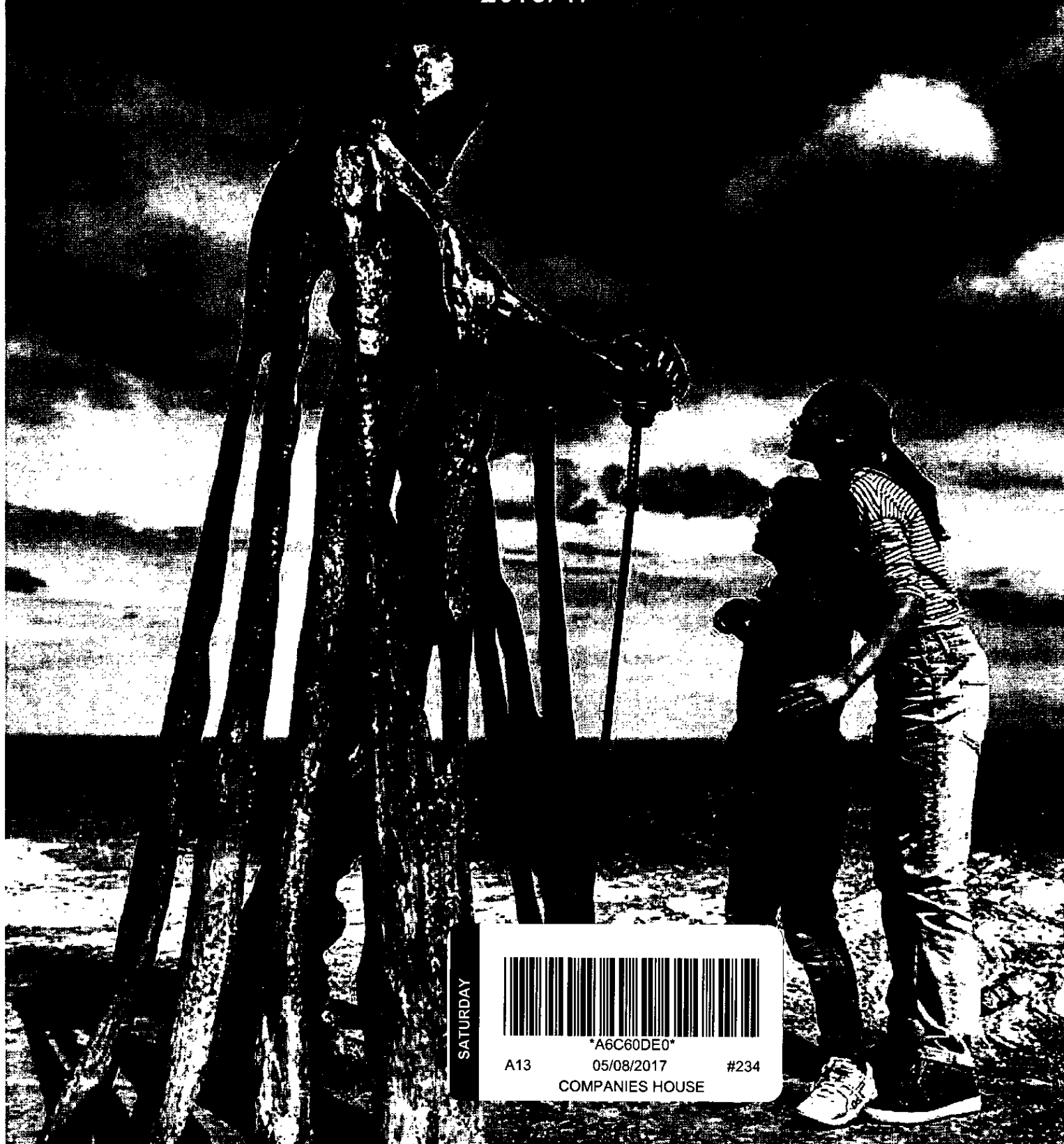


ENGLISH HERITAGE

ANNUAL REPORT

2016/17



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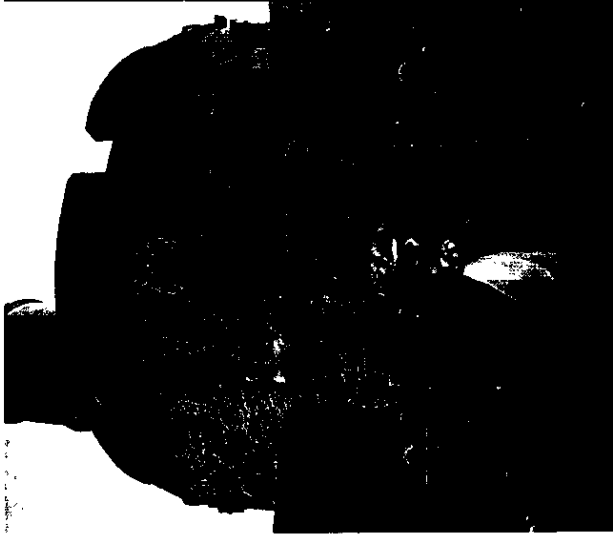
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#234

COMPANIES HOUSE



HANDS ON
HISTORY



BRITISH HERITAGE
FREDDIE
MERCURY
(FRED BULSARA)
1946-1991
Singer and
Songwriter
lived here

English Heritage cares for over 400 historic monuments, buildings and places – from world-famous prehistoric sites to grand medieval castles, from Roman forts on the edge of an empire to a Cold War bunker. Through these, we bring the story of England to life for over 10 million visitors each year.

Tintagel Castle:

Wedding at St Mawes Castle; Great Tower at Dover Castle; Branded café merchandise; Artefact at Helmsley Archaeology Store; Home of Charles Darwin – Down House; Conservation work at Iron Bridge; Medieval falconry event, Kenilworth Castle and Elizabethan Gardens; Archer Pavilion, Wrest Park; Illuminated Abbey event at Whitby Abbey; 2016 blue plaque, Feltham; English Heritage hot air balloon at Stonehenge; Tynemouth Priory and Castle; English Heritage volunteer; Audley End House and Gardens; Kenilworth Castle and Elizabethan Garden event.

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English Heritage's first female jousting,
Nicky Willis, prepares for battle

REFLECTION ON 2016/17



In our second year as a charity, we have made further good progress, building on the strong foundations laid in the previous year. We made visiting our sites more rewarding, have invested in vital conservation work, have reached out to the public in new, imaginative ways and have delivered a financial performance better than the Launch Plan for the second year running.

Once again, we are most grateful to our Members, visitors, supporters, donors and partners. Their wonderful support enables our work, and inspires us to achieve the highest standards in everything we do. Our membership numbers are a key measure of our success, and now stand at a record 918,000 Members.

Over the year, we invested in the visitor experience at a number of sites, introducing new facilities and cafés, and better historical interpretation.

These improvements have been warmly welcomed. In Yorkshire, we carried out a £1.8 million redevelopment project at Rievaulx Abbey and saw a significant increase in visitors rating the site as 'excellent' in our 2016 Visitor Survey. At Tintagel Castle in Cornwall, a creative outdoor interpretation scheme attracted 29,000 more people to the site. Overall, our visitor experience score has risen from 8.72 to 8.82 out of 10.

2016 marked the 950th anniversary of the Battle of Hastings, and gave us the opportunity to bring this pivotal event in England's history into people's lives. At Battle Abbey, we opened up the rooftop of the Gatehouse for the first time. Visitors can now enjoy a panoramic view of the 1066 battlefield, where new carved oak figures evoke the Saxon and Norman armies. Further afield, we launched a nationwide hunt for 1,066 arrows and staged a dramatic re-enactment of King Harold's march from York to Battle in East Sussex. The project engaged people of all ages across the country, both directly and through social media.

Our work is receiving widespread industry recognition. At the 2017 Hudson's Heritage Awards – a benchmark of success in our sector – several of our properties were highly commended. Our most famous site, Stonehenge, received a Special Award for Heritage Achievement in recognition of 'truly outstanding' improvements in the visitor experience and the Map Room project at Eltham received the award for Best New Discovery. Our educational programmes have also been recognised with RICS, RIBA and Sandford awards.

We have also made significant progress on the conservation of our properties. Examples include restoring the flood-damaged walls of Shap Abbey in Cumbria and repairing the grand window shutters of Brodsworth Hall in Yorkshire. Our efforts will help preserve these and many other historic places for generations to come.

Wherever possible, we have opened our conservation projects up to visitors, so they can see for themselves the care and expertise involved. And through our training and apprenticeship programmes, we are helping to preserve the traditional skills required to maintain our unique properties.

We are reaching out through digital media too, where we can share our work with the widest possible audience. Our new blue plaques mobile app was downloaded over 10,000 times, and our Instagram account acquired 28,000 followers. Digital initiatives like these provide exciting opportunities to engage people with their heritage and fulfil our charitable purpose.

In summary, we are making steady progress towards the financial, conservation and educational strategic goals that we set out when the English Heritage Trust was established two years ago. I want to conclude by expressing my profound gratitude to both our staff and volunteers. Their hard work, ideas and enthusiasm truly bring our properties to life, and enable us to tell the story of England more vividly than ever.

Sir Tim Laurence, Chairman

"We have reached out to the public
in new, imaginative ways"

1066 Arrow Hunt, commemorating
950 years since the Battle of Hastings

BUILDING FOR THE FUTURE



The year ahead is one of tremendous opportunity. In the past two years, we have successfully established ourselves as a charity, set out our priorities and made great strides towards our strategic goals. We have bold ambitions, and with the commitment of our staff, volunteers and supporters, we are on track to achieve them.

Our mission is to keep the story of England alive, for visitors today and for future generations. In times of change and uncertainty, that is more important than ever. Historic sites can offer people a sense of perspective, belonging and well-being – their stories provide inspiration for the future as well as a guide to the past. To bring their history to life, we need to engage and involve people of all ages and from all walks of life.

In particular, we are building closer ties with local communities. We already welcome over 357,000 educational visitors to our sites each year, and we are now investing more in our award-winning education programmes. All children love stories. So we want to ensure that every primary school child in the country visits an English Heritage site, and comes away inspired by their local heritage. We will be working more closely with teachers to support the national curriculum and relate the lessons of history in memorable ways with a sense of fun.

Volunteers provide another invaluable link with our communities. We have now had over 2,700 local people working with us, bringing enormous enthusiasm and a wide range of skills. Volunteers are helping us catalogue collections, preserve our gardens, and bring history dramatically to life for visitors – for example, with the weekly firing of our First World War gun at Dover Castle. Their dedication greatly strengthens our capacity as an organisation and, crucially, helps make our sites community assets as well as visitor attractions.

The year ahead will also see us conduct our largest-ever conservation project, the £2 million restoration of the Iron Bridge in Shropshire, as well as major projects at Wrest Park, Hurst Castle and further work at Brodsworth Hall. These properties all have highly specialised conservation needs, and our industry-leading conservators are uniquely qualified to meet them. Keeping historic sites in good condition means the public can safely explore them – around 70% are open to visitors free of charge.

As well as preserving the old, we are pioneering the new. Visitors to many of our sites will enjoy fresh interpretation and interactive experiences in 2017 – a temporary battlement slide at Framlingham Castle, digital storytelling at St Augustine's Abbey and a new museum at Hailes Abbey, among others. At Stonehenge, our innovative Human Henge project is helping people with mental health issues relate better to the world around them – a wonderful example of the therapeutic power of ancient places.

Initiatives such as these will help us connect in fresh ways and with different audiences. England's story is for everyone, whatever their own background and history. In our third year as a charity, we are committed to sharing our inspirational heritage with more people than ever.

A handwritten signature in black ink, reading 'Kate Mavor'.

Kate Mavor, Chief Executive

"As well as preserving the old,
we are pioneering the new"

Reconstructed Neolithic home, Stonehenge





Restoration of the Perseus and Andromeda
fountain, Witley Court and Gardens

OBJECTIVES AND ACTIVITIES

English Heritage started operating as an independent charity on 1 April 2015 and its objectives, set out in its Articles of Association, are:

- To conserve the National Heritage Collection of over 400 unique sites and monuments, to the highest standards possible, in keeping with their status as part of England's national heritage.
- To bring history to life in the places where it happened by opening up the sites and monuments to public access, through exhibitions, events and educational programmes, supported through our online content.
- Through the blue plaques scheme, to advance public appreciation of the history of buildings and landmarks in London by showing where men and women of historical, artistic, scientific and religious significance lived and worked.

As part of this new freedom to operate outside of government control to determine our own future, a financial model, known as the New Model Framework Agreement, was developed whereby we received a grant of £80 million from Historic England on 31 March 2015 (hereafter called the New Model grant). This enables us to undertake more of the challenging work needed to invest in this unique portfolio of sites and monuments.

This New Model grant is being used over an eight-year period up to 2022/23 to address urgent conservation defects at our sites (£52 million) and invest in new commercial programmes, such as new visitor facilities and exhibitions, as well as updating the presentation and interpretation

of smaller sites that would not normally qualify for commercial capital investment (£28 million).

This funding will be supplemented by tapering annual subsidies until 2021/22 to support English Heritage in its transition to a financially self-sufficient model.

In 2018 we will be reporting to the Department for Culture, Media & Sport (DCMS) on how we are performing against the Launch Plan and how effectively we are spending the New Model grant.

We have four priorities that underpin all of our work:

- **Inspiration:** we will create inspiring and enjoyable experiences for everyone at our sites, online and in print, enabling people of all ages to share in and pass on the story of England.
- **Conservation:** we will make sure our historic sites and artefacts are expertly cared for so that they can be enjoyed by future generations.
- **Involvement:** we will find new ways to involve more people in our work. Our heritage is for everyone and people are keen to participate in protecting and illuminating it.
- **Financial sustainability:** we will ensure that we are financially independent by 2022/23.

We have agreed a set of eight key performance indicators, which we are using to assess our success in delivering our four priorities each year. These cover financial indicators such as the use of the different elements of the New Model grant and our trading performance, our membership base and visitor numbers, our fundraising targets, as well as our success at engaging with the general public and working with volunteers. How we

have performed against these priorities is set out in the Strategic Report.

Public benefit

In shaping the objectives for the year and planning the Charity's activities, the Trustees have considered the Charity Commission's guidance on public benefit and fee charging in complying with their duty under section 4 of the charities Act 2011.

In setting the level of charges and concessions, the Trustees have given careful consideration to the accessibility of the sites and monuments to all members of the public, whatever their means.

Access to the majority of our sites is free, including to one of our most popular properties, Kenwood, and we offer free entry to pre-booked learning groups at all our pay-to-enter sites. Our website contains a wealth of materials, available free of charge, such as teachers' kits to help prepare for school visits and myriad articles about the sites and monuments for which we care, including our conservation work. These pages are a rich and unique resource containing concise and authoritative histories and descriptions of our sites and their collections, and explaining why they matter.

