

The Royal Collection Trust

(Limited by guarantee)

**Trustees' Report and Consolidated
Financial Statements**

31 March 2024

Company Number 2713536

Royal Collection Trust

TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

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The Trustees present their annual report and the audited consolidated financial statements of The Royal Collection Trust ("The Trust") and its trading subsidiary Royal Collection Enterprises Limited (together "Royal Collection Trust" or "the Group"), for the year ended 31 March 2024.

Reference and Administrative Information

| | |
|---|--|
| <i>Charity Registration Number:</i> | 1016972 |
| <i>Scottish Charity Number:</i> | SC039772 |
| <i>Company Number:</i> | 2713536 |
| <i>Principal and Registered Office:</i> | York House, St James's Palace, London SW1A 1BQ |

Patron

His Majesty King Charles III

Trustees

The Hon. Sir James Leigh-Pemberton (Chairman)

The Rt. Hon. Sir Clive Alderton

Sir Nicholas Bacon, Bt. (*appointed 1 March 2024*)

Mr Marc Bolland

Sir Brian Ivory

Vice Admiral Sir Tony Johnstone-Burt

Dr Anna Keay

Dr Tonya Nelson

The Rt Hon. The Lord Parker of Minsmere

Ms Monisha Shah

Sir Michael Stevens

Management Board

Mr Tim Knox

Director of the Royal Collection

Mr Keith Harrison

Director of Finance

Mrs Michelle Lockhart

Director of Commercial Operations and Engagement

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| | |
|-----------|--|
| Auditor | KPMG LLP 15 Canada Square, London E14 5GL |
| Bankers | Coutts & Co 440 Strand, London WC2R 0QS |
| Solicitor | Farrer & Co 66 Lincoln's Inn Fields, London WC2A 3LH |

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Structure, Governance and Management

Governing Document

The Trust is a company limited by guarantee, incorporated on 29 January 1993 and registered as a charity in England and Wales on 2 February 1993. The Office of the Scottish Charity Regulator approved The Trust's application to be registered as a charity in Scotland on 5 August 2008.

The company was established under a Memorandum of Association which established the objects and powers of The Trust and is governed under its Articles of Association. There are currently three members of The Trust, each of whom is required to contribute an amount not exceeding £1 in the event of it winding up.

Appointment of Trustees

Trustees include the holders of Relevant Offices within the Royal Household. The Relevant Officers are The Lord Chamberlain, The Private Secretary to The Sovereign, The Keeper of the Privy Purse and The Master of the Household.

The appointment of a Trustee is approved by The Sovereign prior to appointment by the Board of Trustees. In appointing Trustees other than holders of the Relevant Offices, consideration is given to ensuring that the Board of Trustees has the requisite mix of skills and experience.

All Trustees give their time voluntarily and receive no remuneration for their services to The Trust. Details of any expenses reimbursed by The Trust are set out in note 8 to the financial statements. New Trustees receive an information pack which includes the current strategic plan, minutes of recent Trustee Board meetings and details of organisational structure. In addition, new Trustees undertake an induction programme comprising meetings with senior managers and visits to the official residences and workshops.

Organisational Structure

The Board of Trustees, which can have a minimum of five and up to a maximum of twelve Trustees, manages the Charity and meets at least three times a year. During the year, the Board of Trustees had two sub-committees.

The Audit and Risk Assurance Committee has four members: Sir Brian Ivory (Chairman), Sir Michael Stevens, and Ms Monisha Shah, who are Trustees, and Mr Steve Maslin. The Committee meets and reports formally to the Board at least three times a year. It has overall responsibility for monitoring the effectiveness of The Trust's corporate governance and system of internal

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control. In undertaking its responsibilities, the Committee receives reports from the internal and external auditors and from management.

The Strategic Development Committee comprises five Trustees and members of the Management Board. This Committee met three times under the Chairmanship of Mr Marc Bolland. Its role is to monitor and oversee the Group's financial position and commercial operations. This includes monitoring The Royal Collection Trust's bank borrowing and cashflow.

The Board of Trustees has delegated the powers set out in The Trust's governing document to the Director and members of the Management Board who manage the day-to-day operations of the Charity. The members of Management Board are the Director of the Royal Collection, the Director of Finance and the Director of Commercial Operations and Engagement.

The Board of Trustees monitors the way in which its delegated powers are exercised by the Management Board through:

- Receipt of regular reports on Royal Collection Trust's activities;
- Review and approval of budgets and strategic plans;
- The work of the Strategic Development Committee;
- Reports from the Chairman of the Audit and Risk Assurance Committee; and
- Review of management accounts and the Annual Report and Financial Statements.

The Director of the Royal Collection is a Head of Department of the Royal Household and is appointed by The Sovereign.

The Management Board is responsible for preparation of strategic plans and annual budgets, and for overseeing the efficient and effective operation of Royal Collection Trust. Together with the Operations Board of senior managers, the Management Board is responsible for the day-to-day monitoring of performance, maintaining adequate systems for internal financial control and risk management, ensuring value for money and operational efficiency and providing organisation-wide leadership and effective internal communications.

Subsidiary Undertaking

The Trust's wholly-owned subsidiary, Royal Collection Enterprises Limited, has a paid up share capital of £2, and is incorporated in the UK. The principal activities of the company are the management of public access to the official residences of The King and the sale of retail merchandise. Taxable profits are donated in accordance with a deed of covenant to the parent company, The Royal Collection Trust.

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Related Parties

The activities of Royal Collection Trust require the co-operation and support of the other departments of the Royal Household. These departments are represented on the Board of Trustees through the holders of the Relevant Offices.

Details of material transactions during the year with other entities controlled by officials or Trustees on behalf of The Sovereign are set out in note 23 to the financial statements.

Objectives and Activities

The works of art that comprise the Royal Collection are held by The King in right of the Crown and are held in trust for his Successors and for the Nation. The Collection is exhibited primarily within areas of the official residences of The King, and in the unoccupied residences maintained by Historic Royal Palaces, which are open to the public. Where works of art are not on public view, these items are made available to the public through exhibitions at The King's Galleries* in London and Edinburgh, through loans to other museums and galleries both within the UK and overseas (including travelling exhibitions), and via publications and online access.

**The Galleries were re-named from The Queen's Galleries to The King's Galleries in spring 2024.*

Charitable Objects and Public Benefit

The objects of The Trust are, for the benefit of the Nation:

- to administer, conserve, renovate, repair, maintain, improve and advise on the Royal Collection, the Royal Archives and the Royal Photograph Collection which pass in right of the Crown; and
- to educate and inform the Public about such Collections and Archives by exhibition, preparation of catalogues and inventories, research, publication, educational activities, digital engagement and by such other means as appropriate.

The Trustees, having regard to the Charity Commission's public benefit guidance, seek to fulfil these objects by pursuing a series of charitable aims. Trustees reviewed and updated the charitable aims in May 2024. They are as follows:

- Conserving our history: we look after the living Collection with utmost care, on behalf of the Sovereign and for the benefit of the nation.
- Deepening understanding: we bring the Collection to life in innovative ways that invite understanding and exploration of our shared history.
- Broadening our reach: we find welcoming and inclusive ways for everyone to enjoy the Collection, wherever they are.
- Delighting our audiences: we create world-class experiences that involve and inspire people.

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The Trustees consider that public benefit is delivered as a result of pursuit of the following activities:

Providing access to the Royal Collection, and presenting and interpreting the Collection to the public

- direct access by visits to the official residences of The King in Windsor, London and Edinburgh, and to The King's Galleries in London and Edinburgh, with extensive audio tours included in the cost of admission;
- loaning items from the Collection to other organisations who will then exhibit them to the public, widening geographical access for those who may not be able to visit the main Royal Collection sites;
- the continued digitisation of information about and images of items in the Collection, available to access via the Royal Collection Trust website, microsites and the Collection Online function;
- regular digital access through resources shared on social media networks, email and YouTube;
- sharing our digital assets to be used on partner sites and in collaboration on research projects;
- increasing access via learning programming both on site and through online events;
- sessions for schools and community groups tailored to the Palaces and exhibitions, and a range of family events and online activities;
- lectures, panel discussions and creative courses for adults at all sites; and
- publishing guidebooks, catalogues and other publications physically and online.

Royal Collection Trust aims to make the Collection accessible to those with specific requirements, for example:

- support for those who are blind or partially sighted is provided through verbal description audio tours as well as descriptive talks at our sites and online; those who are deaf or have hearing loss can use hand-held British Sign Language (BSL) video tours, attend captioned talks on site, and attend BSL talks;
- in terms of physical mobility, most Royal Collection sites are fully accessible, except for limited areas at the Palace of Holyroodhouse and Frogmore House where mobility is restricted due to the nature of the building. Accessible toilets are available at all sites, with Changing Places toilets at Windsor Castle and the Royal Mews;
- access companions are granted free admission; and
- a downloadable guide on what to expect on your visit is available for people with autism or additional sensory needs. Visitors can request more information or discuss their visit in advance with our Access and Inclusion manager.

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Pricing and access

Charges are made to visit the official residences of The King and exhibitions in The King's Galleries. Various measures are in place to ensure that the charges do not unduly restrict access to the Royal Collection as follows:

- flexible pricing of products to ensure wider access to the Collection via ticket discounts for schools and young people, an enhanced Young Person's discount, complimentary passes and use of the 1 Year Pass scheme;
- the introduction in March 2024 of £1 tickets for admission to the King's Galleries for those in receipt of Universal Credit and other named benefits;
- taught sessions and workshops are offered to schools as part of their reduced admission fee, and teachers can take advantage of free 'pre-visit' tickets, to help them prepare for their school's visit. Regular free teachers' evenings are programmed. Where fees are a barrier to visiting, schools can apply for free entrance and for travel subsidies;
- sessions for community groups and societies working with under-represented, disadvantaged or disabled audiences are provided free of charge. Registered charities working with under-represented, disadvantaged or disabled people can apply for free entrance to the Palaces and Galleries and individuals and organisations supporting Children in Care can apply for free entry to all sites;
- The Trust schedules live events about the Collection for free, or at a low price point, and extensive free learning resources are available on the www.rct.uk website;
- Windsor Castle participates in a scheme that gives discounted access to local residents;
- serving members of the armed forces and their families are granted free admission via the Defence Discount Service; and
- complimentary family tickets to the official residences and The King's Galleries are provided to charities and Parent Teacher Associations each year.

Measuring public benefit

The Trust measures public benefit by use of feedback surveys, review sites such as Trip Advisor, direct customer feedback, impressions and engagements on social media posts, and analytical evaluation of website and Collection Online content.

The Trust continues to seek ways to increase public benefit through audience development initiatives and increased digital access via the website, Collection Online, video content and social media.

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Review of the Year

The financial statements set out on pages 26 to 59 cover the activities of The Royal Collection Trust ("The Trust") and its trading subsidiary Royal Collection Enterprises Limited (together "Royal Collection Trust" or "the Group"). The Consolidated Statement of Financial Activities shows the gross income from all sources and the split of activity between restricted and unrestricted funds.

With the Coronation of King Charles III taking place in May 2023, there was heightened visitor interest across all sites and increased demand for retail products throughout the year. The resulting revenues have had a very positive impact on the financial recovery of the Group following the pandemic. The operating model of five days per week opening was maintained at all sites, with the Palace of Holyroodhouse open for seven days per week in the summer. The noticeable increase in visitor numbers to the official residences by comparison with the prior year is shown in the table below. This also reflects the fact that sites were closed for a period following the death of Queen Elizabeth II in September 2022.

| | 2023/24 | 2022/23 |
|---|----------------|----------------|
| | 000 | 000 |
| Windsor Castle | 1,402 | 1,087 |
| Frogmore House | - | 5 |
| Buckingham Palace | 530 | 304 |
| The King's Gallery, Buckingham Palace | 194 | 97 |
| The Royal Mews | 182 | 90 |
| St James's Palace | 1 | 1 |
| Palace of Holyroodhouse | 443 | 329 |
| The King's Gallery, Palace of Holyroodhouse | 1 | 34 |
| | 2,753 | 1,947 |

Note: 45,000 learning visitors are included in these numbers (2022/23: 44,000).

