amount recognised in fund movements</b>		
<b>Amount: gain (loss)</b>	<b>(745)</b>	<b>(1,073)</b>

The cumulative amount of actuarial gains and losses recognised in fund movements since adoption of FRS17 is (£4,848,000).

### Assets

	31/03/2010 £'000	31/03/2009 £'000	31/03/2008 £'000
Equity	29,040	19,829	21,943
Corporate Bonds	5,909	4,164	9,981
Gilts	5,926	3,935	-
Other	186	437	259
<b>Total assets</b>	<b>41,061</b>	<b>28,365</b>	<b>32,183</b>

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

	31/03/2010 % per annum	31/03/2009 % per annum	31/03/2008 % per annum
Inflation	3.70%	3.00%	3.70%
Salary increases	4.20%	3.50%	5.00%
Rate of discount	5.50%	6.30%	6.10%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.60%	2.90%	3.60%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.70%	3.00%	3.70%
Allowance for commutation of pension for cash at retirement	None	None	None

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 8. Retirement benefits (continued)

The mortality assumptions adopted at 31 March 2010 imply the following life expectancies:

	2010	2030
Male retiring at age 60	27.1	29.3
Female retiring at age 60	29.8	31.8

### 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 01/04/2009 % per annum	Period commencing 01/04/2008 % per annum
Equity	5.80%	6.40%
Corporate Bonds	3.80%	4.40%
Gilts	3.80%	4.40%
Other	3.80%	4.40%
Overall for scheme	5.20%	5.76%

### Amounts for the current and previous four years

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	41,061	28,365	32,183	30,522	26,919
Present value of scheme liabilities	44,450	31,576	35,064	32,979	29,944
Surplus (deficit) in scheme	(3,389)	(3,211)	(2,881)	(2,457)	(3,025)
Experience adjustment on scheme assets	9,154	(8,007)	(2,271)	31	4,007
Experience adjustment on scheme liabilities	(523)	(535)	(884)	(553)	119

The best estimate of contributions to be paid by the Employer to the scheme for the period beginning after 31 March 2010 is £2,430,000.

### 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 £ 540,923 (2009: £461,362), with no outstanding contributions at the balance sheet date.

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 9. Intangible fixed assets

	Software licences £000
<b>Cost</b>	
<b>Balance as at 1 April 2009</b>	<b>298</b>
Additions	-
Disposals	(120)
<b>Balance as at 31 March 2010</b>	<b>178</b>
<b>Accumulated depreciation</b>	
<b>Balance as at 1 April 2009</b>	<b>198</b>
Charge for the year	33
Disposals	(120)
<b>Balance as at 31 March 2010</b>	<b>111</b>
<b>Net book value as at 31 March 2010</b>	<b>67</b>
As at 31 March 2009	100

The net book value as at 31 March 2010 represents intangible fixed assets used for

	£000
<b>Costs of generating funds</b>	
Fundraising	
Retail activities	5
Other commercial activities	1
<b>Charitable expenditure</b>	
<i>Give the palaces the care they deserve</i>	9
<i>Transform the way visitors explore their story:</i>	
Public access	39
Interpretation and learning	12
<i>Have a wider impact in the world</i>	1
Governance costs	
	<b>67</b>

## Notes to the Consolidated Accounts for the year ended 31 March 2010

### 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
<b>Cost</b>							
<b>Balance as at 1 April 2009</b>	9,653	4,020	2,768	614	3,832	357	21,244
Additions	-	50	7	-	108	197	362
Disposals	-	(34)	(44)	-	(20)	-	(98)
Transfers within tangible assets	-	4	177	161	-	(342)	-
<b>Balance as at 31 March 2010</b>	<b>9,653</b>	<b>4,040</b>	<b>2,908</b>	<b>775</b>	<b>3,920</b>	<b>212</b>	<b>21,508</b>
<b>Accumulated depreciation</b>							
<b>Balance as at 1 April 2009</b>	5,760	2,983	1,982	369	2,497	-	13,591
Charge for the year	766	180	233	72	279	-	1,530
Disposals	-	(32)	(43)	-	(16)	-	(91)
<b>Balance as at 31 March 2009</b>	<b>6,526</b>	<b>3,131</b>	<b>2,172</b>	<b>441</b>	<b>2,760</b>	<b>-</b>	<b>15,030</b>
<b>Net book value as at 31 March 2010</b>	<b>3,127</b>	<b>909</b>	<b>736</b>	<b>334</b>	<b>1,160</b>	<b>212</b>	<b>6,478</b>
As at 31 March 2009	3,893	1,037	786	245	1,335	357	7,653
<b>The net book value as at 31 March 2010 represents fixed assets used for</b>							
Fundraising	-	-	10	2	-	-	12
Retail activities	474	387	21	21	163	36	1,102
Other commercial activities	80	14	14	5	-	-	113
<b>Charitable expenditure:</b>							
<i>Give the palaces the care they deserve</i>	-	107	28	188	341	43	707
<i>Transform the way visitors explore their story:</i>							
Public access	1,409	44	195	94	629	30	2,401
Interpretation and learning	1,164	357	460	19	19	103	2,122
<i>Have a wider impact in the world</i>	-	-	8	4	8	-	20
Governance costs	-	-	-	1	-	-	1
	3,127	909	736	334	1,160	212	6,478