Chargeable activities include admission to our major sites including Stonehenge, Dover Castle and Osborne. However, concessionary and family tickets are available. Our membership schemes provide a substantial discount for our regular visitors and are competitive compared to similar organisations. We also include free entry for up to six accompanying children, under the age of 19, per adult Member.

ACHIEVEMENTS AND PERFORMANCE: INSPIRATION

English Heritage invites visitors to explore 6,000 years of history through more than 400 iconic properties. We want to capture the nation's imagination with memorable, enriching and inspiring experiences that bring history to life.

Over the past year, we have brought the story of England to more people than ever before with exciting re-presentation schemes, innovative marketing and bold investments. We welcomed 5.9 million visitors to our staffed sites – an increase of 33,000 on last year's figure. We estimate that millions more visited our free sites and our visitor experience score has risen to 8.82 out of 10 in our 2016 Visitor Survey, exceeding our target of 8.75.

Inspiring all ages

One of our most ambitious initiatives was 1066: Year of the Normans, a commemoration of the 950th anniversary of the Battle of Hastings. People of all ages joined the fun across the country – from a band of warriors tracing King Harold's journey to Battle, to the sold-out Battle of Hastings re-enactment, and the chance to hunt for 1,066 arrows at our sites. Children helped design a tapestry, joined in a web event hosted by presenter and historian Dan Snow and discovered lots of interactive online material.

At Battle Abbey, we opened up the Gatehouse rooftop to allow visitors a 360-degree view of the battlefield, where newly carved figures evoked the Saxon and Norman armies. It was nominated for RICS awards in the Conservation and Tourism & Leisure categories this year.

Investing in visitors' enjoyment
Significant investment in 2016/17 helped to further inspire our visitors. Rievaulx Abbey has undergone a £1.8 million redevelopment including a new museum exhibition, visitor centre, shop and café. The public responded with a rise to 75% (from 62% in 2015) of people rating it as excellent in the 2016 Visitor Survey, while the visitor centre and museum recently won a prestigious RIBA award. Tintagel Castle's outdoor interpretation, bringing to life the site's history and legend, has also captured the public's imagination with an increase in visitors rating it as excellent in our 2016 Visitor Survey – from 46% in 2015 to 66% in 2016.

Stonehenge celebrated 30 years as a UNESCO World Heritage Site – and continued to weave its magic for visitors from around the world. And drawing on funds allocated by the New Model grant for our small and free sites, we've also introduced new exhibitions to inspire and educate. These include a re-creation of Charles and Emma Darwin's bedroom at Down House; and re-presentations at Chysauster Ancient Village, Dartmouth Castle, Chesters Roman Fort and elsewhere on Hadrian's Wall, Castle Acre Priory and at 14 free sites in the west of England.

In 2016, we marked the 300th anniversary of the birth of Lancelot 'Capability' Brown with events and exhibitions, allowing visitors to interpret and explore the landscapes he created at Wrest Park and Audley End.

Reaching people in new ways

Apart from the properties themselves, our website is one of the most effective ways we inspire and engage the public. Our content has driven over 13 million visits to our website and blog this year – up 19% from the previous year. Social media engagement is also healthy, with 42% of people posting after visiting a site. We've brought the story of England to life in new ways, including live broadcasts, interactive online content and the launch of the blue plaques app to mark the 150th anniversary of the scheme. Built and delivered in-house, the app has already been downloaded by over 10,000 people. On 1 September 2016, we live-streamed the unveiling of Freddie Mercury's blue plaque on Facebook. It was watched around the world more than 1.5 million times and generated over 130,000 reactions and comments.

We are delighted this work has been recognised in the Hudson's Heritage Awards, where Battle was highly commended for Best Event/Exhibition, Tintagel Castle was highly commended for Best Innovation, and Stonehenge won the Special Award for Heritage Achievement. In addition, our digital team won UK Blog Awards for the UK's Best Arts & Culture Blog and the UK's Best Travel Blog.



5.9m

visitors to our staffed sites last year



30

years for Stonehenge as a UNESCO World Heritage Site



13m

visits to our website and blog



Illustrator Liz Pichon unveils the Kids' Tapestry at Battle Abbey



*Prisoner graffiti on the cell block
wall at Richmond Castle*

ACHIEVEMENTS AND PERFORMANCE: CONSERVATION

As the guardian of some of England's most cherished sites and artefacts, it's our responsibility to care for them, so they can be enjoyed for generations to come.

We work with only the most skilled specialists and we're proud to promote traditional conservation skills. Our supporters are helping us to continue the good work. This year we spent £9.8 million on conservation projects, ranging from diligent maintenance (at the heart of our strategy to protect properties in the long term), to complex preservation work, to preventative measures, including consolidation work to the wall tops at Carisbrooke Castle.

Defending against the elements
Extreme weather events are becoming more common. Shap Abbey, on the banks of the Lowther in Cumbria, needed intensive repairs following the 2015 floods. Specialists carried out work to the riverbank, cellar range and cloister. Masonry repairs and removal of vegetation cost £140,000. Ecological advisors were also on site to help us protect the surrounding wildlife – including a family of otters.

De-vegetation and consolidation
We've carried out various structural conservation projects in 2016/17. At St Mary in Castro church at Dover Castle, we repaired high-level masonry and addressed water ingress and rot in the timber wall plate. This, along

with other work at Dover Castle, cost £624,000. Portchester Castle is in the second of three phases of de-vegetation and consolidation work, focusing on the walls and East Gate, which has cost £114,000 this year. It's projects such as these that ensure the long-term survival of the properties in our care.

Preserving personal stories

The Richmond Sixteen, a group of Conscientious Objectors, were held at Richmond Castle during the First World War. On the walls of its cell block are thousands of pieces of graffiti drawn and scratched by these men, as well as many other prisoners held there over at least 50 years. With the help of volunteers, and £365,400 from the Heritage Lottery Fund, we're researching and preserving these images.

Hudson's Award

This year, we won the Hudson's Award for Best New Discovery for our work at Eltham Palace conserving maps and illustrations discovered below layers of wallpaper. The decorative scheme is a delightful snapshot of 1930s travel.

Protecting architectural treasures

In 2016, stonemasons and conservators carried out intricate restoration to the Perseus and Andromeda fountain at Witley Court and Gardens, at a cost of £100,000. At Brodsworth Hall and Gardens, we are making major repairs to the sophisticated window shutter mechanisms and to the masonry and skylights, as well as renewing

the heating and electrical systems. We're also working on reconditioning and repairs at Wrest Park's Archer Pavilion and Osborne's Pavilion Cottage and garden terraces.

Bringing landscapes to life

Our work doesn't stop with buildings. The Old Oswestry Hillfort landscape maintenance project is a new initiative this year, in which we've been assisted by members of the local community in clearing and protecting the site. We continue to restore and reinvigorate historic gardens too, for example the lost 18th-century garden at Marble Hill House. We're carrying out research and archaeological excavations there in the first half of 2017 and plan to start a major restoration later in the year.

Caring for our artefacts

We have 535,354 historically significant artefacts at 115 properties across England, helping us to tell the stories of our sites. This year we've established a high-quality collections store at Temple Cloud, near Bristol, home to 12,500 objects, and increased the capacity of our Helmsley store, which now holds an extra 9,000 items.



£9.8m

invested in high-priority conservation projects



£100,000

spent restoring the Perseus and Andromeda fountain



535,354

historically significant artefacts in our care

ACHIEVEMENTS AND PERFORMANCE: INVOLVEMENT

The story of England is for everyone and, with that in mind, English Heritage has welcomed as wide a range of people as possible during 2016/17.

We are extremely grateful for the support and generosity of our Members, donors, volunteers, partners and friends. Thanks to them, we have been able to undertake a diverse range of projects over the past year.

In 2016/17, we've continued to engage with our audiences by finding out more about what the public values in us and how we can improve. We questioned our visitors and supporters through panels and surveys and their feedback has had a vital role in creating opportunities to get more people involved. Our volunteers (now 2,700), have played a huge part in helping maintain our properties and bringing history to life for visitors – from putting together exhibitions, to planting native bluebells and daffodils. We were able to open the remarkable De Grey Mausoleum in Flitton to the public, thanks to volunteer help, while at Conisborough Castle volunteers recorded almost 850 years-worth of graffiti etched into the walls below the historic keep. Volunteer hours totalled over 140,000 for the year.

Forging local links

This year we ran several free events, including opera at Kenwood for care home residents. Those living near Stonehenge enjoyed Christmas

late-night opening and, at Marble Hill House, where Henrietta Howard entertained her dazzling circle of friends in the 1720s, we consulted with local communities about plans to restore the house, gardens and park.

Engaging younger people

More than 357,000 educational visitors are enjoying our sites for free. In 2016, we won Sandford Awards for our educational programmes at Conisborough Castle and Stonehenge. The 1066 campaign was a wonderful opportunity to get children involved – both at sites and online. At Battle Abbey, school numbers saw a 13% year-on-year increase following 1066 educational activity.

We are keen to share our specialist expertise and in September 2016 our Historical and Botanical Garden Training Programme, through which we are inspiring the next generation of gardeners, celebrated its 10th anniversary. To date, over 200 trainees have been placed in historic gardens across the country, and the first seven have graduated from the two-year diploma programme.

Revealing our conservation process

As part of our Conservation in Action programme at St Mary in Castro church at Dover Castle, we showcased the high-level repairs, which included re-opening crucial weep holes in the tower via a 160-step visitor staircase. The public has also been able to watch craftsmen conserving Brodsworth Hall and Gardens, with a temporary exhibition telling the story of over 100 years of conservation at the house.

Making new partnerships

We've been exploring the impact our sites can have on well-being in Human Henge, an exciting new project at Stonehenge. It's run by the Restoration Trust in partnership with Richmond Fellowship, English Heritage and Bournemouth University and funded by the Heritage Lottery Fund, Amesbury Area Board and English Heritage. This investigation of archaeology, mental health and creativity is helping us understand more about people's emotional response to our sites.

Building deeper connections

Our website and social media channels help us engage with huge numbers of people. Our Facebook following is 390,000 and our combined audience across our national social media channels is half a million. This year, we had a great response to our Share Your Summer social media campaign, with over 1,100 entries and 2,500 new followers on Instagram (which now has over 28,000 followers).

However we involve people, the dedication of our customer services team ensures everyone gets a warm welcome – from the 134,000 customers we spoke to this year over the phone to the 3,200 people who contacted us via our new webchat facility.



£4.5m

fundraised income



357,000

free educational visitors



Over 200

trainees placed in historic gardens



Students try their hands at fence making on a Neolithic Life Discovery Visit, Stonehenge



The new viewing platform at Battle Abbey, overlooking the visitor centre

ACHIEVEMENTS AND PERFORMANCE: FINANCIAL SUSTAINABILITY

All the signs are positive that we are on track to achieve our goal to become financially sustainable by 2022/23. But it's important we look at new sources of income, as well as growing existing ones.

Along with the ongoing support of our Members, we are immensely grateful to those individuals, companies and grant-making bodies, such as the Heritage Lottery Fund, who have this year contributed £4.5 million. We would like to thank all our supporters, including those whose names appear on p61.

Extending our membership base
Our Members are the cornerstone of our financial sustainability. Membership figures currently stand at 918,000 – up from 876,000 last year, bringing in an income in 2016/17 of £31 million. Offsite recruitment – including a successful partnership programme with companies such as British Gas, the AA and the Royal Horticultural Society – has contributed to this figure. New for our Members is a more sophisticated dedicated website area, a kids' magazine and an intensive welcome programme and content hub.

Attracting more visitors

The money we've invested in our properties has encouraged more visits to those sites. Our three most

significant visitor investments that have started to pay back this year are: Tintagel Castle, which has seen a rise of 29,000 in visitors (up 15% on last year), and an increase in trading surplus of £203,000; Rievaulx Abbey has had an 11,000 rise in visitors (up 24%) and an increase in trading surplus of £186,000; while Battle Abbey has seen visitor numbers jump by 26,000 (up 24%) and an increase in trading surplus of £79,000. These additional funds are all invested to further our charitable purpose.

This year, we've created exciting initiatives to generate new visitors and fresh sources of income, such as expanding our events programme and opening more sites over Christmas, welcoming around 30% more visitors over the festive period than last year.

Welcoming more guests

We've refurbished and added to our number of holiday cottages. In July 2016, we launched Coastguard's Cottage at Lindisfarne Priory, which is our first conversion for those with access requirements. And our new online booking system now means people can book outside office hours.

Hospitality events – which includes private and corporate venue hire – is doing well, with events including the Financial Times Weekend Festival at Kenwood, British Beer and Pub Association Beer Day Britain at Jewel Tower, and Virgin Media Business at Wellington Arch. Such events, combined with wedding and private hire, have brought in an income of £1.2 million.

Starring on screen

Our properties provided the backdrop for several feature films and programmes – *Taboo* at Tilbury Fort, *The Mummy* at Waverley Abbey and *Victoria and Abdul* at Osborne. The six main film shoots generated revenue of £591,000 and, with smaller shoots and photographic permissions added, the total income for 2016/17 comes to £792,000, which is up £291,000 (58%) on last year.

Improving our cafés and shops

As well as offering more regional foods and improved kids' menus, we've also opened a 70-seater tearoom at Rievaulx Abbey and given the café at Pendennis Castle a new look. Our catering surplus stands at £2.2 million this year.

Retail continues to build on its past successes, with retail activity generating revenue of £13.7 million in 2016/17. Over 500 new lines have been introduced this year, resulting in new products going into 80% of our outlets. Several shops have had refits including those at Rievaulx Abbey, Carisbrooke Castle and Battle Abbey.

Reducing our carbon footprint

As part of our commitment to environmental issues, we have updated our policy on environmental sustainability. We've also been working to increase the energy-efficiency of some key London sites. We hope this will significantly reduce our carbon footprint as well as generate long-term financial savings.



918,000

English Heritage
Members



30%

more visitors over
Christmas than last year



£1.2m

generated from
hospitality events

FINANCIAL REVIEW

English Heritage was established as an independent charity with effect from 1 April 2015, underpinned by the New Model Framework Arrangement (New Model) between English Heritage and Historic England. Under the New Model, English Heritage was granted an eight-year licence to operate the National Heritage Collection (which will remain in Historic England's ownership), with the freedom to pursue its own strategy in order to achieve financial self-sufficiency by 2022/23.

The funding arrangement of the New Model covers the one-off New Model grant of £80 million, together with tapering annual subsidies that help English Heritage to meet its objective of becoming financially self-sufficient by 2022/23. The £80 million New Model grant is structured as restricted funds, meaning we can only use it for the specific purposes for which it has been designated, which are:

- £52 million for addressing the most urgent top three categories of conservation defects in the collection as identified in our asset management plan.

- £28 million on new commercial capital investments such as visitor facilities and infrastructure (£18 million), as well as on updating the presentation and interpretation of small and medium-sized sites that would not normally qualify for commercial capital investment (£10 million).