Net Retail income of £26.7 million was achieved for the year. Sales of merchandise and books were considerably boosted by two notable ranges. The Coronation range was launched in spring 2023 and the commemorative range celebrating the life of Queen Elizabeth II continued to sell positively following the launch in January 2023. Online sales were slightly reduced compared with the prior year with sales totalling £3.8 million (2022/23: £4.4 million).

A new Retail system was implemented in 2023. The Retail warehouse team relocated to new premises at Mezel Hill Barns in Windsor Great Park in February 2024. The new warehouse provides considerable improvement in terms of capacity and facilities to support future business growth and to provide the opportunity to maximise the benefits of the new retail system.

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Loan facilities

As part of measures to withstand and recover from the financial impact of the pandemic, in 2021 The Trust obtained loan facilities with Coutts & Co totalling £52 million. This was a combination of a term loan and a revolving credit facility.

During 2022/23 the total facility was reduced to £40 million. Following the extremely successful financial performance in 2023/24 the facility was further reduced to £15 million by 31 March 2024. This consists solely of the revolving credit facility as the term loan has been fully repaid. At the balance sheet date, the drawn loan balance was £7.5 million.

Early repayments were permitted under the terms of the loan and did not incur any fee. The next contractual repayment date is March 2028 when the revolving credit facility will end. The loan is subject to covenant and all covenant requirements have been met throughout the year and are expected to be met in the future. Details of the loan are given in note 19.

In March 2021, The Trust made a £7 million loan to its trading subsidiary, Royal Collection Enterprises Limited (RCEL). The loan was agreed with due regard for Charity Commission and HMRC guidance for such arrangements and was secured on the assets of RCEL. The loan was repaid by RCEL in full during 2023/24.

Looking ahead

As Royal Collection Trust moves into the next financial year, the outlook in terms of visitor numbers and associated admissions and retail income remains positive. The continued recovery in inbound tourism to the UK will help to support the continued recovery in financial performance. Sites will continue to open largely on a five days per week basis, but Buckingham Palace will open for seven days per week in July and August 2024. The Palace of Holyroodhouse will also open seven days per week in the summer. The budget set for 2024/25 anticipates an operating surplus. The current longer-term financial projection shows that the organisation will continue as a going concern for a period of at least 12 months from the approval of the financial statements.

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Reserves and going concern

Prior to the pandemic, The Trust's policy had been to target a free reserves level of £10 million. The significant loss incurred in 2020/21 has meant that reserves had to be fully expended. At 31 March 2024 free reserves showed a deficit position of £5.0 million.

The bank borrowing facility of £52 million in total that was put in place in 2020/21 was based on a severe plausible downside scenario projection and was sufficient to secure Royal Collection Trust's future as a going concern in those circumstances. The actual results delivered since then have been considerably better than this scenario. In autumn 2022 Trustees agreed to reduce the level of the facility to £40 million and in spring 2024 to reduce it further to £15 million. As at 31 March 2024, bank borrowing against that facility stood at £7.5 million. The facility is in place until March 2028.

The liquidity secured with the borrowing facilities ensures that the organisation can continue to trade responsibly even with a deficit balance on reserves. The Trust's financial projects indicate that bank borrowing will be repaid in full in 2024. Based on this assumption, the Trust will be able to start rebuilding its free reserve levels. Trustees will review the position following the summer season in autumn 2024 and agree a new reserves policy that will determine the target reserves level.

On the basis of the projections prepared, The Trustees have concluded that the Group and Charity will be able to meet their liabilities as they fall due and therefore continue as a going concern for a period of at least 12 months from the approval of these financial statements.

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Funds and Reserves

The reserves held at 31 March 2024 were as follows:

| | 2023/24 | 2022/23 |
|---------------------------------|----------------|---------------|
| | £000 | £000 |
| Restricted funds | 515 | 562 |
| Unrestricted funds | | |
| General funds | | |
| Fixed Asset Reserve | 45,579 | 47,305 |
| Free Reserve | (5,048) | (18,906) |
| Pension Reserve | 2,400 | 2,700 |
| Total Unrestricted Funds | 42,931 | 31,099 |
| Total Charity Funds | 43,446 | 31,661 |

Details of the movements in fund balances are set out in note 20 on page 48.

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.

The funded status of the **pension reserve** has reduced by £0.3 million, resulting in a total asset of £2.4 million. This arises as a consequence of an updated actuarial report based on market changes and assumptions applicable as at 31 March 2024. The Trustees do not treat the pension reserve as available funds to be utilised as it is subject to market fluctuations and not realised in liquid funds. Consequently, the pension reserve is excluded from free reserves.

The **fixed asset reserve** represents the net book value of the group's tangible and intangible assets. It is excluded from free reserves, as the Charity could not dispose of all or the majority of these assets and continue its operations as a going concern.

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Section 172 statement

In accordance with section 172 of the Companies Act 2006, the Board considers in its decision making how to promote the success of Royal Collection Trust as a whole, with due consideration to the impact of decisions on other stakeholders. The Board considers the impact of its decisions on beneficiaries of the work of Royal Collection Trust, employees, suppliers, local communities and the environment.

The strategic focus on visitor experience and broadening access to the Collection ensures attention is given to the beneficiaries of Royal Collection Trust's activities. Pages 6 and 7 give examples. Feedback is invited from visitors to inform The Trust's understanding of their needs. Details of employee policies and practices, ensuring that the needs of employees are taken into account, are set out in the section below on Employment Policies.

The Board seeks to act responsibly with regards to the environment, and further information is provided in the Environmental Sustainability section of this report. Royal Collection Trust seeks to deal fairly with suppliers when agreeing contractual terms and settling accounts promptly, paying invoices within 30 days on average. Royal Collection Trust seeks to act responsibly towards its local communities, making special provision for local access, providing workshops for local community groups and using local suppliers where appropriate.

The Board is satisfied that the examples above and the information contained elsewhere in this report demonstrates its commitment to good governance under section 172.

Fundraising

The great majority of Royal Collection Trust's income is raised from admissions income from visitors to our sites and from retail sales. However, Royal Collection Trust does raise a small volume of additional funds from the corporate sector, Trusts and Foundations and Philanthropic individuals. Royal Collection Trust does not conduct mail-outs or practice 'cold calling' and only solicits gifts from supporters with whom it has an existing relationship.

Royal Collection Trust subscribes to the Code of Fundraising Practice operated by the Fundraising Regulator, which includes guidance on fundraising with vulnerable people, as well as HMRC best practice for donor benefits. Subscription to the Fundraising Regulator also provides training and support for fundraisers, if needed.

Royal Collection Trust has clear, established and robust systems including: due-diligence reporting for solicitations in excess of £5,000, a gift-acceptance policy and a GDPR-compliant statement in place for approaching both existing and new prospects and the way in which we store personal data. There have been no failures by Royal Collection Trust to comply with these fundraising standards and the Group has received no complaints about its fundraising activities.

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Risk Management

The Operations Board of Royal Collection Trust, in conjunction with senior management in the Royal Household, is responsible for the oversight of the risk management process. Departmental Heads and senior managers are responsible for identifying, assessing and managing risk in their areas of responsibility and all staff are encouraged to identify operational risks in the performance of their duties. Risk management is designed to optimise performance and manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives.

The Operations Board assesses risks and opportunities in the preparation of longer-term operating plans. Specialist risk managers in the Royal Household include the Director of Digital Services, the Director of Property and the Director of Security Liaison. These specialists provide advice on the management of the risks falling within their areas of responsibility.

The Audit and Risk Assurance Committee is responsible for assessing the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks and is supported in this role by the Internal Audit function. The Chairman of the Committee reports to the Board of Trustees at each meeting of the Trustees on the Committee's activities and responsibilities.

The Committee meets three times annually and reviews the risk register twice a year. This follows a detailed review and discussion by the Operations Board. The Internal Audit function takes a risk-based approach to audits and operates to a plan of work agreed by the Audit and Risk Assurance Committee that is aligned to the risk register and the Group's objectives. Evaluation of the Company's exposure to risk includes consideration of governance, operational and information systems, the integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with laws, regulations and contracts. The findings of all internal audit reviews are reported to the Committee.

The Committee monitors management's progress with the implementation of agreed internal audit recommendations. Assurance on specialist areas such as data protection, property maintenance, health and safety and security is provided by suitably qualified senior managers in the Royal Household and where appropriate, external professionals. New activities and changes to existing processes are reviewed to ensure that appropriate controls are in place. Ongoing budgetary control is supported by the production of regular and timely financial management reports.

The key risks currently relate to inflationary pressures, staff recruitment and retention challenges and Collection storage issues. Inflationary pressures impact on staff, on visitors' propensity to spend and on the Group's cost base. The current UK employment market makes recruitment a challenge, particularly given the large number of summer staff required to run visitor and retail operations. The condition and capacity of the Trust's Collection stores also give rise to risk.

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This is a consequence of the challenges of storing material in historic buildings, the repairs and maintenance requirement at some storage facilities and an increase in storage volumes as a consequence of the Buckingham Palace reservicing programme..

In addition, Royal Collection Trust manages key generic risks relating to physical and cyber security, potential failure of IT systems, the need to ensure appropriate and robust safeguarding measures for visitors and staff and the operational risks associated with managing large numbers of visitors. Led by the Royal Household's Digital Services function, specific controls to address information risk are applied consistent with compliance with Cyber Essential Plus. Regular penetration testing of networks and systems is undertaken and staff training on cyber security and data protection is provided annually.

Management continues to monitor and manage ongoing risks relating to areas such as the achievement of charitable objectives, and the protection of the Group's assets. Regular inventory checks ensure that the works of art within the Royal Collection are subject to proper custodial control. In addition, the checks confirm the condition of items in the Royal Collection and help to establish conservation priorities. Environmental monitoring of conditions throughout the official residences and at other locations where the Royal Collection is on display ensures that the deterioration of works of art is minimised.

The risk register is amended and reviewed regularly to reflect the changing risk profile outlined above.

Employment policies and employee engagement

As a department of the Royal Household, Royal Collection Trust follows the Royal Household's employment policies and practices. These underpin organisational purpose and aim to create an engaged, diverse and adaptable workforce. The Royal Household benchmarks and seeks validation for its employment policies and practices.

The Disclosure and Concern at Work policy clarifies the protection offered to 'whistle-blowers' under the Public Interest Disclosures Act, and an Employee Assistance Programme provides an additional, third-party route for staff to seek advice on these matters. Policies and procedures, including those relating to procurement, are kept under review to identify, prevent and mitigate any risks of modern slavery or human trafficking.

Royal Collection Trust is fully committed to proactively supporting the safeguarding of its employees, workers, visitors, and contractors, and has a clear Safeguarding Policy and set of procedures that are available both to staff and members of the public. This year employee safeguarding training has been reviewed to ensure staff knowledge is comprehensive and up to date.

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Ensuring a culture where all individuals can thrive is a priority. In line with the Royal Household's Inclusion & Diversity action plan a range of resources and learning opportunities have been made available for employees. Employees at all levels have attended 'Active Bystander' training and have access to a portfolio of team activities and e-learning covering a range of inclusion related topics. The positive impact of these interventions has been seen through employee feedback, improvements in 'pulse survey' measures and feedback from Investors in People assessment activity. More recently, Senior Leaders in Royal Collection Trust have taken part in a custom Inclusive Leadership development programme to support them in their role of building inclusive culture. Employee wellbeing continues to be supported with new resources and support relating to menopause, domestic abuse, financial wellbeing and mental health all being made available to employees throughout the year, alongside the regular support provided by the Employee Assistance Programme and a team of Mental Health First Aiders.