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 11. Heritage assets

	Total £000
<b>Cost and net book value</b>	
<b>Balance as at 1 April 2009</b>	<b>4,882</b>
Additions	44
Donated works	6
Disposals	-
<b>Balance as at 31 March 2010</b>	<b>4,932</b>

The net book value as at 31 March 2010 represents heritage assets used for:

### Charitable expenditure

*Transform the way visitors explore their story:*

Interpretation and learning	4,932
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## 12. Debtors

	Group 2010 £000	Trust 2010 £000	Group 2009 £000	Trust 2009 £000
Trade debtors	1,113	759	813	545
Amounts due from subsidiary	-	895	-	371
Other debtors	86	86	220	176
Prepayments and accrued income	1,506	1,271	904	729
	<b>2,705</b>	<b>3,011</b>	<b>1,937</b>	<b>1,821</b>

Within debtors nil is due after more than one year (2009: nil).

## 13. Creditors: amounts falling due within one year

	Group 2010 £000	Trust 2010 £000	Group 2009 £000	Trust 2009 £000
Trade creditors	1,974	1,576	430	377
Taxation and social security	624	546	541	536
Other creditors	84	37	254	43
Accruals	5,029	4,720	4,546	4,141
Deferred income	1,807	826	2,236	1,441
	<b>9,518</b>	<b>7,705</b>	<b>8,007</b>	<b>6,538</b>

Within creditors nil is due after more than one year (2009 nil).

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 14. Provision for liabilities and charges

	Claims	Total
	£000	£000
Balance as at 1 April 2009	151	151
Amounts charged in year	(101)	(101)
New provisions in year	352	352
<b>Balance as at 31 March 2010</b>	<b>402</b>	<b>402</b>

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

## 15 Financial commitments under operating leases

	Group 2010 £000	Trust 2010 £000	Group 2009 £000	Trust 2009 £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	169	169	214	169
Others:				
Within one year	15	14	205	196
Between two to five years	172	86	304	220
<b>Total payable within one year</b>	<b>376</b>	<b>269</b>	<b>723</b>	<b>585</b>

## 16. Capital commitments

	Group 2010 £000	Trust 2010 £000	Group 2009 £000	Trust 2009 £000
Contracted capital commitments as at 31 March 2010, for which no provision has been made in the accounts:				
Contracted	3,016	3,016	4,270	4,270
Authorised	20,409	20,409	5,919	5,919
	<b>23,425</b>	<b>23,425</b>	<b>10,189</b>	<b>10,189</b>

Commitments include £3,154,259 (2009: £1,453,700) relating to projects that are being funded by donations from third parties. £10,473,706 of the authorised expenditure for 2010 relates to the project for the representation of Kensington Palace.

# Notes to the Consolidated Accounts for the year ended 31 March 2010

## 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 the Department for Culture, Media and Sport (DCMS) to manage the palaces on his behalf. The DCMS is responsible for the upkeep of the Royal Fusiliers Building within the Tower of London. During 2007/08 the DCMS agreed funding for HRP to repair and conserve this building on their behalf. The project completed in 2009/10.

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

Related party	Connected party	2010 £000	2009 £000	Detail of transaction
Michael Page International plc (MPI)	Sir Adrian Montague (Trustee of HRP) is Chairman of MPI	20 (nil)	10 (nil)	Payments by HRP for recruitment and temporary staff
Production Services Network Limited (PSN)	Charles Mackay (Chairman of HRP) is Chairman of PSN	5 (nil)	- (nil)	Charges made by HRP for secretarial services at Kensington Palace
Royal Armouries (RA)	General Sir Roger Wheeler (Trustee of HRP until 31 July 2009) was and General Sir Richard Dannatt (Trustee of HRP since 1 August 2009) is a Trustee of RA.	352 (nil)	408 (nil)	Payments by HRP for goods and services provided at HM Tower of London.
		37 (nil)	31 (1)	Recovery of costs from RA for maintenance, goods and services provided by HRP at HM Tower of London
		15 (4)	8 (nil)	Purchases by HRPE of goods for resale.

## Notes to the Consolidated Accounts for the year ended 31 March 2010

### 18. Related party transactions (continued)

Related party	Connected party	2010 £000	2009 £000	Detail of transaction
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.	18 (3)	6 (nil)	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) is a Director of RCEL.	53 (38)	16 (16)	Recovery by RCT from HRP of a proportion of the costs of maintaining and recording Royal Collection and other items displayed in the palaces.
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	- (nil)	149 (nil)	Grant received by HRP from HRP Inc
ITV Network	Sir Trevor McDonald (Trustee of HRP) is a broadcaster for ITV	- (nil)	8 (nil)	Charges made by HRPE for an event at Kensington Palace
Charles Mackay	Charles Mackay (Chairman of HRP)	- (nil)	1 (nil)	Charges made by HRP for secretarial services at Kensington Palace

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.