Under the New Model, the operational risk of running the National Heritage Collection is transferred to English Heritage.

In March 2015, we published our Launch Plan, which covers the eight-year period from 2015/16 until 2022/23 and demonstrates how we will achieve financial sustainability. Overall, we have exceeded the requirements of the Plan in our first two years, and the second year (2016/17) is summarised in the table below:

Our performance in each of the first two years of trading is set out on the opposite page. This shows us delivering a financial performance that exceeds the Launch Plan in 2015/16 and 2016/17. Net income relates to total income less total expenditure excluding use of the New Model £52 million grant. This is a key indicator to demonstrate our success in moving towards financial sustainability.

In 2016/17, we have delivered income of £103.0 million compared to the Launch Plan of £99.0 million, notably, due to a strong performance from memberships and admissions (actual: £57.8 million; Launch Plan: £54.1 million).

Expenditure, at £99.7 million, exceeded the Launch Plan of £97.5 million, as we continued to invest to drive growth in revenue. As a result, we achieved net income of £3.3 million, which was £1.8 million better than the Launch Plan net income of £1.5 million.

2016/17 ACTUAL VERSUS LAUNCH PLAN	Actual £'000	Launch Plan £'000
INCOME FROM:		
Donations and Legacies	3,491	5,500
Licensing and Sponsorships	1,046	1,295
	4,537	6,795
Conserving our properties	1,483	-
Running our properties	24,473	24,105
	25,956	24,105
Membership and Admissions	57,783	54,100
New model tapering annual subsidy	14,671	14,000
Investments	48	-
Total	102,995	99,000
Expenditure	(99,726)	(97,500)
Use of New Model £52m grant	(9,484)	(6,500)

Additionally we spent £9.5 million of the £52 million New Model grant on conservation and restoration projects, which compares with the Launch Plan spend of £6.5 million. Cumulative spend was £3.1 million ahead of plan at £16.1 million against the Launch Plan spend of £13.0 million.

Statement of financial activities (SOFA)

The SOFA is the Charity's Income & Expenditure account. Turnover reached £103.0 million (2015/16: £95.4 million), consisting of:

■ Donations and Legacies, and Licensing and Sponsorship, raised £4.5 million (2015/16: £3.2 million).

■ Memberships and Admission to our sites rose to £57.8 million (2015/16: £52.8 million). This was based on an increase in membership income to £31.1 million (2015/16: £27.6 million) and admissions income of £26.7 million (2015/16: £25.2 million).

■ Conserving our Properties generated £1.5 million (2015/16: £1.6 million), comprising mainly rental income from our properties.

■ In addition, we received £14.4 million (2015/16: £15.5 million) of grant-in-aid funding from Historic England under the New Model arrangement, whereby English Heritage receives tapering funding until 2021/22, after which the Charity is intended to be financially sustainable. We also received £0.3 million (2015/16: £0.3 million) from Historic England for the provision of services throughout the year.

■ Running our Properties generated income of £24.5 million (2015/16: £21.8 million), which includes retail (£13.7 million, 2015/16: £12.8 million), catering (£7.3 million, 2015/16: £6.6 million), and hospitality, filming, weddings, holiday cottage and other trading income (together £3.5 million, 2015/16: £2.4 million).

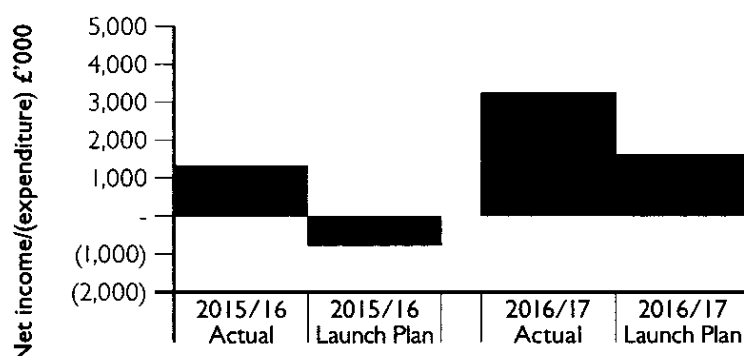
Expenditure was £109.2 million (2015/16: £100.3 million) including £9.5 million (2015/16: £6.1 million) in respect of the £52 million New Model grant. This comprises:

■ Fundraising and Licensing and Sponsorship costs of £1.2 million (2015/16: £0.8 million) in continuing to build the fundraising team. The cost of fundraising for 2016/17 was 26p (2015/16: 25p) spent for every £1 raised, which compares favourably with the sector average, especially as we are in a period of investment and growth.

■ Running our Properties, (£20.2 million, 2015/16: £18.3 million) including the retail and catering operations.

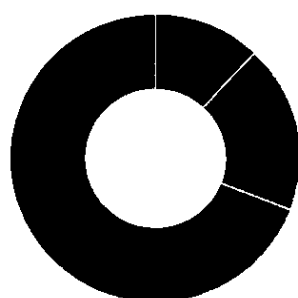
■ Conserving our Properties through maintenance and curatorial works, and conservation (£32.9 million,

NET INCOME: ACTUAL COMPARED TO LAUNCH PLAN FOR THE FIRST TWO YEARS



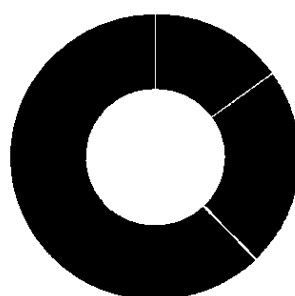
USE OF THE £80 MILLION NEW MODEL GRANT IN THE FIRST TWO YEARS IS SHOWN BELOW

USE OF £52M CONSERVATION MAINTENANCE GRANT



12% in 2015/16
19% in 2016/17 including 1% reserves transfer
69% remaining

USE OF £28M CAPITAL INVESTMENT, INTERPRETATION & PRESENTATION GRANT



15% in 2015/16
23% in 2016/17
62% remaining

2015/16: £33.6 million). This includes major on-going expenditure to conserve the monuments and sites will result in a net expenditure position in the restricted column of the SOFA for the foreseeable future, but this expenditure is being funded by the £52 million New Model grant, the balance of which is held in restricted reserves.

- **Membership and Admissions** (£44.5 million, 2015/16 £40.0 million), including costs for marketing, events and on-site visitor services staff, which promotes footfall to the sites and supports the acquisition and retention of Members.

Our income and expenditure are summarised in the charts to the right.

Our charitable activities, notably operating the sites and monuments for public benefit, including hospitality, are carried out through the English Heritage Trust.

Non-primary purpose trading and taxable activities are carried out by the wholly-owned subsidiary, English Heritage Trading Limited. Non-primary purpose activities include retail and catering as well as sponsorship, filming and licensing. The results from the subsidiary are consolidated on a line-by-line basis in the results of English Heritage (The results are shown in Note 5).

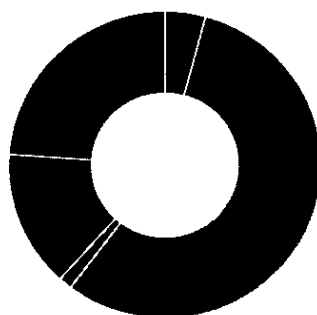
The unrestricted SOFA delivered net income of £2.5 million (2015/16: £0.5 million). The restricted SOFA generated net expenditure of £8.7 million (2015/16: £5.4 million), representing use of the £52 million New Model grant and other restricted funds, which are available for use in accordance with the grantors' and donors' directions. There are over 20 of these funds (see note 31). Overall net expenditure is therefore £6.2 million (2015/16: £4.8 million).

Below the net income/ (expenditure) line, the SOFA reflects the following items:

- **A transfer between restricted and unrestricted reserves of £7.4 million (2015/16: £4.3 million) relating to:**

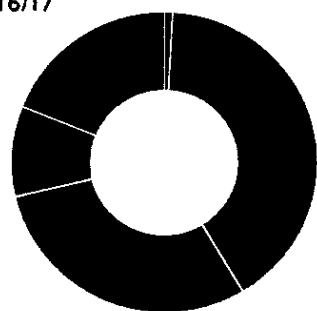
1. the reclassification of capital expenditure from the £28 million New Model grant and other restricted capital funding to unrestricted to reflect the nature of the assets which have been created,

INCOME BY ACTIVITY 2016/17



4.4% Donations and Legacies and Licensing and Sponsorships
56.1% Membership and Admissions
1.4% Conserving our Properties
14.3% New Model (tapering subsidy)
23.8% Running our Properties

EXPENDITURE BY ACTIVITY 2016/17



1.1% Fundraising and Licensing and Sponsorships
40.7% Membership and Admissions
30.1% Conserving our Properties
9.6% New Model (use of £52 million New model grant)
18.5% Running our Properties

2. the release of restricted reserves against qualifying spend in the year

- **Other recognised gains relating to the revaluation of fixed assets (see Notes 9, 15 and 16) of £0.2 million (2015/16: £0.1 million) which are all unrestricted.**

The overall net movement in funds is therefore a surplus of £10.1 million (2015/16: deficit of £1.2 million) on unrestricted reserves and a deficit of £16.1 million (2015/16: £9.5 million) on restricted reserves, which, combined, amount to a deficit of £6.1 million. However, the net asset position of English Heritage remains positive, as shown in the next two sections.

Net movement in funds

Total funds reduced from £72.3 million on 1 April 2016 to £66.2 million on 31 March 2017. This reduction of £6.1 million is largely due to the net effect of expenditure linked to the New Model grant offset by a strong trading performance for the year.

Balance sheet

Funds at 31 March 2017 of £66.2 million (2016: £72.3 million) can be analysed as follows:

- **£55.9 million of restricted reserves.** The reduction in restricted reserves from £72.0 million at the start of the year is due to expenditure on conservation and capital investment during the year, in accordance with the terms of the New Model grant and other restricted funding terms. The year end position consists of the balance remaining of the New Model grant of £53.2m (2016: £69.7 million), followed by the Elizabeth Wagland Fund of £1.1 million (2016: £1.3 million). There are at least twenty (2016: fourteen) further restricted funds, covering individual sites and the blue plaques scheme, which total £1.6 million (2016: £1 million). For details, see Note 31.

■ Unrestricted reserves amount to £10.3 million (2016: £0.3 million). The increase in unrestricted reserves by £10 million from £0.3 million at 1 April 2016 is the effect of:

- Our trading activities resulting in net income of £2.5 million.
- The transfer from restricted reserves of £7.4 million relating to the utilisation of restricted funds, also mentioned above.
- A fixed asset revaluation gain of £0.2 million.

Included in unrestricted reserves is £0.1 million designated reserve in respect of Osborne.

Basis of preparation

In adopting the going concern basis for preparing the financial statements, the Trustees have considered the business activities and principal risks set out in the Report of the Trustees on page 22. The Trustees have reviewed the latest financial forecasts and are satisfied that English Heritage continues to adopt the going concern basis in preparing its financial statements.

Reserves policy

After the end of the Charity's second year of trading, the Trustees have reviewed the reserves policy to determine a realistic and appropriate policy, which:

- Helps safeguard the continuity of the Charity's operations in the event of a significant unexpected disaster
- Is not too restrictive, in order that we continue to maximise the resources we invest in our charitable activities

In determining a realistic level of reserves, the Trustees have assessed the level of risk associated with the main income and expenditure streams, the adequacy of the controls in place to mitigate those risks, and other likely sources of funds available to call on in an emergency. This is balanced by the obligations to continue to invest in order to pursue the objectives of the Charity within a reasonable period of receiving funds. The size of the Charity's reserves is an inherent part of the risk management process and the need for reserves is dependent on our financial position and our assessment of the many risks we face at a particular time.

At the point of its creation, the Charity had minimal free reserves. The aim is, therefore, for the Charity to build-up sufficient free reserves of its own over the term of the Operating Licence, up to 31 March 2023. To do so, our long-term goal is to improve our operating performance – and so increase the level of reserves – and to ensure that, as far as possible, restricted funds are used before unrestricted ones.

Currently, the target level for free reserves is set at £5 million, and the intention is to achieve this in six years' time.

Pension

English Heritage makes contributions into a defined contribution pension scheme administered by Legal and General Assurance Society Limited, which was set up for new employees from 1 April 2015.

The Charity also contributes to the Civil Service Pension arrangements for employees who transferred under TUPE to the new Charity from 1 April 2015. Under the government New Fair Deal agreement these employees retain eligibility for the Principal Civil Service Pension Scheme (PCSPS) arrangements following transfer. The arrangements comprise a number of different schemes, most of which are defined benefit and a small minority are defined contribution, with employer contributions varying depending on the specific scheme. Contribution levels are determined by Cabinet Office, which, through the PCSPS, is responsible for the liabilities under the various schemes.

Investments

Our investments are held as cash deposits with banks. The policy is to place funds on deposit with the larger London-based UK banks. Monies are deposited for a range of time-periods in accordance with working capital needs. The longest notice period for any deposit is twelve months. The undrawn balance of the New Model grant (£51.3 million at 31 March 2017) is held by the Government Banking Service (GBS), does not earn interest, and can be drawn down on demand. The balance of unrestricted funds at 31 March 2017 was £15.6 million, deposited with commercial banks (see Note 23).

Supplier payments policy

English Heritage observes the principle of paying supplier invoices in accordance with contractual obligations or, where no such conditions exist, within thirty days of the later of the receipt of goods and services or of a valid invoice. Our policy is to pay all invoices not in dispute in accordance with these arrangements. Payment runs are twice weekly. In 2016/17, 91% (2015/16: 88%) of invoices were paid within 30 days of date of invoice and 95% (2015/16: 92%) within 40 days.

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is key to successfully delivering our strategy and developing a sustainable charity. Our risk management strategy includes: a detailed review of the corporate risk register by the Audit and Risk Committee at each of its meetings; an annual review by the full Board of Trustees, as well as a high-level review of the top ten risks at all other meetings of the full Board; and the development of systems and procedures to mitigate identified risks and to minimise any potential impact should any risks materialise.

The principal risks facing English Heritage, and how they are being managed, are considered to be:

- **Financial sustainability.** The risk to being able to fulfil our charitable objectives by continuing as a going concern is controlled by ensuring budgets are balanced. Projections over the term of the Operating Licence are regularly reviewed and updated. Income diversification, notably to increase fundraising and commercial revenues, and cost control and efficiency savings, are a priority. The United Kingdom's exit from the European Union brings additional risk, as well as potential opportunities.
- **Organisational stretch.** Overstretched resources could adversely impact both the visitor experience and employee relations. We focus on

ensuring that we have the right combination and number of roles to support delivery of the business plan, and projects are carefully prioritised by the Senior Management Team in support of our strategic goals, notably with regard to delivering the investment and conservation programmes needed to attract visitors and grow the Member base. An additional risk is ensuring the smooth relocation of our London office in 2017, which is being managed by a dedicated team of specialists.