Employees have been regularly informed of the organisation's financial situation and strategic plans through Directors' Briefings, both online and in person. These briefings were well received and will continue at regular intervals, with the content informed by feedback from the Internal Communications Working Group.

As part of The Royal Household, Royal Collection Trust is supportive of employees who undertake volunteering and charitable activities, recognising the benefit to the individual involved and of forging links with the wider community. Employees can take up to five days paid volunteering leave a year for this purpose.

In 2024/2025 a new approach to performance management will be launched. This practice will move towards a more flexible, continuous approach to performance management, allowing managers and employees to tailor conversations and support to their preferences and needs.

Environmental Sustainability

The Royal Household recognises the twin global challenges of climate change and biodiversity loss and its role in both taking action and showing leadership. As one of the Household's five departments, Royal Collection Trust fully supports the Household's objective of operating in a sustainable way and minimising its impact on the environment.

Activity in year has focussed on various areas including calculating the organisation's carbon footprint, building a roadmap to Net Zero, enhancing internal and external communications, building staff engagement, knowledge and capability, establishing a governance framework and building appropriate external partnerships. Specific measures have included improved heating controls and energy efficiencies across the estate, installation of building system and lighting improvements at The King's Gallery in Edinburgh and measures to improve the sustainability of Retail procurement. 2024/25 will see a consolidation of existing work on carbon emissions, the

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net zero pathway, further embedding sustainability into processes and capacity building alongside a renewed focus on working with suppliers and climate risk.

Enhancing internal communication has been a focus in 2023/24 with materials developed to enhance staff knowledge of climate change and greenhouse gas emissions, set out the pathway to Net Zero, outline progress made to date and ways in which individuals can take action at work. These materials have been published and promoted internally and continue to be developed and updated.

A workshop supported by the University of Cambridge Institute for Sustainability Leadership was held with Royal Collection Trust's Operations Board to aid the development of specific action plans during 2024. Sustainability continues to be embedded into procurement processes. Sustainability criteria are included and assessed within supplier questionnaires and tender evaluation criteria. Contracts include clauses to support the commitment to operating in an environmentally and socially responsible way. A Supplier Charter is being developed which outlines ethical and inclusive practices and environmental sustainability expectations.

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Streamlined Energy and Carbon Reporting 2023/24

Royal Collection Trust is required to report on energy use and carbon emissions under the Streamlined Energy and Carbon Reporting regulations. The tables below provide the disclosure required in respect of The Royal Collection Trust and Royal Collection Enterprises Limited.

This SECR report covers:

Scope 1 – Natural Gas and Owned/leased vehicles.

Scope 2 – Electricity National Grid

Scope 3 – Travel in privately owned vehicles for business purposes

Greenhouse Gas Emissions

| | 2024 (tCO ₂ e) | | 2023 (tCO ₂ e) | |
|----------------------------------|---------------------------|---------------|---------------------------|---------------|
| | Location based** | Market based* | Location based** | Market based* |
| Emissions Scope 1 | 577 | 577 | 513 | 513 |
| Emissions Scope 2 | 522 | 47 | 508 | 38 |
| Total Scope 1 & 2 | 1,099 | 624 | 1,021 | 551 |
| Emissions Scope 3 | 14 | 14 | 11 | 11 |
| Total GHG emissions (1-3) | 1,113 | 638 | 1,032 | 562 |

GHG emissions for reporting purposes are deemed to be Market-based.

* GHG emissions for grid electricity calculated according to the Market-based method supported by contractual arrangements with suppliers for the purchase of renewable electricity.

** GHG emissions for grid electricity calculated using UK grid-average (Location-based) emissions factor.

All emissions have been calculated using the relevant carbon conversion factors from DEFRA. Scope 1 emissions increased in 2024 due to an increase in consumption. Scope 2 consumption decreased, but GHG emissions increased due to a change in the emissions factor. This in turn was due to an increase in the use of natural gas in electricity generation.

Energy Use

| Energy Consumption | 2024 | 2023 |
|--------------------|-------------|-------------|
| | KWh (m) | KWh (m) |
| Scope 1 | 3.14 | 2.79 |
| Scope 2 | 2.52 | 2.62 |
| Scope 3 | 0.06 | 0.05 |
| Total kWh | 5.72 | 5.46 |

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Data has been sourced from accounting software using utility invoices, business mileage claims and fuel card invoices.

Royal Collection Trust has adopted Net Internal Area (NIA) as an intensity measure. The NIA of buildings during the 2023/24 financial year was 26,837 m². Royal Collection Trust emitted 0.042 tonnes of CO₂e per m² of NIA when using grid average conversions. Royal Collection Trust emitted 0.024 tonnes of CO₂e per m² of NIA when allowing for Renewable Energy Guarantees of Origin (REGOs).

| | |
|---|--|
| Energy consumption used to calculate emissions | Natural gas consumption: 3,091,578 kWh Company owned diesel vehicles: 42,182 kWh Company owned petrol vehicles: 4,192 kWh Electricity consumption: 2,522,977 kWh (of which all except 228,215 kWh is REGO backed renewably sourced electricity) Non-company owned vehicles: 57,206 kWh |
| Emissions from combustion of gas tCO ₂ e (scope 1) | 565.5 tonnes |
| Emissions from business travel in company owned vehicles | 11.0 tonnes |
| Emissions from purchased electricity (scope 2, location based) | 522.4 tonnes (using grid average) 47.3 tonnes (allowing for REGO backed renewable generation) |
| Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel (scope 3) | 13.9 tCO ₂ e |
| Total gross CO₂e based on the above | 1,112.9 tCO ₂ e (using grid average) 637.7 tCO ₂ e (allowing for REGO back renewable generation) |

Royal Collection Trust

TRUSTEES' REPORT 2023/24

Statement of Trustees responsibilities in respect of the Trustees' Annual Report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent charitable company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent charitable company and of the group's income and expenditure for that period. In preparing each of the group and parent charitable company financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the

Royal Collection Trust

TRUSTEES' REPORT 2023/24

preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

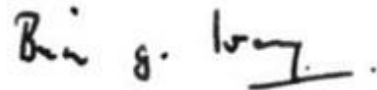
Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Trustees



The Hon. Sir James Leigh-Pemberton

Trustee

Sir Brian Ivory

Trustee

York House
St James's Palace
London SW1A 1BQ
10 July 2024



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE ROYAL COLLECTION TRUST

Opinion

We have audited the financial statements of The Royal Collection Trust (“the charitable company”) for the year ended 31 March 2024 which comprise the Consolidated and Trust Statement of Financial Activities, Consolidated and Trust Balance Sheet, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and of the charitable company’s affairs as at 31 March 2024 and of the group’s incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charitable company or to cease their operations, and as they have concluded that the group and the charitable company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the trustees’ conclusions, we considered the inherent risks to the group’s business model and analysed how those risks might affect the group and charitable company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL COLLECTION TRUST

- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors/ trustees, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes of the Board of Trustees, and Audit and Risk Assurance Committee Meetings
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group’s revenue primarily arises from non-complex, individually low value transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journal entry combinations in relation to cash and borrowings and material journals posted after the ledger closing date.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL COLLECTION TRUST

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL COLLECTION TRUST

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL COLLECTION TRUST

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members, as a body and its trustees, as a body, for our audit work, for this report or for the opinions we have formed.

Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**15 Canada Square
London
E14 5GL**

12 July 2024

Royal Collection Trust

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating the consolidated income and expenditure account)

For the year ended 31 March 2024

| | Note | Income Funds | | 2024 | Income Funds | | 2023 |
|---|------|----------------------|--------------------|---------------|----------------------|--------------------|---------------|
| | | Unrestricted £000 | Restricted £000 | Total £000 | Unrestricted £000 | Restricted £000 | Total £000 |
| Income | | | | | | | |
| <u>Donations and legacies</u> | 4,20 | 31 | 98 | 129 | 70 | 65 | 135 |
| <u>Charitable Activities</u> | | | | | | | |
| Access | | 56,486 | - | 56,486 | 37,279 | - | 37,279 |
| Presentation and interpretation | | 372 | - | 372 | 613 | - | 613 |
| <u>Other Trading Activities</u> | | | | | | | |
| Retail, catering, photographic services | | 26,665 | - | 26,665 | 23,578 | - | 23,578 |
| Licences, commissions and fees | 2 | 183 | - | 183 | 177 | - | 177 |
| <u>Investments</u> | | | | | | | |
| Investment income | 6 | 333 | - | 333 | 7 | - | 7 |
| <u>Other income</u> | | 175 | - | 175 | 104 | - | 104 |
| Total income | | 84,245 | 98 | 84,343 | 61,828 | 65 | 61,893 |
| Expenditure | | | | | | | |
| <u>Raising Funds</u> | | | | | | | |
| Fundraising | 7 | 79 | - | 79 | 52 | - | 52 |
| Retail, catering, photographic services | 7 | 23,187 | - | 23,187 | 19,512 | - | 19,512 |
| | | 23,266 | - | 23,266 | 19,564 | - | 19,564 |
| <u>Charitable Activities</u> | | | | | | | |
| Access | 7,20 | 33,808 | - | 33,808 | 21,168 | 35 | 21,203 |
| Presentation and interpretation | 7,20 | 5,666 | 132 | 5,798 | 4,989 | 170 | 5,159 |
| Exhibitions and displays | 7,20 | 2,189 | 13 | 2,202 | 1,963 | 13 | 1,976 |
| Conservation | 7 | 3,107 | - | 3,107 | 2,587 | - | 2,587 |
| Custodial control | 7 | 2,192 | - | 2,192 | 1,422 | - | 1,422 |
| | | 46,962 | 145 | 47,107 | 32,129 | 218 | 32,347 |
| <u>Other</u> | | | | | | | |
| Donations payable | 5 | 773 | - | 773 | 515 | - | 515 |
| Interest payable | 6 | 1,012 | - | 1,012 | 1,504 | - | 1,504 |
| Total expenditure | | 72,013 | 145 | 72,158 | 53,712 | 218 | 53,930 |
| Net income/(deficit) | | 12,232 | (47) | 12,185 | 8,116 | (153) | 7,963 |
| Other recognised losses | | | | | | | |
| Actuarial loss on pension scheme | 22 | (400) | - | (400) | (2,000) | - | (2,000) |
| Net movement in funds | | 11,832 | (47) | 11,785 | 6,116 | (153) | 5,963 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 31,099 | 562 | 31,661 | 24,983 | 715 | 25,698 |
| Total funds carried forward | | 42,931 | 515 | 43,446 | 31,099 | 562 | 31,661 |

The results shown above relate to continuing activities. There are no recognised gains or losses other than those included above. The incoming resources and resources expended for the year are measured under the historical cost convention. The notes on pages 30 to 59 form part of these financial statements.