- **Employee relations.** Maintaining good relations with our employees is essential and we do this by means of regular newsletters, team briefings, staff conferences, and meetings with our two recognised trades unions, in order to cascade information about business performance and plans for the future, and to invite feedback. We have developed a People Plan, through which we aim to attract and retain a highly motivated, diverse workforce, fully engaged with English Heritage and its strategic goals, and which includes effective succession planning.
- **Technology and digital.** Insufficient focus on technology and digital may mean the technology infrastructure will be unable to fully support the growth of the Charity. An Investment Board has been created to oversee delivery of IT projects in support of our strategy. An Information Security Management Group has also been established to ensure there is effective management of information risk, including defending our IT systems from attack and protecting personal data from unauthorised access and misuse.

- **Health and safety.** English Heritage takes its duty of care to members of the public and to its employees extremely seriously. We have an

excellent track record in preventing harm to members of the public, staff and volunteers. Disaster recovery plans and health and safety policies are regularly reviewed by the Senior Management Team and the Board, and robust training programmes exist, to ensure compliance with best practice to minimise the risk of incidents.

- **External perils.** We are conscious of the impact that external factors such as bad weather and public health incidents would have on our sites, most of which are outdoors in rural settings. Although we believe these risks to be relatively low, we manage them by adapting our marketing strategies to weather forecasts and continually updating our business continuity plans.
- **Above all, we recognise that we are enormously dependent on the goodwill of the general public to visit our sites.** We are conscious of the need to make our sites accessible to as wide an audience as possible and we do this by considering opening hours, pricing, the range of activities and events available for visitors to enjoy, and by considering visitor feedback on their experience. Additionally, like all tourist attractions, we are vulnerable to terrorism threats and economic factors such as an economic downturn and exchange rate fluctuations deterring overseas customers. We regularly review our major incident plans, share information with the police, and perform stress tests and sensitivity analysis on our operating model to understand how the Charity could cope in the event that such a major risk materialises, given the current low level of free reserves.

The Trustees are content that risks are being appropriately managed.

FUTURE PLANS

We are focused on safeguarding our priceless collection of sites and monuments across England. But this is hugely expensive.

Conserving the nation's collection of historic sites and monuments for current and future generations to appreciate and enjoy is a significant responsibility with substantial, ongoing financial obligations. Our expenditure on conserving our properties is increasing, partly funded by the £52 million New Model grant. However, the grant was originally proposed to cover high-priority defects identified in 2010 and, since then, new defects have emerged that naturally occur over time. In 2017/18 we are

therefore reviewing our Conservation Management Plan to improve our understanding of the scale of the conservation deficit, and update our strategy accordingly. Additional money raised from fundraising will be key to achieving our plans.

In 2017/18 we are in our third year of trading as an independent charity and we will be reflecting on our first two years of successful performance to identify how we can improve the way we work in order to ensure our goal of achieving financial sustainability by 2022/23 remains attainable. Key to this will be a stronger trading performance.

In 2017/18 we will be investing in myriad new projects across England, including conservation work at the Iron Bridge in Shropshire, Wrest Park in Bedfordshire, Hurst Castle in Hampshire and Brodsworth Hall in Yorkshire, with new interpretations at Framlingham Castle in Suffolk, St Augustine's Abbey in Kent, and Hailes Abbey in Gloucestershire.

Our investment in technology and digital will cover upgrading the content management system for our website, improving our IT networks, especially at sites, as well as introducing Wi-Fi at key locations.

Set out below is how we have progressed in 2016/17 against delivery of our Strategic Plan.

	WHERE WE WERE THEN (2015/16)	WHERE WE ARE NOW (2016/17)	WHERE WE WANT TO GET TO (2018/19)
USE OF £52M CONSERVATION MAINTENANCE GRANT	12%	31%	72%
USE OF £28M CAPITAL INVESTMENT, INTERPRETATION & PRESENTATION GRANT	15%	38%	85%
MEMBERSHIP BASE ¹	876K	918K	1,052K
TRADING SURPLUS	26.3%	27.0%	29.7%
FUNDRAISED INCOME ²	£3.2M	£7.7M	£30M
NUMBER OF VISITORS	5.85M	5.88M ³	6.25M
VISITOR EXPERIENCE ⁴	8.72	8.82	8.83
NUMBER OF VOLUNTEERS	2.0K	2.7K	5K

¹ Average number of Members during financial year, calculated as new Members in the year plus renewals plus life Members. ² Cumulative from 2015/16.

³ 2016/17 figure includes no Easters, however for the first time does include visitors to third-party events held at our properties. ⁴ Mean score for Overall Visitor Experience based on a scale of 1–10, where 10 = excellent – 2016 English Heritage Visitor Survey.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The legal entity now known as English Heritage was originally established as a charitable company limited by guarantee and incorporated on 22 November 2010 as the English Heritage Foundation and registered as a charity with the Charity Commission on 10 February 2011. Its original aim was to drive fundraising for the preservation of the National Heritage Collection. On 12 December 2014, following agreement from Government, the New Model for English Heritage was adopted and revised Articles of Association were signed, changing its objectives to conserve and manage the estate and open it to the public. Its name was changed to English Heritage and its sole legal member is Historic England.

Appointment of Trustees

The Trustees, for the purposes of charity law, are also its directors. The Trustees consist of at least seven and not more than fifteen individuals, who will be drawn from Historic England Commissioners, Historic England employees and independent Trustees. Up to seven Trustees may be drawn from Historic England Commissioners or Historic England employees, although such Trustees must always remain a minority. All Trustees are appointed by Historic England.

Current Trustees have experience and knowledge of our wide range of activities, including heritage and buildings conservation, architecture, the visual arts, the history of England, education and learning, as well as finance, business, law, social media, IT, insurance, marketing and fundraising.

Trustees are normally appointed for four years and may be re-appointed for a further term of four years. Only in exceptional cases will Historic England consider a third term. Vacancies for independent Trustees are publicly advertised.

The Trustees elect a Chairman from amongst their number. The Chairman holds office for four years or as long as they remain a Trustee, whichever period is shorter, and will be eligible for re-appointment at the end of their term of office.

Trustees' Induction and Training

New Trustees receive extensive background material to familiarise themselves with the history and activities of English Heritage, as well as Charity Commission documentation to inform them of their responsibilities and obligations under charity law. In addition, they are briefed by the Chief Executive and the Senior Management Team on the key policy and operational issues facing English Heritage.

Organisation

The Board of Trustees meets formally each quarter and there is also a discussion day at which strategy is reviewed. At each meeting the Board considers a full report from the management team, including strategic development, financial performance, risk, and health and safety. Additionally, as appropriate, the Board considers progress on current and future projects, in particular the expenditure of the £80 million New Model grant, governance, and the annual budget and longer-term financial forecasts. The Board also reviews the minutes of the two subcommittees below as well as receiving an annual report from the Chairman of the Audit and Risk Committee. Trustees also receive monthly performance reports from the Chief Executive in between board meetings in order to keep them up to date with financial performance and key issues. The Senior Management Team attends Board meetings.

The Trustees delegate day-to-day management of English Heritage to the Senior Management Team.

The Board has established two subcommittees. These committees have advisory powers and decision-making is retained by the Board.

The Audit and Risk Committee was established in June 2015 in order to support the Board and Chief Executive in their responsibilities for maintaining sound risk management, control and governance arrangements. In particular, the committee advises on the financial accounting and external reporting processes, and external audit; the effectiveness of risk management and control systems and internal audit; and the effectiveness of anti-fraud and whistle-blowing arrangements. The committee meets at least three times a year. Trustee members of the Audit and Risk Committee are Ian McCaig (Chairman), James Twining, Sarah Staniforth CBE and Sir Tim Laurence (ex-officio member). Nicola Shaw CBE and Robert Boyle are co-opted members of the committee.

The Remuneration and Appointments Committee was established in May 2016 to oversee English Heritage's reward and remuneration policy and ensure the Chief Executive and members of the Senior Management Team are fairly rewarded for their individual contributions. The committee also leads on the selection of future Trustees, whose appointment rests with Historic England. The committee will meet not less than twice a year. Trustee members of the Remuneration and Appointments Committee are Charles Gurassa (Chairman), Victoria Barnsley OBE and Sir Tim Laurence. Martin Moore and Peter Blausten are co-opted members of the committee.

Trustee Board attendance

Sir Tim Laurence	4/4
Alex Balfour	3/4
Victoria Barnsley	4/4
Charles Gurassa	4/4
Sukie Hemming	4/4
Professor Ronald Hutton	4/4
Kate James-Weed	4/4
Sir Laurie Magnus	4/4
Ian McCaig	4/4
Malcolm Reading	4/4
Sarah Staniforth	4/4
James Twining	4/4

English Heritage Trading Limited

English Heritage has a wholly owned subsidiary, English Heritage Trading Limited that carries out non-primary trading, including retail, catering and sponsorship. Each year, it distributes its entire profits to the Charity by way of Gift Aid.

Our People

We recognise our employees as our most valuable resource and strive to work in a manner that acknowledges this.

Crucial to this is making sure that staff are fully engaged with how we operate, so we use staff surveys to ask for their input. The latest, in February 2017, showed that 91% of employees are proud to work for English Heritage. The full results, including concerns about pay and reward, were fed back to both staff and the Senior Management Team, and will be addressed as part of our People Plan.

Equality and diversity are also of paramount importance to us. We work to ensure that selection for a job, promotion, training or any other benefit is available to all on the basis of aptitude and capability. And we make reasonable adjustments to allow our employees to compete on an equal basis. Our focus now is to increase diversity in our workforce in order to better reflect the communities in which we work.

Appointment of Auditors

The Comptroller and Auditor General has expressed his willingness to continue in office and a resolution to reappoint him will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

STATEMENT OF BOARD OF TRUSTEES' AND ACCOUNTING OFFICER'S RESPONSIBILITIES

The Trustees (who are also directors of English Heritage Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the accounts in accordance with applicable law and regulations. Company law requires the Trustees to prepare accounts for each financial year. Under that law, the Trustees have prepared the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts.

- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group, and enable them to ensure that accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Accounting Officer for Historic England has designated the Chief Executive as the Accounting Officer for the Charity. Her relevant responsibilities as Accounting Officer include her responsibility for the propriety and regularity of the public finances for which she is answerable, for the keeping of proper records and for safeguarding the Charity's assets, as set out in Managing Public Money issued by HM Treasury.

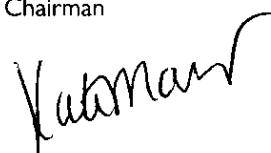
As far as the Board of Trustees and Accounting Officer are aware:

- (a) there is no relevant audit information of which the company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Annual Report, including the Strategic Report, was adopted by the Trustees (in their capacity as company directors) and signed on their behalf by:



Sir Tim Laurence
Chairman



Kate Mavor
Chief Executive

15 June 2017

REFERENCE AND ADMINISTRATIVE DETAILS

BOARD OF TRUSTEES

Vice Admiral Sir Tim Laurence
KCVO, CB, ADC (Chairman)
Alex Balfour
Victoria Barnsley (Howard) OBE
Charles Gurassa
Sukie Hemming
Professor Ronald Hutton
Kate James-Weed
Sir Laurie Magnus
Ian McCaig
Malcolm Reading
Sarah Staniforth CBE
James Twining

SENIOR MANAGEMENT TEAM

Kate Mavor, Chief Executive
Anna Eavis, Curatorial Director
Shirley Jackson, Commercial Director
Linda Kilroy, Estates Director
Luke Purser, Development Director
Tracey Reed, Historic Properties Director
Mark Stuart-Smith, Resources Director
Luke Whitcomb, Marketing Director

AUDIT AND RISK COMMITTEE

Ian McCaig (Chairman)
Robert Boyle
Sir Tim Laurence (ex officio member)
Nicola Shaw CBE
Sarah Staniforth CBE
James Twining

REMUNERATION AND APPOINTMENTS COMMITTEE

Charles Gurassa (Chairman)
Victoria Barnsley (Howard) OBE
Peter Blausten
Sir Tim Laurence
Martin Moore (resigned with effect from 30 June 2017)

DIRECTORS OF ENGLISH HERITAGE TRADING LIMITED

Sir Tim Laurence (Chairman)
Victoria Barnsley (Howard) OBE
Charles Gurassa
Sir Laurie Magnus
Kate Mavor
Martin Moore (resigned with effect from 30 June 2017)

BLUE PLAQUES PANEL

Professor Ronald Hutton (Chairman)
Sir Peter Bazalgette
Dr Gus Casely-Hayford
Professor Martin Daunt
Mr Greg Dyke
Professor Jane Glover CBE
Mr Rupert Hambro CBE
Dr Rebekah Higgitt
Dr Rosemary Hill
Mr Alan Hollingshurst
Mr Philip Mould OBE
Professor Lynda Nead
Professor Lord Winston
(until 31 March 2017)

OFFICES

The Engine House, Fire Fly Avenue
Swindon SN2 2EH
(Registered Office)

1 Waterhouse Square,
138-142 Holborn, London
EC1N 2ST

The Axis
10 Holliday Street, Birmingham
B1 1TG

29 Queen Square
Bristol, BS1 4ND

Brooklands
24 Brooklands Avenue
Cambridge, CB2 8BU

Eastgate Court
195-205 High Street
Guildford, GU1 3EH

Bessie Surtees House
41-44 Sandhill
Newcastle-upon-Tyne, NE1 3JF

Wrest Park
Silsoe, Bedfordshire
MK45 4HR

37 Tanner Row
York
YO1 6WP

ENGLISH HERITAGE TRUST

Charity number: 1140351
Company number: 07447221

ENGLISH HERITAGE TRADING LIMITED

Company number: 02970369

AUDITORS

National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

BANKERS

HSBC Holdings plc
Keith House, 133 Regent Street
London, W1B 4HX

Santander UK plc
Bootle, Merseyside
L30 4GB

Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh, EH2 2YB

Close Brothers Group plc
4th Floor, 10 Crown Place
London, EC2A 4FT

Lloyds Bank plc
25 Gresham Street, London
EC2V 7HN

Barclays Bank plc
1 Churchill Place, London
E14 5HP

SOLICITORS

Mills & Reeve LLP
1 St James Court
Whitefriars
Norwich NR3 1RU

Bond Dickinson LLP
4 More London Riverside
London, SE1 2AU

Shoosmiths LLP
Witan Gate House
500-600 Witan Gate West
Milton Keynes
MK9 1SH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGLISH HERITAGE TRUST

I have audited the financial statements of English Heritage Trust for the year ended 31 March 2017 which comprise the Consolidated and Charity Statement of Financial Activities (including the Income and Expenditure Account), the Consolidated and Charity Balance Sheet, the Group and Charity Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Trustees, Accounting Officer and the auditor

As explained more fully in the Statement of Board of Trustees' and Accounting Officer's Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) and Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the

accounting policies are appropriate to the group and English Heritage Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and the English Heritage Trust's affairs as at 31 March 2017 including its income, expenditure and net income/ (expenditure) position; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the financial transactions recorded in

the financial statements conform to the authorities which govern them.

Opinion on other matters

In my opinion the information given in the Annual Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by English Heritage Trust or returns adequate for my audit have not been received from branches not visited by my staff; or
- the 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
- I have not received all of the information and explanations I require for my audit



Peter Morland
(Senior Statutory Auditor)
For and on behalf of the
Comptroller and Auditor General
26 June 2017
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

FINANCIAL STATEMENTS

Consolidated Statement of Financial Activities (including consolidated Income and Expenditure Account) for year ending 31 March 2017

	Note	Unrestricted 2016/17 £'000	Restricted 2016/17 £'000	Total 2016/17 £'000	Total 2015/16 £'000
INCOME FROM:					
Donations and Legacies	3a	1,662	1,829	3,491	2,497
Charitable Activities					
Conserving our Properties	3a	1,483	-	1,483	1,594
Membership and Admissions	3a	57,783	-	57,783	52,835
New Model	2, 3a	14,671	-	14,671	15,817
Other Trading Activities					
Running our Properties	3a	24,473	-	24,473	21,816
Licensing and Sponsorship	3a	1,046	-	1,046	707
Investments	3a, 4	26	22	48	136
Other Income	3a	-	-	-	9
Total		101,144	1,851	102,995	95,411
EXPENDITURE ON:					
Raising Funds					
Fundraising	6a	(905)	-	(905)	(642)
Running our Properties	6a	(20,090)	(123)	(20,213)	(18,340)
Licensing and Sponsorship	6a	(272)	-	(272)	(156)
Charitable Activities					
Conserving our Properties	6a	(31,869)	(986)	(32,855)	(33,555)
Membership and Admissions	6a	(44,466)	-	(44,466)	(40,049)
New Model	2, 6a	(1,015)	(9,484)	(10,499)	(7,517)
Total		(98,617)	(10,593)	(109,210)	(100,259)
Exceptional Non-Operating Gain/(Loss)	9	-	-	-	(5,918)
Transfers between funds	10	7,373	(7,373)	-	-
OTHER RECOGNISED GAINS/(LOSSES):					
Gain on revaluation of fixed assets	15, 16	154	-	154	119
RECONCILIATION OF FUNDS:					
Total funds brought forward		277	72,030	72,307	82,954

The statement of financial activities includes all gains and losses recognised in the year and all income and expenditure derives from continuing activities.

English Heritage Trust Statement of Financial Activities (including Income and Expenditure Account) for year ending 31 March 2017

	Note	2016/17 Unrestricted £000	2016/17 Restricted £000	2016/17 Total £000	2015/16 Total £000
INCOME FROM:					
Donations and Legacies					
Fundraising	3b	3,858	1,829	5,687	5,564
Charitable Activities					
Conserving our Properties	3b	1,483	-	1,483	1,594
Membership and Admissions	3b	57,783	-	57,783	52,835
New Model	2,3b	14,671	-	14,671	15,817
Other Trading Activities					
Running our Properties	3b	12,642	-	12,642	12,919
Licensing and sponsorship	3b	302	-	302	-
Investments	3b,4	26	22	48	136
Other Income	3b	-	-	-	9
Total		90,765	1,851	92,616	88,874
EXPENDITURE ON:					
Raising Funds					
Fundraising	6b	(1,083)	-	(1,083)	(642)
Running our properties	6b	(11,832)	(123)	(11,955)	(11,959)
Licensing and sponsorship	6b	(59)	-	(59)	-
Charitable Activities					
Conserving our Properties	6b	(30,884)	(986)	(31,870)	(33,555)
Membership and Admissions	6b	(43,365)	-	(43,365)	(40,049)
New Model	2,6b	(1,015)	(9,484)	(10,499)	(7,517)
Total		(88,238)	(10,593)	(98,831)	(93,722)
Exceptional Non-Operating Gain/(Loss)					
	9	-	-	-	(5,918)
Transfers between funds					
	10	7,373	(7,373)	-	-
OTHER RECOGNISED GAINS/(LOSSES):					
Gain on revaluation of fixed assets	15,16	154	-	154	119
RECONCILIATION OF FUNDS:					
Total funds brought forward		277	72,030	72,307	82,954

The statement of financial activities includes all gains and losses recognised in the year and all income and expenditure derives from continuing activities.

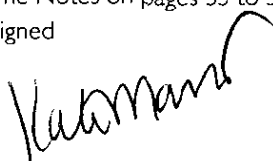
Consolidated and Charity Balance Sheet as at 31 March 2017

	Note	Group 2016/17 £'000	Charity 2016/17 £'000	Group 2015/16 £'000	Charity 2015/16 £'000
Fixed Assets					
Intangible assets	15	1,136	1,136	1,162	1,162
Tangible assets	16	12,958	12,958	6,909	6,909
Heritage assets	17	81	81	81	81
Investments	20a	-	2,028	-	2,028
Total Fixed Assets		14,175	16,203	8,152	10,180
Current Assets					
Stocks	21	6,416	50	6,516	54
Debtors	22	7,724	12,438	6,508	11,276
Current asset investments	20b	1,240	1,240	1,217	1,217
Cash at bank and in hand	23	66,967	66,443	79,506	79,397
Total Current Assets		82,347	80,171	93,747	91,944
Liabilities					
Creditors: amounts falling due within one year	27,29	(28,403)	(28,255)	(27,496)	(27,721)
Net Current Assets		53,944	51,916	66,251	64,223
Total Assets Less Current Liabilities		68,119	68,119	74,403	74,403
Creditors: amounts falling due after more than one year	28,29	(1,863)	(1,863)	(2,084)	(2,084)
Provisions for liabilities	30	(10)	(10)	(12)	(12)
The funds of the charity					
Restricted Funds	31	55,915	55,915	72,030	72,030
Unrestricted Funds					
Financial Asset Reserve		-	2,028	-	2,028
Revaluation Reserve		273	273	119	119
Designated Funds		149	149	149	149
General Fund		9,909	7,881	9	(2,019)
Total Unrestricted Funds	31	10,331	10,331	277	277

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011.

The Notes on pages 33 to 58 form part of these accounts.

Signed



Kate Mavor
Chief Executive



Sir Tim Laurence
Chairman

Approved by the Trustees on 15 June 2017

Group and Charity Statement of Cash Flows for year ending 31 March 2017

	Note	Group 2016/17 £'000	Charity 2016/17 £'000	Group 2015/16 £'000	Charity 2015/16 £'000
Net income/(expenditure) for the reporting period (as per the SOFA)		(6,061)	(6,061)	(10,647)	(10,647)
Adjustments for:					
Exceptional Loss	9	-	-	5,918	5,918
Depreciation and Impairment Charges	15,16	1,187	1,187	1,080	1,080
(Gains) on fixed assets	15,16	(163)	(163)	(119)	(119)
Interest from investments	3a,3b	(48)	(48)	(136)	(136)
(Profit) on disposal of fixed assets	3a,3b	(3)	(3)	(9)	(9)
(Increase)/Decrease in stocks	21	100	4	(6,516)	(54)
(Increase) in debtors	22	(1,216)	(1,162)	(6,011)	(10,779)
Increase in creditors	27,28	686	313	28,823	29,048
Increase/(Decrease) in provisions	30	(2)	(2)	12	12
(Loss) on net assets transferred by absorption	9	-	-	(9,111)	(11,139)
Net cash provided by operating activities		(5,520)	(5,935)	3,284	3,175
Cash flows from investing activities:					
Interest from investments	3a,3b	48	48	136	136
Proceeds from the sale of property, plant and equipment	15,16	13	13	15	15
(Purchase) of property, plant and equipment	15,16	(7,057)	(7,057)	(6,147)	(6,147)
Proceeds from transfer of Historic England cash floats	9	-	-	221	221
(Purchase) of investments	20b	(23)	(23)	(1,117)	(1,117)
Net cash (used in) investing activities		(7,019)	(7,019)	(6,892)	(6,892)
Change in cash and cash equivalents in the reporting period		(12,539)	(12,954)	(3,608)	(3,717)
Cash and cash equivalents at the beginning of the reporting period		79,506	79,397	83,114	83,114

NOTES TO THE FINANCIAL STATEMENTS

I Statement of Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year.

a) 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' and the Companies Act 2006.

The English Heritage Trust meets the definition of a public benefit entity.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy Note.

b) Preparation of the accounts on a going concern basis

In adopting the going concern basis for preparing the financial statements, the Trustees have considered the business activities and principal risks set out in the Report of the Trustees on page 22. The Trustees have reviewed the latest financial forecasts and are satisfied that English Heritage continues to adopt the going concern basis in preparing its financial statements.

c) Group financial statements

The financial statements consolidate the results of the English Heritage Trust (the Charity) and its wholly owned subsidiary, English Heritage Trading Limited (EHTL) (together English Heritage), company number 02970369, on a line by line basis. The results of the company can be found at Note 5.

d) Income

Income is shown within five categories in the Statement of Financial Activities:

- Donations and Legacies
- Charitable Activities
- Other Trading Activities
- Investments
- Other Income

A brief description of the items contained within these headings is as follows:

Donations and Legacies

Legacies are recognised when entitlement to the income exists, it is probable that the legacy will be received, and it is possible to estimate the amount receivable with sufficient accuracy. Receipt is determined as probable when there has been grant of probate; the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and any conditions attached to the legacy are either within the control of English Heritage or have been met.

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. The nature of donations received by English Heritage means this is usually upon receipt.

Charitable Activities

Income from charitable activities is primarily made up of income generated by admissions to sites and membership income. However, this category also includes grants received, as well as rents and service charges received from tenants. Income received under the New Model arrangements is also included here.

Income generated by admissions to sites is recognised at point of sale.

Annual income received from Members is recognised in the SOFA over the period to which the membership relates. Life membership subscriptions received are credited to the Charity's Balance Sheet and released to the SOFA in ten equal annual instalments. This represents a change from the policy of Historic Buildings and Monuments Commission for England (Historic England), which was to recognise this income over 25 years. However, a review of this area during 2015/16 arrived at the conclusion that it was more appropriate for the income to be recognised over a ten-year period. This change brings the Charity's accounting policy into line with comparable organisations. Surveys of life members, and analysis of available data, indicates that life members enjoy the majority of their membership benefits in the first ten years of their

arrangement. The Charity therefore feels it is appropriate to use ten years as the relevant period over which to allocate the life membership income.

Income from grants is accounted for on a receivable basis, when the Charity has certain and measurable entitlement to the income (ie, the conditions for its award have been satisfied).

Rent and service charge income, which is due from tenants who rent property owned by the Charity, is accounted for in the appropriate period. Any income received from tenants in advance is treated as being deferred income at the conclusion of the financial year.

As part of the New Model arrangements, which took effect on 1 April 2015, the Charity received a subsidy from its parent, Historic England. This income will be payable, on a steadily decreasing basis, for a further five-year period. The intention is that the Charity will have expanded its business activities and become profitable enough to have no further need of a subsidy at the end of the seven-year period ending 31 March 2022.

The subsidy income received from Historic England has been classified as support for the Charity's charitable activities in these financial statements.

Other Trading Activities

Much of this income is generated in EHTL. Income is primarily comprised of income generated by the Retail and Catering operations at English Heritage trading sites, with turnover relating to sales of goods and souvenirs, guidebooks and catering products at sites and online. Income is recognised in the period in which a sale is made.

Licensing and Sponsorship income is also included in this category, with income being recognised in line with the terms of the agreement.

Also included in other trading activities is income from wedding bookings, holiday cottage lets and hospitality events. This is recognised in the accounting period to which the income relates.

Investments

Interest on funds held on deposit is accounted for when receivable and the amount can be measured reliably by English Heritage; this is normally upon notification of the interest paid or payable by the bank.

Other income

Other income includes the net gains arising on disposal of fixed assets.

Deferred income

Individual income items over £10,000 are reviewed in the month in which they arise to ensure that they are recognised in the correct accounting period.

e) Gift Aid

Gift Aid income is received by the Charity via three sources, as noted below:

Gift Aid on admissions

Gift Aid that arises on admission income received is claimed from HM Revenue and Customs (HMRC) each month. The Gift Aid income is recognised when it is processed through each trading site's tills. This produces a debtor balance in the Charity's books, which is cleared each month when applications are made to HMRC for the amount owed to the Charity.

Gift Aid on memberships

Gift Aid that arises on membership income received is claimed from HMRC each month. The Gift Aid income is recognised when the membership application or renewal is processed by the Charity's membership team. The debtor balance that arises in the Charity's books is subsequently cleared each month when an application is made to HMRC for the amount owed to the Charity.

Gift Aid on donations

Gift Aid that arises following the receipt of donations made to the Charity is recognised when the claim is made to HMRC. As the value and volume of these items is low, claims are made quarterly.

f) **Fund Accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of English Heritage.

Designated funds are unrestricted funds of English Heritage earmarked by the Trustees for particular purposes.

Restricted funds are donations that the donor has specified are to be solely used for particular areas of English Heritage's work.

The New Model Restricted Fund relates to the government grant of £80m received in 2014/15 in order to address conservation defects at historic properties and to make capital investments over the eight years of the New Model agreement.

Funds held within the Elizabeth Wagland Fund are subject to the restrictions imposed under the terms of the Elizabeth Wagland Fund subsequently amended by a cy-pres scheme on 2 July 2012.

g) **Expenditure**

Expenditure is accounted for on an accruals basis and is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All assets are reviewed annually to ensure that the carrying value remains appropriate. Indexation, revaluation and impairment adjustments are made where the figure calculated is material, and any necessary amendments to the assets' valuations are included in the financial statements.

h) **Apportionment of income, expenditure and support costs**

In accordance with the requirements of FRS 102, English Heritage has developed a model to apportion support and other expenditure across its main activities which can be found in Note 6.

Where costs cannot be directly attributed to an activity, they have been allocated and apportioned to an activity on a basis consistent with the use of those resources. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of English Heritage but are not directly attributable to charitable activities or raising funds. Support costs include finance, HR, payroll and governance costs that support English Heritage's charitable remit.

Support costs have either been directly allocated according to activity, or have been apportioned based on that activity's share of costs, pro-rated according to staff numbers or expenditure.

Following this allocation of support costs, English Heritage's total expenditure has then been apportioned across its main activities in a manner that management feels is most appropriate.

English Heritage's income has also been apportioned using the same methodology, meaning that Note 7 therefore shows the net income or expenditure for each of English Heritage's main activities.

i) **Fixed Assets**

Intangible Assets and Systems Development

Licences to use software purchased from third parties with a life of more than one year are shown on the Balance Sheet as intangible assets and amortised over the life of the licence or the life of the related asset where there is no licence expiry date. Annual licences to use software are charged to the SOFA as they are incurred. Systems development is capitalised and amortised over its useful economic life.

Property, Plant and Equipment

Individual assets with an economic life of more than one year are capitalised and depreciated over their estimated useful economic lives on a straight line basis. Any unrealised gain on revaluation at the Balance Sheet date is taken directly to the Revaluation Reserve.