Royal Collection Trust

THE ROYAL COLLECTION TRUST STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2024

| | Note | Income Funds | | 2024 | Income Funds | | 2023 |
|----------------------------------|------|---------------|-------------|---------------|---------------|--------------|---------------|
| | | Unrestricted | Restricted | Total | Unrestricted | Restricted | Total |
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Income | | | | | | | |
| <u>Donations and legacies</u> | | | | | | | |
| Received from subsidiary | 24 | 12,373 | - | 12,373 | 9,012 | - | 9,012 |
| Other donations | | 31 | 98 | 129 | 70 | 65 | 135 |
| <u>Charitable Activities</u> | | | | | | | |
| Access | | 56,486 | - | 56,486 | 37,280 | - | 37,280 |
| Presentation and interpretation | | 216 | - | 216 | 215 | - | 215 |
| <u>Investments</u> | | | | | | | |
| Investment income | 6 | 329 | - | 329 | 331 | - | 331 |
| <u>Other</u> | | | | | | | |
| | | 657 | - | 657 | 662 | - | 662 |
| Total | | 70,092 | 98 | 70,190 | 47,570 | 65 | 47,635 |
| Expenditure | | | | | | | |
| <u>Raising Funds</u> | | | | | | | |
| | | 89 | - | 89 | 52 | - | 52 |
| | | 89 | - | 89 | 52 | - | 52 |
| <u>Charitable Activities</u> | | | | | | | |
| Access | | 46,975 | - | 46,975 | 29,963 | 35 | 29,998 |
| Presentation and interpretation | 20 | 3,477 | 132 | 3,609 | 2,712 | 170 | 2,882 |
| Exhibitions and displays | 20 | 799 | 13 | 812 | 812 | 13 | 825 |
| Conservation | | 3,107 | - | 3,107 | 2,587 | - | 2,587 |
| Custodial control | | 2,192 | - | 2,192 | 1,422 | - | 1,422 |
| | | 56,550 | 145 | 56,695 | 37,496 | 218 | 37,714 |
| <u>Other expenditure</u> | | | | | | | |
| | | 188 | - | 188 | 223 | - | 223 |
| <u>Interest payable</u> | | | | | | | |
| | 6 | 1,012 | - | 1,012 | 1,504 | - | 1,504 |
| Total expenditure | | 57,839 | 145 | 57,984 | 39,275 | 218 | 39,493 |
| Net income/(deficit) | | 12,253 | (47) | 12,206 | 8,295 | (153) | 8,142 |
| Other recognised losses | | | | | | | |
| Actuarial loss on pension scheme | 22 | (400) | - | (400) | (2,000) | - | (2,000) |
| Net movement in funds | | 11,853 | (47) | 11,806 | 6,295 | (153) | 6,142 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 30,599 | 562 | 31,161 | 24,304 | 715 | 25,019 |
| Total funds carried forward | | 42,452 | 515 | 42,967 | 30,599 | 562 | 31,161 |

The notes on pages 30 to 59 form part of these financial statements.

Royal Collection Trust

CONSOLIDATED AND TRUST BALANCE SHEET

As at 31 March 2024

| | Note | 2024 | | 2023 | |
|--|------|---------------|---------------|---------------|---------------|
| | | Group £000 | Trust £000 | Group £000 | Trust £000 |
| <u>Non-current assets</u> | | | | | |
| Intangible assets | 11 | 3,765 | 3,734 | 3,979 | 3,930 |
| Tangible assets | 12 | 42,078 | 41,527 | 43,602 | 43,132 |
| Total non-current assets | | 45,843 | 45,261 | 47,581 | 47,062 |
| <u>Current assets</u> | | | | | |
| Loan to subsidiary | 14 | - | - | - | 7,000 |
| Stock and work in progress | 15 | 4,936 | - | 5,535 | - |
| Debtors | 16 | 2,742 | 13,506 | 2,562 | 10,268 |
| Bank deposits | | 2,736 | 588 | 2,031 | 802 |
| Cash at bank and in hand | | 960 | 15 | 515 | 9 |
| Total current assets | | 11,374 | 14,109 | 10,643 | 18,079 |
| <u>Liabilities</u> | | | | | |
| Creditors: amounts due within one year | 18 | (8,671) | (11,303) | (6,763) | (14,180) |
| Net current assets | | 2,703 | 2,806 | 3,880 | 3,899 |
| Creditors: amounts due in more than one year | 19 | (7,500) | (7,500) | (22,500) | (22,500) |
| Net assets excluding pension asset | | 41,046 | 40,567 | 28,961 | 28,461 |
| Defined benefit pension scheme asset | 22 | 2,400 | 2,400 | 2,700 | 2,700 |
| Total net assets | | 43,446 | 42,967 | 31,661 | 31,161 |
| Funds | 20 | | | | |
| <u>Restricted funds</u> | | | | | |
| Fixed assets | | 264 | 264 | 277 | 277 |
| Cash & Debtors | | 251 | 251 | 285 | 285 |
| Total restricted funds | | 515 | 515 | 562 | 562 |
| <u>Unrestricted funds</u> | | | | | |
| General funds: | | | | | |
| Fixed assets | | 45,579 | 44,997 | 47,305 | 46,785 |
| Free reserve | | (5,048) | (4,945) | (18,906) | (18,886) |
| Pension reserve | 22 | 2,400 | 2,400 | 2,700 | 2,700 |
| Total unrestricted funds | | 42,931 | 42,452 | 31,099 | 30,599 |
| Total funds | | 43,446 | 42,967 | 31,661 | 31,161 |

The notes on pages 30 to 59 form part of these financial statements. These financial statements were approved by the Trustees on 10 July 2024 and were signed on their behalf by:

James Leigh-Pemberton

Brian Ivory

The Hon. Sir James Leigh-Pemberton
Trustee

Sir Brian Ivory
Trustee

Royal Collection Trust

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

| <u>Reconciliation of net income to net cash generated by operating activities</u> | | |
|--|-----------------|----------|
| | 2024 | 2023 |
| | £000 | £000 |
| Net income for the year | 11,785 | 5,963 |
| Adjustments for: | | |
| Actuarial loss on defined benefit pension scheme | 400 | 2,000 |
| Amortisation | 248 | 272 |
| Depreciation | 3,242 | 3,376 |
| Loss on disposal of fixed assets | 433 | 52 |
| Decrease/(increase) in stock | 599 | (1,483) |
| Decrease/(increase) in debtors | (251) | 412 |
| Increase in creditors | 1,172 | 1,366 |
| Interest receivable | (333) | (7) |
| Interest payable | 1,012 | 1,504 |
| Net cash generated by operating activities | 18,307 | 13,455 |
| <u>Statement of cash flows</u> | | |
| Net cash generated by operating activities | 18,307 | 13,455 |
| Cash flows from investing activities: | | |
| Interest income | 233 | 7 |
| Purchase of intangible assets | (34) | |
| Purchase of tangible fixed assets | (1,316) | (460) |
| Net cash used in investing activities | (1,117) | (453) |
| Cash flows from financing activities | | |
| Repayment of loan | (15,000) | (11,000) |
| Payment of loan interest | (1,040) | (1,504) |
| Net cash used in financing activities | (16,040) | (12,504) |
| Change in cash and cash equivalents in the year | 1,150 | 498 |
| Cash and cash equivalents at the beginning of the year | 2,546 | 2,048 |
| Cash and cash equivalents at the end of the year | 3,696 | 2,546 |
| Analysis of cash and cash equivalents | | |
| Cash at bank and in hand | 960 | 515 |
| Bank deposits | 2,736 | 2,031 |
| Total cash and cash equivalents | 3,696 | 2,546 |

The notes on pages 30 to 59 form part of these financial statements.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

I Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Status of company

The Royal Collection Trust ("The Trust") is a company limited by guarantee, incorporated on 29 January 1993 and registered as a charity in England and Wales on 2 February 1993. The Charity is a public benefit entity. The Office of the Scottish Charity Regulator approved The Trust's application to be registered as a charity in Scotland on 5 August 2008. The company was established under a Memorandum of Association which established the objects and powers of The Trust and is governed under its Articles of Association.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP 2019 (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The company is exempt from the requirement to disclose the details of related party transactions with its subsidiary undertaking.

The subsidiary's principal activities include: management of the admission of visitors to the official residences of The King to view the Royal Collection, the publication of books on the Royal Collection, the granting of rights for the use of images from the Royal Collection in books and other media and the sale of merchandise.

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate.

The Trustees have reviewed income, expenditure and cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements based on a 'most likely' scenario. In addition, sensitivity analysis has been prepared to reflect a reasonably plausible downside scenario. This analysis takes account of the requirements to service and repay borrowing facilities.

The Trust has a revolving credit facility that permits borrowing up to £15 million. This balance has been reduced by £25 million during the year based on the strong performance in 2023/24 and forecasts for subsequent years which show anticipated borrowing need to be well below the total facility. The facility will end in March 2028. No security was required for the facility. The company has complied with the associated covenants since the facility was granted and expects to remain compliant for the full term of the loan.

Forecasts show that the Group and Charity will be able to continue in operation for a period of at least 12 months from the approval of the financial statements and will have sufficient funds to meet their liabilities as they fall due and to will comply with loan covenants and the requirements to service and repay the loan.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

I Accounting policies (continued)

On this basis, the Trustees have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The group (collectively referred to as Royal Collection Trust or “the Group”) accounts consolidate The Royal Collection Trust and its subsidiary undertaking, Royal Collection Enterprises Limited on a line-by-line basis. These accounts are made up to 31 March 2024.

Income

Income represents:

- the amounts derived from admission charges (including any Gift Aid receivable) which are culturally exempt from VAT;
- income (excluding VAT), from the sale of goods and reproduction rights;
- the receipt of royalties from publications and merchandise;
- donations; and
- other income includes booking fees and sundry income.

In general, income is accounted for on a receivable basis, but is deferred when it is received in respect of events or transactions occurring after the year end. Entitlement to a donation arises immediately on receipt, pledges and promises of donations are only recognised as income when the receipt is probable and the amount of the promised gift can be measured reliably.

Resources expended

All outgoing resources are included in the Statement of Financial Activities inclusive of any irrecoverable VAT.

Donations are included in the Statement of Financial Activities when payable. Other charitable expenditure is recognised on an accruals basis, with liabilities valued at their settlement amount.

Expenditure incurred within The Trust is allocated between that incurred directly on admitting the public to the official residences, the conservation and maintenance of items in the Royal Collection, and that incurred on the management and administration of The Trust, details of which are disclosed in note 7. The allocation of management and administration costs between The Trust and its trading subsidiary and the subsequent apportionment to individual activities is based on an estimated proportion of time spent on those activities.

Governance costs

These costs include the costs of governance arrangements which relate to the general running of The Trust as opposed to the direct management functions inherent in day-to-day operations. This includes such items as internal and external audit, legal advice for Trustees and costs associated with regulatory and statutory requirements.

Support costs

Support costs represent the staffing and associated costs of marketing, finance, human resources, IT and general administration in supporting the operational programmes for which The Trust is responsible.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

I Accounting policies (continued)

Exhibition costs

The costs of mounting exhibitions are written off as incurred.

Publishing

The cost of producing each book is carried forward as work in progress until publication. Where, however, it is envisaged that a book will make a loss (e.g. academic or specialist publications), the loss is recognised immediately. Publication titles are included in stock at the lower of cost or net realisable value. Publishing royalties are recognised when earned.

Fixed assets and depreciation

The buildings comprising Windsor Castle, Buckingham Palace (including The King's Gallery and the Royal Mews) and the Palace of Holyroodhouse (including The King's Gallery) are owned by The King as Sovereign and maintained by the Royal Household Property Section and Historic Environment Scotland. However, where improvements or major redevelopments are made to these buildings by Royal Collection Trust, in order to increase revenues or to fulfil The Trust's charitable objects, the expenditure (including irrecoverable VAT) is capitalised and depreciation is charged over the estimated useful lives of the assets.

The Royal Collection consists of works of art of all kinds which are held by The King in right of the Crown and are held in trust for his Successors and the Nation. These are assets of historical and artistic importance that are held to advance the preservation, conservation and educational objectives of The Trust. Assets held in right of the Crown are not recognised as Heritage Assets by Royal Collection Trust, as they do not meet the recognition criteria of an asset under FRS 102 and are therefore not capitalised in these financial statements. Royal Collection Trust cannot control the benefits that arise from these assets as its role with respect to the Royal Collection as defined by its charitable objects is to administer, conserve, renovate, repair, maintain, improve and advise on the Royal Collection, the Royal Archives and the Photograph Collection which pass in right of the Crown.