Unrealised losses at the Balance Sheet date are written off against the proportion of the credit balance on the reserve that relates to the assets concerned. Any other unrealised losses are charged to the SOFA.

Plant and Machinery, Information Systems and Furniture and Fittings

Plant and machinery, information systems equipment, furniture and fittings are initially recorded in the Balance Sheet at cost. Subsequent expenditure of more than £5,000 is recorded on the Balance Sheet if the expenditure enhances the economic benefits of the asset.

These assets are reviewed annually to ensure that the carrying value remains appropriate. Indexation, revaluation and impairment adjustments are made where the adjustment is material.

Assets Under Construction

Assets under construction comprise expenditure on the creation or enhancement of Fixed Assets not brought into use at the Balance Sheet date. Transfers are made from Assets Under Construction to the relevant category of Fixed Asset when the asset is brought into use.

Heritage Assets, Artefacts and Archives

Heritage assets are held in pursuit of overall objectives in relation to the enjoyment and preservation of heritage. Artefacts and archives are recognised at cost or, where donated, at the prevailing current market value at the time of donation. Expenditure that, in English Heritage's view, is required to preserve or prevent further deterioration of individual collection and archive items is recognised in the SOFA as it is incurred.

Donated Assets

Assets donated by third parties, either by gift of the asset or by way of funds for the asset, will be treated as Fixed Assets and held at current market value on receipt. Donated assets are revalued and depreciated in the same way as other Fixed Assets.

Depreciation and Amortisation

Depreciation is provided on property (excluding land and assets under construction), plant, machinery, information systems equipment, furniture and fittings, and amortisation is provided on software licences and systems development, in equal amounts each year, in order to write down their cost to their estimated residual value over their anticipated useful economic lives. These are as follows:

Intangible Assets	
Software licences	3–10 years
Systems development	4–10 years
Tangible Assets	
Permanent or brick/stone buildings	50 years
Other non-brick/stone structures	20–40 years
Paths, car parks, playgrounds	20–25 years
Gardens	20–50 years
Refurbishments	10–20 years
Exhibitions and interpretations	5–20 years
Plant and machinery	5–25 years
IT equipment, furniture and fittings	4–20 years

When considering anticipated useful economic lives, regard is given to the requirement of Section 17 of FRS102, to identify assets that have distinct major components with substantially different useful economic lives. Where such assets are identified, separate useful economic lives for component assets are considered.

Revaluation

The values of Fixed Assets are reviewed annually using relevant indices as at 31 March. Any change in value is reflected in the relevant reserve.

j) Investments in Subsidiary

Investments in subsidiary undertakings are held at fair value. Any unrealised gain at the Balance Sheet date is taken directly to reserves.

Unrealised losses at the Balance Sheet date are written off against the proportion of any credit balance that relates to the investment concerned. Any other unrealised losses are charged to the SOFA.

k) Financial Instruments

English Heritage only holds basic financial instruments that are valued at amortised cost.

l) Stocks

Goods held for resale are stated at the lower of current replacement cost and net realisable value. Origination costs of internally produced publications for resale are written off over the first print run.

m) Operating Leases

Operating lease costs are charged to the SOFA as incurred.

n) **Cash at Bank and in Hand**

Cash comprises cash on hand and on-demand deposits. Cash equivalents are investments with a short-term maturity of less than three months from the date of acquisition. Cash that is surplus to immediate requirements is placed on deposit in accordance with English Heritage's Investment Policy.

o) **Current Asset Investments**

Current asset investments are measured at fair value and are defined as any amount placed on an account with a notice period of more than three months and less than one year. All deposits are held in sterling accounts.

p) **Pension costs**

Staff working for English Heritage whose contracts of employment transferred from Historic England on 1 April 2015 remain in the Principal Civil Service Pension Scheme (PCSPS). This is a multi-employer benefit scheme. Staff who joined English Heritage after 1 April 2015 are entitled to join the English Heritage Group Personal Pension Plan, a collection of defined contribution personal pension plans administered by Legal and General Assurance Society Limited. Employer pension costs are charged to the SOFA as they are incurred.

q) **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid, net of any trade discounts due.

r) **Creditors and Provisions**

Creditors and provisions are recognised where English Heritage has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably.

s) **Significant Accounting Estimates and Judgements**

Key sources of estimation, uncertainty and judgements made in applying accounting policy exist in estimations of employee leave accruals and the period over which life memberships are deferred.

t) **Legal Status of English Heritage**

English Heritage is a company limited by guarantee and has no share capital. In the event of English Heritage being wound up, the liability in respect of the guarantee is limited to £1 for the sole legal member of English Heritage, which is Historic England.

2 New Model

English Heritage was established as an independent charity, with effect from 1 April 2015, underpinned by the New Model Framework Arrangement (New Model) between English Heritage and Historic England. Under the New Model, English Heritage is given a licence for eight years to operate the National Heritage Collection (the Collection) (which will remain in Historic England's ownership), with the freedom to pursue its own strategy in order to achieve financial self-sufficiency by 2023.

The funding arrangement of the New Model covers the one-off payment of the government grant of £80 million, together with tapering annual revenue payments that contributes towards English Heritage meeting its objective of becoming financially self-sufficient by 2023.

The £80 million grant is structured as restricted funds, meaning it can only be used for the specific purposes for which it has been designated, which are:

- £52 million for addressing the most urgent top three categories of conservation defects in the collection as identified in the Charity's Asset Management Plan (AMP).
- £28 million on new commercial capital investments such as visitor facilities and infrastructure (£18 million), as well as on updating the presentation and interpretation of small and medium sized sites that would not normally qualify for commercial investment (£10 million).

Under the New Model, the operational risk of running the Collection is transferred to English Heritage.

The amount of the £80 million government grant spend in 2016/17 is shown in the table below:

Element of spend of £80 million government grant	2016/17 £'000	2015/16 £'000
£52 million	9,484	6,092
£18 million	5,374	3,631
£10 million	1,060	603

In addition to the one-off grant of £80 million, the Charity receives New Model tapering subsidy on a diminishing basis over the eight year term of the funding agreement. This amounted to £14.4 million in 2016/17 (2015/16: £15.5 million), net of the income as per note 3b.

Further details of the work accomplished as a result of the New Model during the year are contained in the Report of the Trustees.

3 Analysis of Income by Activity and Nature

a) Group

	2016/17						2015/16	
	Admissions £'000	Memberships £'000	Retail and Catering £'000	Donations and Grants £'000	Other Trading Activities £'000	Income from Historic England £'000	Total £'000	Total £'000
Donations and Legacies								
Fundraising	-	-	1	3,490	-	-	3,491	2,497
Charitable Activities								
Conserving our Properties	-	-	2	-	1,481	-	1,483	1,594
Membership and Admissions	26,083	31,065	7	342	286	-	57,783	52,835
New Model	-	-	-	-	2	14,669	14,671	15,817
Other Trading Activities								
Running our Properties	-	-	21,001	-	3,472	-	24,473	21,816
Licensing and Sponsorship	-	-	-	254	792	-	1,046	707
Investments	-	-	-	-	48	-	48	136
Other Income	-	-	-	-	-	-	-	9

b) Charity

	2016/17						2015/16	
	Admissions £'000	Memberships £'000	Retail and Catering £'000	Donations and Grants £'000	Other Trading Activities £'000	Income from Historic England £'000	Total £'000	Total £'000
Donations and Legacies								
Fundraising	-	-	1	5,686	-	-	5,687	5,564
Charitable Activities								
Conserving our Properties	-	-	2	-	1,481	-	1,483	1,594
Membership and Admissions	26,083	31,065	7	342	286	-	57,783	52,835
New Model	-	-	-	-	2	14,669	14,671	15,817
Other Trading Activities								
Running our Properties	-	-	4,159	-	8,483	-	12,642	12,919
Licensing and Sponsorship	-	-	-	-	302	-	302	-
Investments	-	-	-	-	48	-	48	136
Other Income	-	-	-	-	-	-	-	9

Income has been allocated to activities based on the nature of the incoming resource. Other Trading Activities includes income received from events, holiday cottages and filming.

£14.4 million of the income received from Historic England is in the form of a subsidy relating to the deficit funding of the Charity that is part of the New Model funding arrangements. The remaining £0.3 million is income received in relation to shared services provided to Historic England.

4 Investment Income

All investment income of £48,000 (2014/15: £136,000) is generated from interest on bank accounts and fixed-notice deposit accounts in the UK and no material management costs are associated with the generation of this income.

5 English Heritage Trading Limited

The Charity is the sole shareholder of English Heritage Trading Limited, incorporated in 1994.

On 1 April 2015, the shares in English Heritage Trading Limited were transferred from Historic England to the Charity for £1.

The following results of English Heritage Trading Limited have been included in the consolidated results:

Income and Expenditure	2016/17 £'000	2015/16 £'000
Turnover	17,586	16,354
Expenditure	(15,390)	(13,258)
Operating Profit	2,196	3,096
Interest Receivable and Similar Income	-	-
Net Assets as at 31 March	2016/17 £'000	2015/16 £'000
Current Assets	7,110	7,207
Creditors: amounts falling due within one year	(5,082)	(5,179)
Creditors: amounts falling due after more than one year	-	-
Share Capital – Ordinary Shares at £1 Each	2,028	2,028
Profit and Loss Account	-	-

6 Total Resources Expended

a) Group

	2016/17							2015/16	
	Staff costs £'000	Properties' repairs & maintenance £'000	Cost of goods sold £'000	Other direct costs £'000	Depreciation £'000	Impairment £'000	Allocation of support costs £'000	Total £'000	Total £'000
Raising Funds									
Fundraising	609	-	-	166	-	-	130	905	642
Running our Properties	4,481	887	8,656	4,107	-	-	2,082	20,213	18,340
Licensing and Sponsorship	183	-	-	50	-	-	39	272	156
Charitable Activities									
Conserving our Properties	8,907	12,487	27	6,437	-	-	4,997	32,855	33,555
Membership and Admissions	20,065	33	-	16,502	-	-	7,866	44,466	40,049
New Model	714	7,620	-	2,165	-	-	-	10,499	7,517
Support costs	2,324	-	-	11,608	1,169	13	(15,114)	-	-

Support costs are directly allocated according to activity or are apportioned based on that activity's share of costs, pro-rated according to staff numbers or expenditure. The apportionment method has been revised since the prior year.

	2016/17						2015/16	
	Governance £'000	Finance £'000	Information Technology £'000	Human Resources £'000	Other Shared Service Charges £'000	Other Support Costs £'000	Total £'000	Total £'000
Raising Funds								
Fundraising	3	33	41	28	12	13	130	97
Running our Properties	33	378	507	340	662	162	2,082	2,849
Licensing and Sponsorship	1	10	12	8	4	4	39	22
Charitable Activities								
Conserving our Properties	43	418	632	437	3,242	225	4,997	5,340
Membership and Admissions	172	2,167	2,657	1,733	369	768	7,866	5,767
New Model	-	-	-	-	-	-	-	132

Included within governance costs are external audit fees of £62,500 for the Charity (2015/16: £72,000) and £11,000 for English Heritage Trading Limited (2015/16: £12,000).

Also included within governance are costs associated with internal audit. No services other than statutory audit were commissioned during the year (2015/16: £nil).

b) Charity

	2016/17							2015/16	
	Staff costs £'000	Properties' repairs & maintenance £'000	Cost of goods sold £'000	Other direct costs £'000	Depreciation £'000	Impairment £'000	Allocation of support costs £'000	Total £'000	Total £'000
Raising Funds									
Fundraising	751	-	-	205	-	-	127	1,083	642
Running our Properties	3,842	871	1,734	3,867	-	-	1,641	11,955	11,959
Licensing and Sponsorship	41	-	-	11	-	-	7	59	-
Charitable Activities									
Conserving our Properties	8,907	12,396	27	6,437	-	-	4,103	31,870	33,555
Membership and Admissions	20,065	33	-	16,502	-	-	6,765	43,365	40,049
New Model	714	7,620	-	2,165	-	-	-	10,499	7,517
Support costs	443	-	-	11,018	1,169	13	(12,643)	-	-

Support costs are directly allocated according to activity or are apportioned based on that activity's share of costs, pro-rated according to staff numbers or expenditure. The apportionment method has been revised since the prior year.

	2016/17							2015/16
	Governance £'000	Finance £'000	Information Technology £'000	Human Resources £'000	Other Shared Service Charges £'000	Other Support Costs £'000	Total £'000	Total £'000
Raising Funds								
Fundraising	3	32	41	28	11	12	127	97
Running our Properties	26	298	399	268	522	128	1,641	2,859
Licensing and Sponsorship	-	2	2	1	1	1	7	-
Charitable Activities								
Conserving our Properties	35	343	519	359	2,662	185	4,103	5,340
Membership and Admissions	148	1,865	2,283	1,491	318	660	6,765	5,767
New Model	-	-	-	-	-	-	-	132

Included within governance costs are external audit fees of £62,500 for the Charity (2015/16: £72,000).

Also included within governance are costs associated with internal audit. No services other than statutory audit were commissioned during the year (2015/16: nil).

7 Net Income/(Expenditure) by Activity

a) Group

	2016/17 £'000	2015/16 £'000
Raising Funds		
Fundraising	2,586	1,855
Running our Properties	4,260	3,476
Licensing and Sponsorship	774	551
	7,620	5,882
Charitable Activities		
Conserving our Properties	(31,372)	(31,961)
Membership and Admissions	13,317	12,786
New Model	4,172	8,300
	(13,883)	(10,875)
Investments	48	136
Other Income	-	9
	(6,415)	(4,848)

b) Charity

	2016/17 £'000	2015/16 £'000
Raising Funds		
Fundraising	4,604	4,922
Running our Properties	687	960
Licensing and Sponsorship	243	-
	5,534	5,882
Charitable Activities		
Conserving our Properties	(30,387)	(31,961)
Membership and Admissions	14,418	12,786
New Model	4,172	8,300
	(11,797)	(10,875)
Investments	48	136
Other Income	-	9
	(6,215)	(4,848)

8 Net Income/(Expenditure)

Net income on the unrestricted reserve is £2.5 million. Net expenditure on the restricted reserve is £8.7 million, representing use of the £52 million New Model grant and other restricted income.

There is therefore an overall operating loss of £6.2 million.

9 Exceptional Non-Operating Gain/(Loss)

Group and Charity

On 1 April 2015, as part of the New Model arrangement with Historic England, English Heritage received operating assets and liabilities to enable it to fulfil its charitable purposes.

This transaction was completed via means of a Transfer by Absorption. This is an accounting mechanism dictated by the Government Financial Reporting Manual (FReM), which English Heritage is obliged to follow, as part of the reporting group of which the parent is Historic England.

The effect of this transaction was to create a balancing entry in the SOFA to represent the net impact of the transfer of assets and liabilities. The effect of this transaction on the 2015/16 SOFA and Balance Sheet of English Heritage is shown below.

The transfer of operating assets and liabilities is set out in the Property and Operating Licence Agreement dated March 2015.

This is a one-off adjustment linked to the establishment of English Heritage as an independent charity.

	Unrestricted £'000	2015/16 Restricted £'000	Total funds £'000
Fixed assets			
Intangible Assets	1,127	-	1,127
Tangible Asset	1,949	-	1,949
Investments	2,028	-	2,028
Total Fixed Assets	5,104	-	5,104
Current assets			
Stocks	39	-	39
Debtors	1,630	-	1,630
Cash	221	-	221
Total Current Assets	1,890	-	1,890
Liabilities			
Creditors: amounts falling due within one year	(10,658)	-	(10,658)
Net Current Assets	(8,768)	-	(8,768)
Creditors: amounts falling after more than one year	(2,151)	-	(2,151)
Total Net Assets	(5,815)	-	(5,815)
The funds of the Charity			
Restricted Funds	-	(242)	(242)
Finance Asset Reserve	(2,028)	-	(2,028)
Revaluation Reserve	104	-	104
General/Unrestricted Reserve	2,269	-	2,269
Total Charity Funds	345	(242)	103

10 Transfers Between Funds

During the financial year, £6.4 million of restricted funds was spent on the creation and acquisition of new fixed assets by the Charity (2015/16: £4.3 million). The assets created can be used for unrestricted purposes in accordance with the Charity's objectives and hence £6.4 million (2015/16: £4.3 million) of restricted funds have been transferred to unrestricted funds under the terms of the Charities' SORP 2015. Additionally, £0.6 million of unrestricted spend from 2015/16 has been identified as relating to restricted purposes and this has been transferred between unrestricted and restricted funds. A further £0.4 million of other restricted funds has been spent on fixed assets that can be used for an unrestricted purpose.

II Taxation

Group and Charity

a) Taxable status

English Heritage, as a registered charity, is entitled to certain tax exemptions on income and surpluses on any trading activities carried out in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. English Heritage Trading Limited distributes all of its taxable profits to the Charity, normally resulting in no liability to corporation tax.

b) Tax on profit on ordinary activities

	2016/17 £'000	2015/16 £'000
Profit/(Loss) on ordinary activities before taxation	(6,215)	(4,848)
Tax on profit at UK corporation tax rate	-	-
Effects of:		
Expected qualifying charitable donations	-	-

12 Net Income/(Expenditure)

Net income/(expenditure) is stated after charging:

	2016/17 £'000	2015/16 £'000
Auditors' fees:		
Group and Charity		
- for audit of The English Heritage Trust	63	72
Group only		
- for audit of English Heritage Trading Limited	11	12
Depreciation and amortisation:		
Group and Charity		
- intangible assets	244	225
- tangible assets	930	721
	1,174	946
Impairment:		
Group and Charity		
- tangible assets	13	134

There were no fees payable to the external auditors for non-audit services during the financial year (2015/16: nil).

13 Employees

Group and Charity

a) Employee Numbers

The average monthly head count was 1,981 staff (2015/16: 1,881) and the average number of persons employed during the year expressed as full-time equivalents was:

Group

	Full Time Number	2016/17 Part Time Number	Total Number	2015/16 Number
Raising Funds				
Fundraising	11	1	12	10
Running our Properties	355	286	641	633
Licencing and Sponsorship	4	-	4	3
Charitable Activities				
Conserving our Properties	178	16	194	214
Membership and Admissions	150	83	233	277
New Model	6	1	7	8
Support Services	16	2	18	20

Charity

	Full Time Number	2016/17 Part Time Number	Total Number	2015/16 Number
Raising Funds				
Fundraising	15	1	16	13
Running our Properties	355	286	641	633
Charitable Activities				
Fundraising	178	16	194	214
Running our Properties	150	83	233	277
New Model	6	1	7	8
Support Services	16	2	18	20

b) Employment Costs

Group and Charity

	2016/17 £'000	2015/16 £'000
Wages and Salaries	29,895	27,392
Social Security Costs	2,263	1,607
Pension Costs	4,208	4,221
Redundancy and Severance Costs	25	35
Agency Staff Costs	952	980

Included within the above are costs as follows that have been capitalised within Fixed Assets (Notes 17, 18 and 19): £655,000 wages and salaries costs (2015/16: £303,000), £61,000 social security costs (2015/16: £26,000), £70,000 pension costs (2015/16: £35,000) and £58,000 agency staff costs (2015/16: nil). There are nil redundancy and severance costs (2015/16: nil) that have been capitalised.

English Heritage operates two pension schemes, the Principal Civil Service Pension Scheme (PCSPS), for staff who transferred from Historic England on 1 April 2015 and a Group Personal Pension Plan (GPPP).

As the PCSPS is an unfunded multi-employer defined benefit scheme, English Heritage is unable to identify its share of the underlying assets, liabilities, surplus or deficit. English Heritage is not aware of any implications arising from the current status of the PCSPS. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation (www.civilservicepensionscheme.org.uk). English Heritage has no liability beyond the annual pension contributions made on behalf of its employees.

The scheme actuary reviews employer contributions (usually every four years) following a full scheme valuation. The contribution rates are set to meet the costs of the benefits accruing during the year ended 31 March 2017 to be paid when the member retired and not the benefits paid during the period to existing pensioners.

The GPPP is a defined contribution scheme and, as such, contributions made to it in the year are accounted for as an expense in the SOFA. In 2016/17, expenses amounted to £0.5 million (2015/16: £0.2 million). The expenses and liabilities relating to the scheme have been allocated in accordance with employee activity.

The total employee benefits (including employer pension contributions) received by the Senior Management Team in the year to 31 March 2017 was £0.8 million (2015/16: £0.8 million).

The following number of employees within the whole Charity received salaries, bonuses and other allowances in excess of £60,000:

	2016/17 Number	2015/16 Number
£60,000 – £69,999	2	5
£70,000 – £79,999	4	3
£80,000 – £89,999	3	2
£90,000 – £99,999	3	2
£100,000 – £109,999	1	-
£130,000 – £139,999	-	1
£140,000 – £149,999	1	-

The Charity's Trustees were not paid and did not receive any other benefits from employment with English Heritage or its subsidiary in the year (2015/16: £nil).

Four individual Trustees were reimbursed expenses during the year, with a value of £1,228 (2015/16: £1,438). These costs related to travel and subsistence incurred by these individuals while they undertook Trustee business.

In addition to this, third party costs of £1,345 (2015/16: £1,292) were incurred in order to facilitate the holding of Trustees' meetings. This amount primarily related to the costs of catering and travel.

Trustees also participated in two English Heritage Trust board meetings in the financial year, which were combined with visits to historic sites. Twelve Trustees attended the first meeting and eleven Trustees attended the second meeting. The Trustees' share of the venue, accommodation and subsistence costs relating to these meetings has been calculated as being £4,995 (2015/16: £4,950).

14 Related Party Transactions and Connected Bodies

Connected Bodies

Historic England is the sole Member of the Charity and is regarded as a related party. There were material transactions with Historic England in respect of payments made to Historic England for shared services (£11.2 million, 2015/16: £10.9 million) and receipts relating to the annual subsidy which forms part of the New Model arrangements (£14.4 million, 2015/16: £15.5 million) and for shared services provided to Historic England (£0.3 million, 2015/16: £0.3 million).

Material Transactions with Related Party Interests

During the year, the Charity had the following related party transactions, all of which were made on an arm's length basis, that require disclosure.

Trustees

Sir Laurie Magnus is a Trustee of The AllChurches Trust, which owns 100% of Ecclesiastical Insurance Group which received £455,860 of premium income relating to insurance policies placed through Jardine Lloyd Thompson.

Mr Ian McCaig is a board member of VisitBritain which made payments to the Charity of £55,311 (2015/16: £2,080) relating to sales of site admissions and overseas visitor passes. VisitBritain also received £34,110 from the Charity relating to advertising and conference bookings.

The husband of Mrs Kate James-Weed is Chief Marketing Officer of Unilever plc which paid £600,000 to the Charity in respect of sponsorship fees. There were no amounts outstanding at the year end (2015/16: £300,000).

Professor Ronald Hutton is an Honorary Vice President of the Sealed Knot Society, which received payments of £3,000 (2015/16: £2,486) for services rendered.

Ms Victoria Barnsley OBE is the Executive Chair of Castle Howard Estate Ltd. Also on the board are her husband as Non-Executive Chairman and her stepson as a Non-Executive Director. English Heritage made sales with a value of £300 (2015/16: £250) to this organisation.

Senior Staff

Ms Shirley Jackson, Commercial Director, is a Trustee of the Association of Cultural Enterprises (ACE). The English Heritage Trust purchased items with a value of £80 (2015/16: £380) from ACE during the financial year. Ms Jackson is also married to the Head of Planning at Savills plc. The English Heritage Trust purchased items with a value of £600 (2015/16: £200) from Savills during the financial year.

No other Trustees, key managerial staff or other related parties have undertaken any material related party transactions with the Charity during the year.

15 Intangible Assets

Group and Charity

	Software Licences £'000	Systems Development £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation at 1 April 2016	1,169	1,185	110	2,464
Additions	32	-	135	167
Reclassifications	-	155	(155)	-
Revaluations	71	72	-	143
At 31 March 2017	1,272	1,412	90	2,774
Amortisation at 1 April 2016	623	679	-	1,302
Charged in Year	158	86	-	244
Revaluations	46	46	-	92
At 31 March 2017	827	811	-	1,638
Carrying Amount at 31 March 2016	546	506	110	1,162

18 Further Information on the Charity's Heritage Assets

Land and Buildings

From 1 April 2015, the care and management of the Collection has been transferred from Historic England to the Charity by way of an eight-year Property Licence and Operating Agreement. The ownership of those properties remain with Historic England.

The Charity manages the Collection of over 400 historic properties throughout England providing a diverse portfolio that includes World Heritage Sites, industrial monuments, castles, historic houses, abbeys, forts, stone circles and a large part of Hadrian's Wall. They range from prehistoric ruins to the lavishly furnished Osborne House. In age they range from Neolithic burial chambers dating from 3500–2600BC to 20th-century houses.

The National Heritage Collection is held by Historic England under various arrangements, with many being in the guardianship of the Secretary of State for Culture, Media and Sport with the freehold being retained by the owner. The remaining properties are in the ownership of Historic England, other government departments or the Crown Estate. A full listing of the Collection is contained in the Membership Handbook and is available on the website. The handbook also includes full details of public access to these sites.

All expenditure on the conservation and maintenance of property has been charged to the SOFA as it was incurred.

Historic Artefacts

As part of the Collection, English Heritage manages some 500,000 historic artefacts, ranging from environmental remains and archaeological artefacts to pottery, fine art and furnishings.

The historic objects are an integral part of the properties in the Collection. As well as being of significance in their own right, they assist in interpreting and presenting the properties to the public and they provide a valuable research resource for heritage professionals and English Heritage employees.

19 Conservation and Management

English Heritage has developed an Asset Management Plan (AMP) to manage the estate according to nationally established conservation priorities. This gives English Heritage an awareness of the scale of the conservation deficit in relation to the resources available to it, along with impact assessments of English Heritage's ability to procure the necessary works.

The workstreams are as follows:

- Conservation Maintenance Programme: used to fund works to address the conservation defects on heritage assets, specifically on land and buildings
- Annual Maintenance Programme: planned cyclical and response maintenance
- Minor Planned Maintenance Programme: small repair projects usually of less than £50,000
- Major Planned Repair Programme: larger long-term or one-off conservation projects usually of more than £50,000
- Capital Investment Programme: commercial investment projects

Total expenditure on site maintenance of £17.0 million was incurred during the year ended 31 March 2017 (2015/16: £14.5 million).

English Heritage also manages the acquisition, conservation and storage of artefacts, collections and historic interiors using its own experts, who specialise in the care of fine and applied art, conservation science, environmental and pest control.

It is English Heritage's responsibility to ensure that the conservation, commercial and visitor-led development of sites is guided, planned and executed so as to sustain the values and significance of the sites. English Heritage is also responsible for the development of presentation and interpretation schemes, and the development of Heritage Protection Agreements at sites.

20 Investments

a) Fixed Assets

Charity

	Total 2017 £'000	Total 2016 £'000
At 1 April	2,028	-
Transfer of share capital of English Heritage Trading Limited	-	2,028

Details of the subsidiary undertakings are given in Note 5.

b) Current Assets

Group and Charity

	Total 2017 £'000	Total 2016 £'000
At 1 April	1,217	100
New Investments in year	23	1,117

All current asset investments were held with UK clearing banks on instant access or notice accounts.

21 Stocks

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Stock held for resale	6,354	6,470	50	54
Work in progress	62	46	-	-

A provision of £62k was made in the group for slow moving stock during 2017 (2016: £124k).

A total of £9.0 million of stock was recognised as an expense in the SOFA (2016: £7.9 million).

22 Debtors

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade Debtors	1,549	1,337	1,375	1,005
Taxation and Social Security	2,094	1,092	2,141	1,112
Prepayments and Accrued Income	3,177	2,227	3,083	2,159
Other Debtors	890	1,710	890	1,710
Amounts Owed by Group Undertakings	14	142	4,949	5,290

All of the above debtors are due within one year.

23 Cash at Bank and in Hand

	2017 £'000	2016 £'000
Group		
At 1 April	79,506	83,114
Net change in Cash at Bank and in Hand	(12,539)	(3,608)
The balances at 31 March were held with:		
Government Banking Service	51,340	72,500
Commercial Banks in the United Kingdom	15,627	7,006
Charity		
At 1 April	79,397	83,114
Net change in Cash at Bank and in Hand	(12,954)	(3,717)
The balances at 31 March were held with:		
Government Banking Service	51,340	72,500
Commercial Banks in the United Kingdom	15,103	6,897

24 Commitments

a) Group and Charity

Expenditure contracted at 31 March 2017 but not provided for in the financial statements amounted to £21.8 million (2016: £13.1 million), including capital commitments of £3.1 million (2016: £1.4 million). £18.7 million (2016: £11.7 million) of the commitment comprised stock; conservation and maintenance; professional fees; interpretation and signage; utility costs and staff costs, which will be incurred in 2017/18, funded by ongoing operations. The capital commitments include visitor improvements for Stonehenge, Rievaulx Abbey, Framlingham Castle, Stokesay Castle and Battle Abbey.

b) Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods, split between land and buildings and other.

	2017 £'000	2016 £'000
Land and Buildings		
Not later than one year	1,119	705
Later than one year and not later than five years	4,195	2,610
Later than five years	16,227	11,717
Other		
Not later than one year	78	49
Later than one year and not later than five years	75	36
Later than five years	-	-

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2017 payments under operating leases totalled £1.410 million (2016: £0.969 million).