All fixed assets are included in the financial statements at historical cost. No depreciation or amortisation is charged on assets in the course of construction until the assets have been successfully commissioned and are available for use. Finance costs incurred in connection with the construction of tangible assets are not capitalised and are charged to the income and expenditure account as incurred.

Depreciation and amortisation is provided by Royal Collection Trust to write off the cost or valuation less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives which are determined on an individual asset basis as follows:

| | | |
|-----------------------------------|---|---------------|
| Building redevelopments | - | 40 years |
| Property improvements | - | 5 to 20 years |
| Plant and machinery | - | 5 to 20 years |
| Furniture, fittings and equipment | - | 2 to 10 years |
| Software development | - | 3 to 10 years |

Individual assets costing less than £5,000 are not capitalised.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

I Accounting policies (continued)

If an asset is available for use but the cost cannot be reliably measured by the year end date (e.g. for construction projects where the final valuation of works is yet to be certified), the estimated cost of the asset is included in Assets in the Course of Construction and an accrual for estimated depreciation is charged against income and held in accruals until the final valuation is known and recorded in the fixed asset register. Where a project is complete and the asset is in use, but a retention is outstanding, the retention and associated depreciation are also accrued.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the income and expenditure account.

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Work in progress relates to the component cost of publishing stock and china products. During the year, the first in first out method (FIFO) of stock valuation was adopted. Stock was previously valued at weighted average cost. The method has been changed to more accurately reflect the pattern of movement of some product categories, e.g. perishable goods. The valuation of total stock under Weighted Average Cost would not have been materially different to that under FIFO.

Estimates and judgements

Provision is made against stock and work in progress where there are specific risks identified against the recoverability of carrying value. Further detail is given in note 15.

The pension costs and obligations of the Royal Households Group Pension Scheme are calculated on the basis of a range of assumptions, including the discount rate, inflation rate, salary growth and mortality. Differences arising as a result of actual experience differing from the assumptions, or future changes in the assumptions will be reflected in subsequent periods. A small change in assumptions can have a significant impact on the valuation of the liabilities. More details on the assumptions used are given in Note 22. Furthermore, the apportionment of assets between participating employers is subject to judgement, and the approach used has been applied consistently with the funding valuation and over time.

Financial instruments

The Charity holds basic financial instruments. These are initially measured at the amount receivable or payable and subsequently at the amount expected to be received or paid. The financial instruments that the Charity commonly holds are

- Cash and long-term bank deposits – measured at the amount of cash held;
- Trade debtors – initially measured at settlement amount, subsequently this may be adjusted to reflect credit risk;
- Accrued income – measured at the amount expected to be received, subsequently this may be adjusted if the expectation of receipt changes; and
- Trade creditors – measured at the amount to be settled net of any trade discounts.
- Loans (liabilities) – measured at amortised cost. Transaction costs are spread over the life of the facility
- Loans (assets) – measured at amortised cost.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

I Accounting policies (continued)

No financial instruments are held at fair value through profit or loss. Financial instruments are held at amortised cost if the effect of discounting is material to the financial statements.

Pensions

Royal Collection Trust participates in two pension schemes providing benefits based on final pensionable pay, The Royal Household Pension Scheme and The Royal Households Group Pension Scheme, and also a defined contribution scheme. The assets of the schemes are held separately from those of Royal Collection Trust. Contributions to the schemes are charged to the Statement of Financial Activities to reflect the cost of benefits accruing to members so as to spread pension costs over employees' working lives with Royal Collection Trust.

One of these pension schemes, The Royal Household Pension Scheme, is managed by the Government and the benefits of the scheme are broadly analogous to the benefits of the Principal Civil Service Scheme (PCSPS). It is an unfunded scheme and the Consolidated Fund pays as a Standing Service the pension benefits of those Royal Collection Trust employees who entered employment before 1 April 2001.

The liabilities for this scheme are included within the resource accounts of the Consolidated Fund Account. Royal Collection Trust is unable to identify the share of the underlying assets and liabilities of the scheme attributable to its employees on a consistent and reasonable basis and therefore as permitted by FRS 102 this scheme is treated as a defined contribution scheme by Royal Collection Trust and the full cost of contributions made in the year is reflected in the Statement of Financial Activities.

The other scheme, The Royal Households Group Pension Scheme, is accounted for in accordance with FRS102 with current service cost and net interest cost recognised in net income and remeasurement of the net defined benefit asset or liability recognised in other comprehensive income. This scheme was closed to future service accrual from 1 April 2021 (although active members will maintain the link to future salary increases). From this date, members are enrolled in the defined contribution scheme, unless they choose to opt-out.

The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Further details of the pension schemes are provided in note 22.

Taxation

The Royal Collection Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. In addition because the subsidiary is bound by deed of covenant to transfer all its taxable profit to The Trust, it incurs no liability to tax. Consequently Royal Collection Trust has no liability to tax and no deferred tax.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

1 Accounting policies (continued)

Restricted Funds

Restricted Funds include those receipts which are subject to specific restrictions, including donations towards specific projects for conservation and publishing.

Unrestricted Funds

Unrestricted Funds include donations and other income received without restriction, including the profits of the subsidiary, which are expendable at the discretion of the Trustees.

Operating Leases

Operating lease rentals (net of any lease incentive) are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Donated Goods, Facilities and Services

Donated goods, facilities and services are recognised when it has been established that The Trust has an entitlement to them, their receipt is probable and that their value can be measured reliably. Donated goods are measured at their fair value, while donated facilities and services are measured on the basis of their value to The Trust.

2 Licences, commissions and fees

| | 2024 | 2023 |
|----------------------|-------------|------|
| | £000 | £000 |
| Licences & royalties | 117 | 130 |
| Fees | 66 | 47 |
| | 183 | 177 |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

3 Net income is stated after charging:

| | 2024 | 2023 |
|---|--------------|-------|
| | £000 | £000 |
| Auditor's remuneration: | | |
| Audit of these financial statements | 56 | 50 |
| Audit of subsidiary undertakings | 36 | 33 |
| Depreciation, amortisation and impairment | | |
| Owned assets | 3,490 | 3,647 |
| Operating lease charges | 366 | 338 |

4 Donations and legacies received

| | 2024 | 2023 |
|-----------|-------------|------|
| | £000 | £000 |
| Donations | 129 | 135 |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

5 Donations payable

Donations payable in the year were as follows:

| | Group | Group | Trust | Trust |
|------------------------------|--------------|-------|--------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Privy Purse Charitable Trust | 773 | 515 | - | - |

6 Investment income and interest payable

| | Group | Group | Trust | Trust |
|---|--------------|-------|--------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Investment income on cash deposits | 233 | 7 | 54 | 1 |
| Interest received on loan to subsidiary | - | - | 175 | 330 |
| Interest income on defined benefit pension assets | 100 | - | 100 | - |
| | 333 | 7 | 329 | 331 |

| | Group | Group | Trust | Trust |
|--|--------------|-------|--------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Interest and charges payable on bank loans | 1,012 | 1,504 | 1,012 | 1,504 |

For further detail on the defined benefit pension scheme, please refer to note 22.

Interest and charges payable represent interest charged on the term loan and revolving credit facility and amortisation of arrangement fees which are spread over the life of the respective facilities. Further details of the borrowing facilities are given in note 19.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

7 Resources expended

| | | | | | | 2024 |
|--------------------------------|---------------|--------------|------------|------------|------------|---------------|
| | Direct costs | Central & HR | IT | Finance | Governance | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Raising funds: | | | | | | |
| Fundraising | 79 | - | - | - | - | 79 |
| Retail, catering, photographic | 21,380 | 1,329 | 219 | 181 | 78 | 23,187 |
| Charitable activities: | | | | | | |
| Access | 31,916 | 1,355 | 242 | 201 | 94 | 33,808 |
| Presentation & interpretation | 4,474 | 1,016 | 130 | 107 | 71 | 5,798 |
| Exhibition & displays | 1,833 | 289 | 32 | 27 | 21 | 2,202 |
| Conservation | 3,015 | 72 | 8 | 7 | 5 | 3,107 |
| Custodial control | 2,008 | 144 | 16 | 13 | 11 | 2,192 |
| TOTAL | 64,705 | 4,205 | 647 | 536 | 280 | 70,373 |
| 2023 | | | | | | |
| | Direct costs | Central & HR | IT | Finance | Governance | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Raising funds: | | | | | | |
| Fundraising | 52 | - | - | - | - | 52 |
| Retail, catering, photographic | 17,875 | 1,182 | 200 | 179 | 76 | 19,512 |
| Charitable activities: | | | | | | |
| Access | 19,487 | 1,205 | 222 | 198 | 91 | 21,203 |
| Presentation & interpretation | 3,981 | 887 | 119 | 106 | 66 | 5,159 |
| Exhibition & displays | 1,650 | 250 | 30 | 26 | 20 | 1,976 |
| Conservation | 2,506 | 62 | 7 | 7 | 5 | 2,587 |
| Custodial control | 1,259 | 125 | 15 | 13 | 10 | 1,422 |
| TOTAL | 46,810 | 3,711 | 593 | 529 | 268 | 51,911 |

Non-direct costs are allocated on the basis of estimated usage. For detail on governance costs, see note 9.

8 Key management personnel, staff numbers and staff costs

The key management personnel of the group comprise the Trustees and the Management Board.

Trustees

None of the Trustees received any remuneration during the year in connection with their role as a Trustee of The Royal Collection Trust. The Trust paid liability insurance in respect of each Trustee at a cost of £290 per Trustee (2022/23: £390). None of the Trustees received reimbursed expenses (2022/23: nil).

Royal Collection Trust

NOTES (forming part of the Financial Statements)

8 Key management personnel, staff numbers and staff costs *(continued)*

Management Board

Key Management Personnel of the Group are the Trustees and Management Board. The Members of the Management Board are the Director of the Royal Collection, the Director of Finance and the Director of Commercial Operations and Engagement.

The total payments to the Management Board during these periods were as follows:

| | 2024 | 2024 | 2023 | 2023 |
|------------------|---------------------------|---|---------------------------|---|
| | Total benefits | Pension contribution | Total benefits | Pension contribution |
| | | <i>(included in total benefits)</i> | | <i>(included in total benefits)</i> |
| | £000 | £000 | £000 | £000 |
| Management Board | 500 | 61 | 456 | 41 |

Members of Management Board do not receive an expense allowance (but may be reimbursed for out of pocket expenses). The total remuneration of the Director of the Royal Collection was as follows:

| | Total remuneration | | Salary | | Pension | |
|----------|---------------------------|------|---------------|------|----------------|------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Tim Knox | 171 | 155 | 149 | 140 | 22 | 15 |

Pay and remuneration for key management personnel is determined on the same basis as that applied in relation to all roles, that is, a system of job evaluation and market intelligence relating to comparable external roles.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

8 Key management personnel, staff numbers and staff costs (continued)

The average monthly head count was 923 staff (2023: 837 staff). The average number of full-time equivalent (FTE) staff employed by the group or on permanent secondment from the Royal Household, analysed by category, was as set out below:

| | Number of FTE employees | |
|---|-------------------------|------------|
| | 2024 | 2023 |
| Care of the Royal Collection | 78 | 74 |
| Visitor experience | 387 | 373 |
| Central retail, publishing & communications | 60 | 50 |
| Management & support services | 21 | 17 |
| Royal Household shared services | 69 | 70 |
| | <u>615</u> | <u>584</u> |

The aggregate payroll costs of these persons were as follows:

| | 2023/24 | 2022/23 |
|-----------------------|---------------|---------------|
| | £000 | £000 |
| Wages and salaries | 19,713 | 16,983 |
| Social security costs | 1,853 | 1,634 |
| Other pension costs | 2,766 | 1,968 |
| | <u>24,332</u> | <u>20,585</u> |

Included within wages and salaries is £72,000 of redundancy and severance payments (2023: nil).

Royal Collection Trust

NOTES (forming part of the Financial Statements)

8 Key management personnel, staff numbers and staff costs *(continued)*

The Charities SORP requires that the number of employees whose total employee benefits exceed £60,000 is disclosed in bands of £10,000.

The following table shows the number of employees whose benefits (excluding contributions made to a pension scheme) were in excess of £60,000. These include staff employed by the Group or directly funded by the Group (including the directors of Royal Collection Enterprises Limited).

| | 2023/24 | | 2022/23 | |
|---------------------|-----------|------------------|-----------|------------------|
| | All staff | Management Board | All staff | Management Board |
| £60,001 - £70,000 | 2 | - | 7 | - |
| £70,001 - £80,000 | 9 | - | 5 | - |
| £80,001 - £90,000 | 5 | - | 2 | - |
| £130,001 - £140,000 | - | - | 1 | 1 |
| £140,001 - £150,000 | 3 | 3 | 2 | 2 |
| | 19 | 3 | 17 | 3 |

No contributions to defined benefit pension schemes were made in respect of any members of staff (2022/23: nil).

Royal Collection Trust

NOTES (forming part of the Financial Statements)

9 Governance costs

| | Group | Group | Trust | Trust |
|-------------------------------|--------------|-------|--------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| External audit | 92 | 83 | 55 | 50 |
| Internal audit | 90 | 86 | 23 | 22 |
| Allocated internal costs | 94 | 94 | 26 | 22 |
| Trustee expenses (see note 8) | 4 | 5 | 4 | 5 |
| | 280 | 268 | 108 | 99 |

10 Deferred Income

Income is deferred where it is received in respect of events or transactions occurring in the future, including advance admission-ticket sales.

| | 2024 | 2023 |
|---|----------------|---------|
| | £000 | £000 |
| At 1 April | 2,479 | 1,470 |
| Income brought forward released during year | (2,479) | (1,470) |
| Income deferred during year | 3,245 | 2,479 |
| At 31 March | 3,245 | 2,479 |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

11 Intangible assets

| | Software development | Pug Yard Access | Total |
|-------------------------|-------------------------|-----------------|--------------|
| | £000 | £000 | £000 |
| Group | | | |
| Cost | | | |
| At 1 April 2023 | 1,215 | 4,903 | 6,118 |
| Additions | 34 | - | 34 |
| Disposals /write-off | (294) | - | (294) |
| At 31 March 2024 | 955 | 4,903 | 5,858 |
| Amortisation | | | |
| At 1 April 2023 | 1,166 | 973 | 2,139 |
| Charge for the year | 52 | 196 | 248 |
| Disposals /write-off | (294) | - | (294) |
| At 31 March 2024 | 924 | 1,169 | 2,093 |
| Net book value | | | |
| At 31 March 2024 | 31 | 3,734 | 3,765 |
| At 31 March 2023 | 49 | 3,930 | 3,979 |
| Trust | | | |
| Cost | | | |
| At 1 April 2023 | 735 | 4,903 | 5,638 |
| Disposals /write-off | (33) | - | (33) |
| At 31 March 2024 | 702 | 4,903 | 5,605 |
| Amortisation | | | |
| At 1 April 2023 | 735 | 973 | 1,708 |
| Charge for the year | - | 196 | 196 |
| Disposals /write-off | (33) | - | (33) |
| At 31 March 2024 | 702 | 1,169 | 1,871 |
| Net book value | | | |
| At 31 March 2024 | - | 3,734 | 3,734 |
| At 31 March 2023 | - | 3,930 | 3,930 |

The intangible assets balance includes £3.7 million (2023: £3.9 million) in respect of a licence to use Pug Yard at Windsor Castle to construct a Learning Centre. The licence was granted to The Trust in return for funding the construction of Frogmore Workshops and was initially valued at the cost of construction. The licence is being amortised over the life of the new Learning Centre as the best estimate of the useful life of the licence, and at 31 March 2024 it has 19 years of amortisation remaining.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

12 Tangible fixed assets

| | Building developments | Property improvement | Plant and machinery | Furniture, fittings and equipment | Assets in course of construction | Total |
|-------------------------|--------------------------|-------------------------|------------------------|---|--|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Group | | | | | | |
| Cost | | | | | | |
| At 1 April 2023 | 45,878 | 12,092 | 7,992 | 9,092 | 775 | 75,829 |
| Additions | - | 1,368 | 337 | 298 | 148 | 2,151 |
| Transfers | - | 275 | 97 | 39 | (411) | - |
| Disposals /write-off | (113) | (2,299) | (919) | (1,730) | (365) | (5,426) |
| At 31 March 2024 | 45,765 | 11,436 | 7,507 | 7,699 | 147 | 72,554 |
| Depreciation | | | | | | |
| At 1 April 2023 | 10,868 | 7,176 | 6,907 | 7,276 | - | 32,227 |
| Charge for the year | 1,149 | 846 | 274 | 973 | - | 3,242 |
| Disposals /write-off | (79) | (2,291) | (898) | (1,725) | - | (4,993) |
| At 31 March 2024 | 11,938 | 5,731 | 6,283 | 6,524 | - | 30,476 |
| Net book value | | | | | | |
| At 31 March 2024 | 33,827 | 5,705 | 1,224 | 1,175 | 147 | 42,078 |
| At 31 March 2023 | 35,010 | 4,916 | 1,085 | 1,816 | 775 | 43,602 |
| Trust | | | | | | |
| Cost | | | | | | |
| At 1 April 2023 | 45,878 | 11,622 | 7,589 | 7,365 | 759 | 73,213 |
| Additions | - | 1,295 | 306 | 166 | 135 | 1,902 |
| Transfers | - | 275 | 97 | 23 | (395) | - |
| Disposals /write-off | (113) | (2,281) | (914) | (1,095) | (365) | (4,768) |
| At 31 March 2024 | 45,765 | 10,911 | 7,078 | 6,459 | 134 | 70,347 |
| Depreciation | | | | | | |
| At 1 April 2023 | 10,868 | 6,882 | 6,633 | 5,698 | - | 30,081 |
| Charge for the year | 1,149 | 812 | 244 | 870 | - | 3,075 |
| Disposals /write-off | (79) | (2,274) | (893) | (1,090) | - | (4,336) |
| At 31 March 2024 | 11,938 | 5,420 | 5,984 | 5,478 | - | 28,820 |
| Net book value | | | | | | |
| At 31 March 2024 | 33,827 | 5,491 | 1,094 | 981 | 134 | 41,527 |
| At 31 March 2023 | 35,010 | 4,740 | 956 | 1,667 | 759 | 43,132 |

Assets in the course of construction relates to capital expenditure that has not yet met the criteria for recognition on the fixed asset register. These are assets that are not yet ready for use.

The net book value of intangible and tangible assets held at 31 March 2024 amounted to £45.8 million, of which £41.5 million was held for charitable activities and £4.3 million was held for trading activities.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

13 Fixed asset investments

On 31 March 1993 The Trust acquired all of the issued shares of Royal Collection Enterprises Limited for no consideration; the investment is shown in the balance sheet at market value, which in the opinion of the Trustees is nil as the undertakings of Royal Collection Enterprises Limited cannot be transferred to third parties. Furthermore, in the event of Royal Collection Enterprises Limited ceasing to trade, the Trustees estimate that the realisable value of that company's net assets would be nil.

Details of subsidiary undertaking:

| | Country of registration or incorporation | Principal activity | Class and percentage of shares held |
|--|--|---|-------------------------------------|
| Royal Collection Enterprises Limited York House St James's Palace London SW1A 1BQ | England and Wales | Management of public access to the Official Residences of the Sovereign | Ordinary shares 100% |

14 Loan to Royal Collection Enterprises Limited

In March 2021 The Trust advanced a loan of £7 million to Royal Collection Enterprises Limited (RCEL). The loan term was for 3 years (with early repayment permitted) and the interest rate was bank base rate plus 2.4%. The loan was secured on the assets of Royal Collection Enterprises Limited. The balance at 31 March 2023 was £7 million, and this was repaid in full during 2023/24. The charge over RCEL's assets has been released.

15 Stock and work in progress

| | Group 2024 £000 | Group 2023 £000 | Trust 2024 £000 | Trust 2023 £000 |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Finished goods | 3,975 | 4,418 | - | - |
| Work in progress | 961 | 1,117 | - | - |
| | <u>4,936</u> | <u>5,535</u> | <u>-</u> | <u>-</u> |

The overall decrease in stock represents a return to more normal trading levels, following a substantial holding of Coronation related goods at 31 March 2023.

Stock is stated net of a provision of £627,000 (2023: £719,000). The provision reflects the risk of not recovering the carrying value of specific stock items.

The method of stock valuation is to first in, first out (FIFO), to better reflect the pattern of movement of items including perishable goods. This is a change from the weighted average cost used in the prior year. There is no material difference between the two methods at 31 March 2024.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

16 Debtors

| | Group | Group | Trust | Trust |
|--------------------------------|---------------------|--------------|----------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Trade debtors | 984 | 683 | 565 | 411 |
| Amounts due from subsidiary | - | - | 12,353 | 9,019 |
| Other debtors | 568 | 420 | - | - |
| Prepayments and accrued income | 1,190 | 1,459 | 588 | 838 |
| | <u>2,742</u> | <u>2,562</u> | <u>13,506</u> | <u>10,268</u> |

All accrued income including fundraising pledges is expected to be received within one year (2022/23: £0.1 million due in more than one year).

17 Movement in cash and net debt

| | 31 March | Cash from | Loan | Net loan | 31 March |
|------------------------|------------------------|------------------------|-----------------------|--------------------|-----------------------|
| | 2023 | operating & | interest paid | drawdown/ | 2024 |
| | £000 | investing | £000 | (repayment) | £000 |
| | | activities | | | |
| | | £000 | | £000 | |
| Cash at bank & in hand | 2,546 | 17,190 | (1,040) | (15,000) | 3,696 |
| Bank loans > 1 year | (22,500) | - | - | 15,000 | (7,500) |
| Net debt | <u>(19,954)</u> | <u>17,190</u> | <u>(1,040)</u> | <u>-</u> | <u>(3,804)</u> |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

18 Creditors: amounts falling due within one year

| | Group | Group | Trust | Trust |
|------------------------------------|--------------|-------|---------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 2,340 | 2,280 | 1,279 | 582 |
| Amounts due to subsidiary | - | - | 9,352 | 13,110 |
| Other creditors including taxation | 28 | 4 | - | - |
| Accruals and deferred income | 6,303 | 4,479 | 672 | 488 |
| | 8,671 | 6,763 | 11,303 | 14,180 |

19 Creditors due in more than one year

| | Group | Group | Trust | Trust |
|-------------------------|--------------|--------|--------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Loan | 7,500 | 22,500 | 7,500 | 22,500 |
| <i>Undrawn facility</i> | 7,500 | 17,500 | 7,500 | 17,500 |

The Trust has entered into two facilities with Coutts and Co. The agreements are as follows:

1. Loan I

This was a £22 million facility agreed in June 2020. Interest is payable quarterly at an annual rate of 2.4% plus the bank base rate. The covenant attached to this loan was the same as the covenant for the facility below. The loan was repaid in full during the year.

2. Revolving Credit Facility

This was a £30 million facility agreed in March 2021. During 2023/24, The Trust cancelled £15 million of this facility, leaving a £15 million available facility at 31 March 2024.

£7.5 million was drawn at the year end. Amounts drawn under the agreement are charged at an annual rate of 2.8% plus the bank base rate. Undrawn amounts incur a 1.4% per annum non-utilisation fee. The remaining facility can be drawn at any time by request from The Trust. Drawn funds can be returned to the bank without reducing the facility. The facility will end in March 2028, unless The Trust chooses to cancel part or all of the facility early.