25 Contingent Assets

Group and Charity

The Charity is the residual beneficiary of a large estate for which probate was granted in 2014. £0.75 million of legacy income was recognised in 2015/16 but, as significant uncertainty exists around the measurement of the remainder of the estate, no further income has been recognised during 2016/17.

26 Contingent Liabilities

Group and Charity

Various outstanding claims existed at 31 March 2017. Provision has been made in the accounts for the year ended 31 March 2017 for those outstanding liabilities that will probably require settlement, and where the amount of the liability can be reliably estimated (Note 30). £150,000 of contingent liabilities have been identified at 31 March 2017 (2016: £66,000). This relates to eleven personal injury claims for which the timing of any potential outflow is uncertain and against which no reimbursement is anticipated.

27 Creditors: amounts falling due within one year

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade Creditors	10,323	4,112	10,323	4,112
Taxation and Social Security	547	796	547	796
Deferred Income	12,002	11,231	11,866	11,231
Accruals	5,215	11,136	5,203	11,124
Other Creditors	243	166	243	166
Amounts Owed to Group Undertakings	73	55	73	292

28 Creditors: amounts falling due after more than one year

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Deferred Income	1,863	2,084	1,863	2,084

£1.8 million (2016: £2.0 million) of the balance above relates to Life Membership, which has been deferred over 10 years. The remainder represents advance bookings for events.

29 Movement on Deferred Income

Group

	Balance as at 1 April 2016 £'000	Amounts Deferred £'000	Amounts Released £'000	Balance as at 31 March 2017 £'000
Amounts falling due within one year				
Annual Membership	9,378	10,111	(9,378)	10,111
Advance Bookings for Events	906	198	(906)	198
Life Membership	591	394	(591)	394
Holiday Cottages	179	243	(179)	243
Other Income	177	1,056	(177)	1,056
	11,231	12,002	(11,231)	12,002
Amounts falling due after more than one year				
Life Membership	1,983	545	(737)	1,791
Advance Bookings for Events	101	72	(101)	72
	2,084	617	(838)	1,863
	13,315	12,619	(12,069)	13,865

Other deferred income for English Heritage Trading Limited amounted to £136k for the year (2016: nil).

30 Provisions

Group and Charity

All provisions (£10k) relate to legal and constructive obligations identified at 31 March 2017 (2016: £12k).

31 Reconciliation of Movement in Funds

	At 1 April 2016 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfer between funds	Other Recognised Gains	At 31 March 2017 £'000
New Model	69,701	-	(9,484)	(6,969)	-	53,248
Elizabeth Wagland Fund	1,311	20	(259)	-	-	1,072
Blue Plaques	249	48	-	-	-	297
Ranger's House Wernher Collection	240	2	-	-	-	242
Gardens Bursary Scheme	-	555	(385)	-	-	170
Furness Abbey	-	125	-	-	-	125
Bayham Abbey	86	-	-	-	-	86
Wrest Park Gardens	110	75	-	(104)	-	81
Marble Hill	76	240	-	(240)	-	76
Signage & Interpretation	-	75	-	-	-	75
Kenwood House	43	26	-	-	-	69
Osborne Swiss Cottage	-	52	-	-	-	52
Battle Abbey	-	50	-	-	-	50
Neoclassical Buildings	-	36	-	-	-	36
Cornwall	33	-	-	-	-	33
Apsley House	30	-	-	-	-	30
Isle of Wight	-	25	-	-	-	25
Walmer Castle	23	14	-	(13)	-	24
Hadrian's Wall	22	-	(1)	-	-	21
Ranger's House	15	-	-	-	-	15
Lanercost	15	-	-	-	-	15
Osborne House	39	-	-	(30)	-	9
Other	37	508	(464)	(17)	-	64
Total Restricted Funds	72,030	1,851	(10,593)	(7,373)	-	55,915
Unrestricted Funds:						
Revaluation Reserve	119	-	-	-	154	273
Designated Funds	149	-	-	-	-	149
General Funds	9	101,144	(98,617)	7,373	-	9,909
Total Unrestricted Funds	277	101,144	(98,617)	7,373	154	10,331

Purpose of Unrestricted Funds

Unrestricted funds may be utilised at the discretion of the Trustees in pursuit of the Charity objectives.

Purpose of Restricted Funds

All donations have been received to fund the stated aims of the Charity and are limited for this purpose. Where donors have requested that a donation be spent on a specific project or activity, this has been noted above. All restricted funds are used to support specific sites or projects as requested by the donor, within the stated aims of the Charity.

On 28 March 2013, the Elizabeth Wagland Fund (charity registration number 1140351-1) was linked to The English Heritage Trust under Section 12(1) of the Charities Act 2011. Funds are used to support the specific purpose of the Elizabeth Wagland Fund as amended by a cy-pres scheme on 2 July 2012 and movements on the Fund are shown in the note above.

32 Analysis of Net Assets Between Funds

Group

	Revaluation Reserve £'000	Designated Fund £'000	General Fund £'000	Restricted Fund £'000	Total £'000
Fixed Assets	273	-	13,902	-	14,175
Cash at Bank and in Hand	-	149	15,478	51,340	66,967
Other Current Assets	-	-	10,631	4,749	15,380
Creditors: amounts falling due within one year	-	-	(28,229)	(174)	(28,403)
Creditors: amounts falling due after more than one year	-	-	(1,873)	-	(1,873)

Charity

	Financial Asset Reserve £'000	Revaluation Reserve £'000	Designated Fund £'000	General Fund £'000	Restricted Fund £'000	Total £'000
Fixed Assets	2,028	273	-	13,902	-	16,203
Cash at Bank and in Hand	-	-	149	14,954	51,340	66,443
Other Current Assets	-	-	-	8,979	4,749	13,728
Creditors: amounts falling due within one year	-	-	-	(28,081)	(174)	(28,255)
Creditors: amounts falling due after more than one year	-	-	-	(1,873)	-	(1,873)

33 Financial Instruments

English Heritage holds only basic financial assets and liabilities which are all measured at amortised cost.

	2017		2016	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Financial Assets				
Debtors	2,453	7,214	3,189	8,005
Current Asset Investments	1,240	1,240	1,217	1,217
Cash	66,967	66,443	79,506	79,397
	70,660	74,897	83,912	88,619
Financial Liabilities				
Creditors: amounts falling due within one year	(10,639)	(10,639)	(4,333)	(4,570)
	(10,639)	(10,639)	(4,333)	(4,570)

34 Ultimate Parent Entity and Ultimate Controlling Entity

English Heritage is wholly controlled by the Historic England, a body corporate which was established in England under the National Heritage Act 1983 and which is an Executive Non-Departmental Public Body sponsored by DCMS.

The largest group in which the results of English Heritage are consolidated is Historic England, which comprises the Historic Buildings and Monuments Commission for England, the English Heritage Trust, the Iveagh Bequest, Historic England Foundation, Historic England Limited, English Heritage Limited and English Heritage Trading Limited. The consolidated accounts are available to the public and may be obtained from Historic England, 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.

The ultimate controlling entity is the Historic Buildings and Monuments Commission for England, by virtue of its single shareholding in English Heritage.

The principal activities of Historic England are to look after England's historic environment by championing historic places and helping people understand, value and care for them.

35 Post Balance Sheet Events

There were no post balance sheet events.

TRUSTEES' BIOGRAPHIES



Vice Admiral Sir Tim Laurence
KCVO, CB, ADC

Sir Tim Laurence is Chairman of the English Heritage Trust, having previously served for four years as a Commissioner of English Heritage prior to it becoming a charity. A career naval officer, his time in uniform ended after serving for three years as Chief Executive in charge of the Defence Estate, with responsibility for some 700 listed buildings, 1,200 scheduled monuments and 170 SSSIs. Since then Tim has pursued his enthusiasm for regeneration, as Chairman of two regeneration companies; for major projects, as Chairman of the Major Projects Association; and for heritage through his involvement with English Heritage and the HMS Victory Preservation Company. He is also a Trustee of RNLI and is Vice Chairman of the Commonwealth War Graves Commission. Tim is an ex-officio member of English Heritage's Audit and Risk Committee and the Remuneration and Appointments Committee. He is also a Director of English Heritage Trading Ltd.



Alex Balfour

Alex Balfour is CEO at Digital Brand Services (UK) Ltd. Having joined the London Organising Committee of the Olympic and Paralympic Games (LOCOG) as Head of New Media in 2006, he built a team from scratch that delivered 77 digital channels to 150 million consumers. He then went on to become Chief Digital Officer of Haymon Boxing Management, a start-up based in Las Vegas that has restored the sport of boxing to free-to-air television in the US and broadcasts on every major US television network. Alex is also a Commissioner of Historic England and a director of several businesses in the financial services sector, including Credec and Datatracks (UK).



Victoria Barnsley (Howard) OBE
Victoria Barnsley (Howard) OBE is Executive Chairman of Castle Howard Estate Ltd. Previously she was CEO and Publisher of HarperCollins UK and International, a role she took up after News Corp acquired her independent publishing house, Fourth Estate, in 2000. She has held many high-profile roles in the sector including President of the Publishers' Association, Chair of World Book Day and publishing representative on the Creative Industries Council. In addition to heritage and literature, Victoria has an extensive interest in the visual arts and is a former Trustee of both Tate and the National Gallery. She is also a member of the Remuneration and Appointments Committee and a Director of English Heritage Trading Ltd.



Charles Gurassa

Charles Gurassa has 39 years' experience in the travel and tourism industry. He is a former Chief Executive of Thomson Travel Group, Executive Chairman of TUI Northern Europe and Director of TUI AG, and prior to that a Senior Executive at Thomas Cook and British Airways. He is also a former Deputy Chairman of the National Trust and former Chairman of Genesis Housing Association. He is currently Chairman of Channel 4, Deputy Chairman at easyJet plc and the Senior Independent Director of Merlin Entertainments plc. Charles chairs English Heritage's Remuneration and Appointments Committee and is a Director of English Heritage Trading Ltd.



Sukie Hemming

Sukie Hemming was previously Director of Corporate Affairs at the British Museum and prior to that was Director of Development at the Museum. She has worked for the National Trust in a variety of roles, including senior development and as a member of a National Trust regional committee. Sukie is an experienced fundraiser and has worked as a consultant. She is a Trustee of the Chelsea Physic Garden.



Professor Ronald Hutton

Professor Ronald Hutton is Professor of History at the University of Bristol. Prior to this he was a Fellow of Magdalen College, Oxford, before serving as Lecturer and then Reader in History at Bristol University. He is a Fellow of the Royal Historical Society, the Society of Antiquaries, the Learned Society of Wales and the British Academy. Ronald is a former Commissioner of English Heritage prior to it becoming a charity and a former Chairman of the Designation Review and Remuneration Committees. Ronald chairs the English Heritage Blue Plaques Panel.



Sir Laurie Magnus

Sir Laurie Magnus is Chairman of Historic England, the public body that champions and protects England's built historic environment. He was Deputy Chairman of the National Trust from 2005 to 2013. Sir Laurie is Deputy Chairman (Europe) of Evercore Partners and holds a number of non-executive directorships within the finance sector. He has over 35 years' experience in the corporate finance advisory business, including in South-east Asia. In the not-for-profit sector, Sir Laurie is Chairman of Windsor Leadership and a Trustee of the Allchurches Trust. Laurie is also a Director of English Heritage Trading Ltd.



Ian McCaig

Ian McCaig is the Chief Executive of First Utility, the UK's largest independent energy company. He was previously Chief Executive at lastminute.com from 2003 until 2011. Before that he worked at Nokia across various international roles and spent his early career in the IT industry. He is a member of the Board of VisitBritain and of the NSPCC's National Fundraising Committee. Ian chairs English Heritage's Audit and Risk Committee.



Malcolm Reading

Malcolm Reading is the Chairman of Malcolm Reading Consultants, the leading independent organiser of architectural competitions in the UK. A trained architect, Malcolm is widely recognised within the profession. He is a member of the Sovereign Grant Audit Committee, is the Chairman of the Tower of London World Heritage Site consultative committee, a former Trustee to Edinburgh World Heritage, and, having previously served as a Trustee, now works as an adviser to Historic Royal Palaces. Malcolm is also an observer on Historic England's Historic Estates Committee.



Kate James-Weed

Kate James-Weed is an artist. She also restores upholstery of antique furniture and has previous experience in design, magazine publishing and conservation in museums. She has studied in watercolour and ceramics and is an art history graduate.



Sarah Staniforth CBE

Sarah Staniforth CBE was previously the Museums and Collections Director at the National Trust and before that its Historic Properties Director and Head Conservator. She is a Trustee at the Landmark Trust, President of the International Institute for Conservation of Historic and Artistic Works, a Trustee of the Pilgrim Trust and a member of the Heritage Lottery Fund south-west committee. Sarah is also an observer on Historic England's Historic Estates Committee and a member of English Heritage's Audit and Risk Committee.



James Twining

James Twining is a Partner at Greycoat Place. Before that he was an Executive Director of Jardine Lloyd Thompson PLC, where he had responsibility for Strategy, Mergers and Acquisitions and Communications and Marketing. With a background in investment banking, James has also worked for McKinsey & Co and as the finance director of a private equity backed start-up. Prior to becoming a Trustee, James was Chairman of the English Heritage Foundation. He is also a member of the English Heritage Audit and Risk Committee.

SUPPORTERS

The English Heritage Trust is very grateful to all the benefactors who have contributed to its activities during the year to 31 March 2017. The following have given amounts of £1,000 or more:

Individual Donors

Marjorie Bragg
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Karen Shutler
Patricia Stewart
and three donors who wish to remain anonymous

Bequests

We are grateful for bequests from the estates of the following individuals:
Freda Nancy Arnott
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In addition to the donors, legators and contributors listed here, during the year ended 31 March 2017 we also received pledges of future support from many other individuals and we look forward to acknowledging them in the Annual Report of the Trustees in future years. We also thank those not listed here, including those who wish to remain anonymous – together their gifts constitute a significant sum.

2016/17 has been another year of great progress in our second year as a charity. We couldn't have done this without the commitment and passion of our staff and volunteers, as well as the vital support of our Members, visitors, donors and other supporters.

THANK YOU

Siege event at Carlisle Castle; Conservation in action at Brodsworth Hall and Gardens; Hands on History event at Kenilworth Castle and Elizabethan Garden; Osborne; Merlin's face in the rocks, Tintagel Castle; English Heritage staff member, Kenwood; Blooming Gardens event at Walmer Castle and Gardens; Wrest Park statue; English Heritage holiday cottage; Walmer Castle and Gardens; Great Tower at Night event, Dover Castle; In-house branded retail product; Hands on History event team member; Restored Perseus and Andromeda fountain at Witley Court and Gardens.

ENGLISH HERITAGE

For information on how to become a Member:

eh.org.uk

0370 333 1182

To find out more about volunteering:

www.english-heritage.org.uk/volunteering

01793 414752

To find out more about supporting English Heritage:

www.english-heritage.org.uk/support-us

020 7973 3797

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www.english-heritage.org.uk

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