The facility is subject to a covenant that tests liquidity at specified points. There have been no breaches of covenant during the year or subsequently, and the Charity expects to comply with the covenant for the full term of the loan.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

20 Income Funds

| | Restricted funds | Pension reserve | General funds | Total |
|-------------------------|------------------|-----------------|---------------|---------------|
| Group | £000 | £000 | £000 | £000 |
| At 1 April 2023 | 562 | 2,700 | 28,399 | 31,661 |
| Incoming resources | 98 | 100 | 84,145 | 84,343 |
| Resources expended | (145) | - | (72,013) | (72,158) |
| Losses | - | (400) | - | (400) |
| At 31 March 2024 | 515 | 2,400 | 40,531 | 43,446 |

| | Restricted funds | Pension reserve | General funds | Total |
|-------------------------|------------------|-----------------|---------------|---------------|
| Group | £000 | £000 | £000 | £000 |
| At 1 April 2022 | 715 | 4,700 | 20,283 | 25,698 |
| Incoming resources | 65 | - | 61,828 | 61,893 |
| Resources expended | (218) | - | (53,712) | (53,930) |
| Losses | - | (2,000) | - | (2,000) |
| At 31 March 2023 | 562 | 2,700 | 28,399 | 31,661 |

| | Restricted funds | Pension reserve | General funds | Total |
|-------------------------|------------------|-----------------|---------------|---------------|
| Trust | £000 | £000 | £000 | £000 |
| At 1 April 2023 | 562 | 2,700 | 27,899 | 31,161 |
| Incoming resources | 98 | 100 | 69,992 | 70,190 |
| Resources expended | (145) | - | (57,839) | (57,984) |
| Losses | - | (400) | - | (400) |
| At 31 March 2024 | 515 | 2,400 | 40,052 | 42,967 |

| | Restricted funds | Pension reserve | General funds | Total |
|-------------------------|------------------|-----------------|---------------|---------------|
| Trust | £000 | £000 | £000 | £000 |
| At 1 April 2022 | 715 | 4,700 | 19,604 | 25,019 |
| Incoming resources | 65 | - | 47,570 | 47,635 |
| Resources expended | (218) | - | (39,275) | (39,493) |
| Losses | - | (2,000) | - | (2,000) |
| At 31 March 2023 | 562 | 2,700 | 27,899 | 31,161 |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

20 Income Funds (continued)

| Restricted funds: | Opening | Income | Expenditure | Closing |
|---|------------|-----------|--------------|------------|
| | Funds | | | Funds |
| | £000 | £000 | £000 | £000 |
| Presentation and interpretation: | | | | |
| Publishing Supporters Fund | 225 | 65 | (119) | 171 |
| Learning Supporters Fund | 40 | - | (13) | 27 |
| Other restricted funds | 20 | - | - | 20 |
| | <u>285</u> | <u>65</u> | <u>(132)</u> | <u>218</u> |
| Conservation: | | | | |
| Painting restoration | - | 33 | - | 33 |
| Exhibitions: | | | | |
| The King's Gallery, London | 204 | - | (9) | 195 |
| The King's Gallery, Edinburgh | 73 | - | (4) | 69 |
| | <u>277</u> | <u>-</u> | <u>(13)</u> | <u>264</u> |
| Total restricted funds | <u>562</u> | <u>98</u> | <u>(145)</u> | <u>515</u> |

Presentation and Interpretation

The Publishing Supporters Fund includes support for specific titles and funding for general publishing spend. Income in the year has primarily been to support a volume on the history of the Palace of Holyroodhouse. Expenditure during the year related to a publication about European Sculpture and the production of final volumes in a series on Cassiano.

The Learning Supporters Fund represents donations in support of learning projects, both for specified purchases and general funding of learning programmes, and in the current year, funding for subsidised travel for school trips to Royal Collection sites.

The Painting restoration fund has been pledged in support of planned conservation work on a painting by Giulio Romano.

Other restricted funds include funding towards digitisation of images and records of specific items within the Royal Collection.

Exhibitions

These restricted funds are amortised over the economic life of capital assets at The King's Gallery in London and The King's Gallery, Edinburgh.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

20 Income Funds (continued)

Assets representing funds:

| Group | Restricted funds | Pension reserve | General funds | Total 2024 |
|---------------------------|-------------------------|------------------------|----------------------|-------------------|
| | £000 | £000 | £000 | £000 |
| Intangible fixed assets | - | - | 3,765 | 3,765 |
| Tangible fixed assets | 264 | - | 41,814 | 42,078 |
| Current assets | 251 | - | 11,123 | 11,374 |
| Creditors due in < 1 year | - | - | (8,671) | (8,671) |
| Creditors due in > 1 year | - | - | (7,500) | (7,500) |
| Pension asset | - | 2,400 | - | 2,400 |
| At 31 March 2024 | 515 | 2,400 | 40,531 | 43,446 |

| Group | Restricted funds | Pension reserve | General funds | Total 2023 |
|---------------------------|-------------------------|------------------------|----------------------|-------------------|
| | £000 | £000 | £000 | £000 |
| Intangible fixed assets | - | - | 3,979 | 3,979 |
| Tangible fixed assets | 277 | - | 43,325 | 43,602 |
| Current assets | 285 | - | 10,358 | 10,643 |
| Creditors due in < 1 year | - | - | (6,763) | (6,763) |
| Creditors due in > 1 year | - | - | (22,500) | (22,500) |
| Pension asset | - | 2,700 | - | 2,700 |
| At 31 March 2023 | 562 | 2,700 | 28,399 | 31,661 |

| Trust | Restricted funds | Pension reserve | General funds | Total 2024 |
|---------------------------|-------------------------|------------------------|----------------------|-------------------|
| | £000 | £000 | £000 | £000 |
| Intangible fixed assets | - | - | 3,734 | 3,734 |
| Tangible fixed assets | 264 | - | 41,263 | 41,527 |
| Current assets | 251 | - | 13,858 | 14,109 |
| Creditors due in < 1 year | - | - | (11,303) | (11,303) |
| Creditors due in > 1 year | - | - | (7,500) | (7,500) |
| Pension asset | - | 2,400 | - | 2,400 |
| At 31 March 2024 | 515 | 2,400 | 40,052 | 42,967 |

| Trust | Restricted funds | Pension reserve | General funds | Total 2023 |
|--|-------------------------|------------------------|----------------------|-------------------|
| | £000 | £000 | £000 | £000 |
| Intangible fixed assets | - | - | 3,930 | 3,930 |
| Tangible fixed assets | 277 | - | 42,855 | 43,132 |
| Current assets, incl. loan to subsidiary | 285 | - | 17,794 | 18,079 |
| Creditors due in < 1 year | - | - | (14,180) | (14,180) |
| Creditors due in > 1 year | - | - | (22,500) | (22,500) |
| Pension asset | - | 2,700 | - | 2,700 |
| At 31 March 2023 | 562 | 2,700 | 27,899 | 31,161 |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

21 Commitments

Capital commitments at 31 March 2024 for which no provision has been made were as follows:

| | Group | Group | Trust | Trust |
|-------------------------------|--------------|-------|--------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Contracted | 84 | 53 | - | - |
| Authorised but not contracted | 202 | 2,000 | 102 | 1,300 |
| | 286 | 2,053 | 102 | 1,300 |

The reduction in capital commitments is due to the completion in the year of significant projects including the retail warehouse and the refurbishment of The King's Gallery Edinburgh.

Operating Lease Commitments

Total of future minimum lease payments at the end of the reporting period, for each of the following periods:

| | Group | Group | Trust | Trust |
|-------------------------------|--------------|-------|--------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| - within one year | 604 | 276 | 94 | 90 |
| - in the second to fifth year | 1,718 | 377 | 2 | 3 |
| - later than five years | 1,661 | - | - | - |
| | 3,983 | 653 | 96 | 93 |

During the year Royal Collection Enterprises Limited entered into a lease for a new retail warehouse. The lease is for a minimum 10 year period and this commitment is reflected in the note above. The lease has been assessed as an operating lease and rentals are charged to income and expenditure on a straight line based over the life of the lease.

22 Pension schemes

The group participates in three pension schemes as follows:

- Scheme 1 The Royal Households Group Pension Scheme
- Scheme 2 The Royal Household Pension Scheme
- Scheme 3 The Royal Household Worksave (Mastertrust) Pension Scheme

Schemes 1 and 2 are closed to new members. Employees are entitled to be members of the Royal Household Worksave (Mastertrust) Pension Scheme. Details of the schemes are set out below.

Scheme 1 provides benefits based on final pensionable pay and is non-contributory for employees. The contributions for this scheme are determined by a qualified actuary, on the basis of triennial valuations. The most recent approved valuation of the scheme was carried out as at 31 December 2020.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

22 Pension schemes (continued)

It is the stated policy of the Trustees that the Charity's share of the assets and liabilities of Scheme 1 are to be recognised in the financial statements of The Royal Collection Trust.

Scheme 2 is managed by the Government and has terms by-analogy to the Principal Civil Service Pension Scheme. Eligible employees are those who were previously paid from the Civil List and are now paid by The Royal Collection Trust and who joined the Royal Household prior to 1 April 2001.

The scheme is an unfunded multi-employer defined benefit scheme in which Royal Collection Trust is unable to identify the share of the underlying assets and liabilities attributable to its employees and as permitted by FRS 102 this scheme will continue to be accounted for as if it were a defined contribution scheme.

The scheme actuary (Government Actuary's Department) valued the scheme as at 31 March 2019 and updates that valuation for International Accounting Standard 19: Employee Benefits (IAS19) annually. The total liabilities of the scheme at 31 March 2023 were £83.6 million. The liabilities at 31 March 2024 are not yet available but will be disclosed in the Consolidated Fund Account when it is published. Royal Collection Trust funds all or part of the employment costs of 6 of the 27 active members of the scheme as at 31 March 2024 (2023: 8 of 31 active members).

Pension contributions are paid directly to the Consolidated Fund and, in turn, pension benefits are paid directly from the Consolidated Fund as a Standing Service on a defined benefit basis. The contribution rate during the year was 21.1% of pensionable pay, reflecting a valuation by the Government Actuary's Department. The contribution rates reflect the cost of pension benefits as they are earned by employees.

Scheme 3 is administered by Legal and General and is non-contributory for employees. Benefits are based on contribution levels linked to investment returns over the period to retirement. A stakeholder plan was provided until July 2020, when it was replaced with the Royal Household Worksave (Mastertrust) Scheme. Employees can make additional contributions up to the HM Revenue & Customs' limits.

The total pension charge for the year was £2,766,000 (2022/23: £1,968,000).

Royal Collection Trust accounts for pension costs in accordance with FRS 102 which requires the following disclosures in respect of Royal Collection Trust's pension schemes:

Royal Collection Trust

NOTES (forming part of the Financial Statements)

22 Pension schemes (continued)

Scheme 1 – further details

Royal Collection Trust participates in a funded defined benefit pension plan, the Royal Households Group Pension Scheme – Royal Collection ('the Scheme').

The level of benefits provided by the Scheme depends on a member's length of service and their salary at their date of leaving the Scheme. Under the plan, employees are entitled to annual pensions on retirement at age 60 of 1/60 of final pensionable salary for each year of service up to 31 March 2007, then 1/70 for service up to 31 March 2019, then 1/90 for service from 1 April 2019. The scheme closed to future accrual with effect from 1 April 2021, however former active members still retain their link to salary increases. From 1 April 2021 members are enrolled in the Royal Household Defined Contribution Worksave (Mastertrust) Pension Scheme, unless they choose to opt out.

The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 December 2020 and no regular contributions are due to be paid by Royal Collection Trust to the Scheme during the year to 31 March 2025 (year to 31 March 2024: £nil), other than administration expenses.

The results of the latest funding valuation at 31 December 2020 have been adjusted to the balance sheet date taking account of experience over the period since that date, changes in market conditions and differences in the financial and demographic assumptions and an allowance has been made for additional benefits due to GMP equalisation. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

The principal assumptions used to calculate the liabilities under FRS 102 are as follows:

Financial assumptions

| | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| | % per annum | % per annum |
| RPI inflation | 3.1 | 3.3 |
| CPI inflation | 2.5 | 2.6 |
| Rate of general long term increase in salaries | 4.0 | 4.1 |
| Pension increase (LRP15) | 2.9 | 3.1 |
| Discount rate for scheme liabilities | 4.8 | 4.7 |

Demographic assumptions

| | 31 March 2024 | 31 March 2023 |
|--|---|---------------|
| | Years | Years |
| Life expectancy for male currently aged 65 | 22.0 | 22.0 |
| Life expectancy for a female currently aged 65 | 24.4 | 24.4 |
| Life expectancy at 65 for male currently aged 45 | 23.3 | 23.4 |
| Life expectancy at 65 for a female currently aged 45 | 25.8 | 25.8 |
| Cash commutation | Members assumed to take their cash lump sum at retirement | |

The mortality assumptions are based on the results of the most recent Scheme funding valuation and allow for expected future improvements in mortality rates.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

22 Pension schemes (continued)

Scheme assets

| | 31 March 2024 | | 31 March 2023 | |
|----------------------|---------------|------------|---------------|-----|
| | £m | % | £m | % |
| UK equities | 0.0 | 0 | 0.0 | 0 |
| Overseas equities | 8.7 | 38 | 9.6 | 41 |
| Fixed interest gilts | 4.1 | 18 | 3.9 | 16 |
| Index-linked gilts | 7.4 | 32 | 6.8 | 29 |
| Property | 2.4 | 10 | 2.6 | 11 |
| Cash | 0.4 | 2 | 0.6 | 3 |
| | 23.0 | 100 | 23.5 | 100 |

None of the Scheme assets are invested in the Trust's financial instruments or in property occupied by, or other assets used by, the Group. The assets of the Scheme are not segregated by employer and hence the split of the assets is determined in an approximate basis, by an independent actuary. In order to determine this approximate split, each quarter's asset split is rolled-forward allowing for those contributions and benefit payments linked to Royal Collection Trust.

Reconciliation of funded status to balance sheet

| | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
| | £m | £m |
| Fair value of assets | 23.0 | 23.5 |
| Present value of funded defined benefit obligations | (20.6) | (20.8) |
| Funded status | 2.4 | 2.7 |
| Unrecognised asset | - | - |
| Asset recognised on the balance sheet | 2.4 | 2.7 |

When determining the asset recognised on the balance sheet, it has been assumed that The Royal Collection Trust would be able to recover the surplus through a refund from the Scheme in the future. This reflects the provisions of the Scheme's documentation.

Amounts recognised in net income

| | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| | £m | £m |
| Interest on net defined benefit assets | 0.1 | - |
| Administration costs | (0.1) | (0.1) |
| Expense recognised in net income | - | (0.1) |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

22 Pension schemes (continued)

Other recognised gains and losses

| | 31 March 2024 | 31 March 2023 |
|---|------------------|------------------|
| | £m | £m |
| Losses on scheme assets during the year | (0.9) | (9.6) |
| Gains on scheme liabilities during the year | 0.5 | 7.6 |
| Total other recognised loss | (0.4) | (2.0) |

Changes to the valuation of the defined benefit obligation during the year

| | 31 March 2024 | 31 March 2023 |
|--|------------------|------------------|
| | £m | £m |
| Obligation at the start of the year | 20.8 | 28.4 |
| Interest cost on defined benefit obligations | 1.0 | 0.8 |
| Actuarial gains on scheme liabilities | (0.5) | (7.6) |
| Net benefits paid out | (0.7) | (0.8) |
| Obligation at the end of the year | 20.6 | 20.8 |

Changes to the fair value of scheme assets during the year

| | 31 March 2024 | 31 March 2023 |
|-------------------------------------|---------------|---------------|
| | £m | £m |
| Fair value at the start of the year | 23.5 | 33.1 |
| Interest income on scheme assets | 1.1 | 0.8 |
| Losses on scheme assets | (0.9) | (9.6) |
| Contributions by the employer | 0.1 | 0.1 |
| Administration costs incurred | (0.1) | (0.1) |
| Net benefits paid out | (0.7) | (0.8) |
| Fair value at the end of the year | 23.0 | 23.5 |

Royal Collection Trust

NOTES (forming part of the Financial Statements)

22 Pension schemes (continued)

Estimated charge to net income for the next year

Using the assumption for the discount rate set out above, we estimate that the charge to the profit and loss account for the next financial year will be:

| | |
|----------------|------------|
| | £m |
| Administration | <u>0.1</u> |
| | 0.1 |

The actual amount to be charged to the profit and loss account for the next financial year might be different to that estimated above.

Sensitivity of the results to the key assumptions

The key assumptions used for FRS 102 are: discount rate, inflation and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions is as follows.

| | | Plan assets | Obligation | Surplus/(deficit) |
|--|-----------|-------------|------------|-------------------|
| Following a 0.25% decrease in the discount rate | Change | 0.0 | 0.7 | (0.7) |
| | New value | 23.0 | 21.3 | 1.7 |
| Following a 1.00% decrease in the discount rate | Change | 0.0 | 3.1 | (3.1) |
| | New value | 23.0 | 23.7 | (0.7) |
| Following a 0.5% increase in the inflation assumption (excluding salary increases) | Change | 0.0 | 1.2 | (1.2) |
| | New value | 23.0 | 21.8 | 1.2 |
| Following a 1-year increase in life expectancies | Change | 0.0 | 0.7 | (0.7) |
| | New value | 23.0 | 21.3 | 1.7 |

The sensitivities to changes in assumptions have been expressed based on the expected impact of changes to assumptions would have on the defined benefit obligation based on the profile of the liabilities as at the last triennial valuation (31 December 2020) and are not sensitive to the Defined Benefit Obligation (DBO) quoted in the accounting results to changes in assumptions used to value the DBO as at 31 March 2024.

Scheme 2 – further details

Scheme 2 is a multi-employer scheme. Royal Collection Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and as permitted by FRS 102 the scheme has been accounted for by Royal Collection Trust as if the scheme was a defined contribution scheme.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

23 Related Party Transactions

Set out below are details of transactions during the year with related parties and with other entities which, whilst not related parties, it is deemed appropriate to disclose. The figures in italics represent the amounts due (to) or from related parties at the balance sheet date.

| Related Party | 2024 £000 | 2023 £000 | Details of Transaction |
|---|---------------------------------|-------------------------|--|
| Royal Household | 16,602 (1,900) | 4,661 <i>(1,328)</i> | Charges to Royal Collection Trust (RCT) for various services including personnel, payroll, pensions administration, internal audit, records management, property maintenance services and IT services. |
| Royal Household | 95 9 | 57 15 | Recovery from the Royal Household of costs incurred on behalf of the Royal Household. |
| Privy Purse Charitable Trust (PPCT) | 773 (4) | 515 4 | Donation to the PPCT in lieu of its right to charge for admission to Queen Mary's Dolls' House, Windsor Castle. |
| St George's Chapel | 2,057 (5) | 1,382 10 | Payment to St George's Chapel in respect of admissions to St George's Chapel, Windsor Castle collected by Royal Collection Enterprises Limited (RCEL). |
| Privy Purse (including Windsor Farm Shop and Royal farms) | 26 - | 36 - | Sale of goods for resale to the Privy Purse; recharge of costs incurred by RCEL on behalf of the Privy Purse. |
| Privy Purse (including Windsor Farm Shop and Royal farms) | 10 (9) | 9 9 | Payment to Privy Purse in respect of costs incurred on behalf of RCEL, and royalties payable by RCEL for use of Royal Farms milk and contributions to shared funds. |
| Office of the former Prince of Wales | - | 3 | Recovery of costs incurred on behalf of the Office of the former Prince of Wales and the sale of RCEL stock. |
| Historic Royal Palaces (HRP) | 66 (20) | 71 | Recovery of costs from HRP for maintenance, services and goods from resale purchased from RCEL. |
| Balmoral Estate | 8 - | 26 - | Purchase by Balmoral Estate of RCEL goods for resale. |
| Sandringham Estate | 45 - | 2 - | Purchase by Sandringham Estate of RCEL goods for resale. |
| Sandringham Estate | 15 - | - - | Payment by RCT to Sandringham for use of storage space |
| Royal Household Staff Wellbeing Fund | 19 (9) | 19 <i>(9)</i> | Contribution to the Fund for the benefit of employees of The Royal Household including Royal Collection Trust. |
| Royal Households Group Pension Scheme | 108 (-) | 139 <i>(46)</i> | Administration costs for the defined benefit pension scheme. |

Transactions are settled in cash. Transactions with key management personnel are disclosed in Note 8. None of the Trustees, directors or other related parties except as referred to above or as otherwise disclosed in the financial statements has undertaken any transactions with The Royal Collection Trust or Royal Collection Enterprises Limited during the year. The Company is exempt from the requirement to disclose the details of related party transactions with its subsidiary undertaking.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

24 Royal Collection Enterprises Limited

The Trust's wholly-owned subsidiary, Royal Collection Enterprises Limited (company number 2778486), has a paid up share capital of £2, and is incorporated in the UK. Audited accounts are filed with the Registrar of Companies and a summary of its trading results is shown below.

Principal activities

The principal activities of the company are the management of public access to the official residences of The King and the sale of merchandise. Taxable profits are Gift Aided in full under deed of covenant to the holding company, The Royal Collection Trust, a company limited by guarantee and registered as a charity.

Business review

The purpose of the company is to generate income for The Royal Collection Trust for the presentation, maintenance and conservation of the Royal Collection.

Income is raised from fees for the management of public access and shop sales at the official residences of The King.

In addition to the above, income is raised through off-site retail activities, catering operations at the Palace of Holyroodhouse, Windsor Castle and Buckingham Palace Summer Opening, and fees for reproducing images of items in the Royal Collection.

The Royal Collection Trust has responsibility for admitting visitors to the official residences of The King and the company acts as an agent of The Trust in managing the admission of visitors to the official residences.

Royal Collection Trust

NOTES (forming part of the Financial Statements)

24 Royal Collection Enterprises Limited (continued)

Profit and Loss Account

for the year ended 31 March 2024

| | 2024 | 2023 |
|---------------------------------------|-----------------|----------|
| | £000 | £000 |
| Turnover | 70,861 | 51,222 |
| Direct costs, including cost of sales | (54,280) | (38,406) |
| Gross profit | 16,581 | 12,816 |
| Administrative expenses | (3,526) | (3,191) |
| Donations payable | (773) | (515) |
| Other operating income | 66 | 47 |
| Operating profit | 12,348 | 9,157 |
| Interest payable | (175) | (329) |
| Interest receivable | 179 | 5 |
| Profit for the financial year | 12,352 | 8,833 |

Balance Sheet

as at 31 March 2024

| | 2024 | 2023 |
|--|-----------------|----------|
| | £000 | £000 |
| Fixed and current assets | 19,547 | 22,212 |
| Current and non-current liabilities | (19,068) | (21,712) |
| Net assets and shareholder's funds | 479 | 500 |
| Reserves | | |
| At the beginning of the year | 500 | 679 |
| Profit for the year | 12,352 | 8,833 |
| Deed of covenant due to The Royal Collection Trust | (12,373) | (9,012) |
| Retained loss for the year | (21) | (179) |
| At the end of the financial year | 479 | 500 |