



ENGLISH HERITAGE

ANNUAL REPORT

2015/16

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Registered charity no. 1140351 (England).
Registered company no. 07447221 (England).

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 edges of empire to Cold War bunkers.

Through these, we bring the story of England to life for over 10 million visitors each year.

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IMAGE

REFLECTION ON 2015/16

2015/16 was a pivotal year for English Heritage. We became a charity, building on the best of our past, and beginning a new and exciting future for the National Heritage Collection.

We are very grateful to our loyal Members, visitors, supporters, donors and partners, who are all helping us as we make that transition. Their involvement underpins everything we do.

We also owe a very great debt to both our paid staff and volunteers. Together, we have spent the last two years thinking through what it means to become a charity, planning how to make the change and developing our future strategy. The talent and energy of all our staff is the key factor in making the transition work and has produced some excellent results.

We have had a record year for visitor numbers – nearly 6 million people visited our 112 pay-to-enter sites and many more millions are estimated to have visited our free sites. Our membership numbers are higher than ever before, increasing to over 876,000.

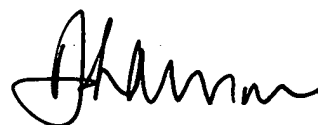
Projects such as the 2015 Battle of Waterloo bicentenary celebrations and the 2016 re-presentation of Chesters Roman Fort are inspiring our visitors and Members in entertaining, intelligent new ways.

We are also demonstrating how we can be flexible to change. For example, the decision to open some of our sites between Christmas and the New Year was very popular with our Members and other visitors – thanks to the hard work of all those involved.

We have made a good start on investing the £80 million government grant on which we can draw over the next seven years. This includes delivering high priority conservation work at sites across the country, such as the essential repairs to the Durbar Wing at Osborne. We are also developing ideas for the longer term; for example, our proposed apprenticeship scheme will help train conservators in the skills we are going to need over the coming years.

Financially, we are building solid, sustainable foundations. We have had a good first year – meeting, and in some cases exceeding, our targets. But to carry out the largest conservation and improvement programme in our history, we need to raise more funds from other sources. So we are reaching out to new kinds of donors, making fresh arguments for the value of our work; and we are expanding our commercial operations.

This report summarises the achievements of our first year operating as a charity, and gives a flavour of our aims for the future.



Sir Tim Laurence
Chairman

“We are reaching out to new kinds
of donors, making fresh arguments
for the value of our work”

IMAGE

BUILDING FOR THE FUTURE

We've completed our first year as a charity with some great successes under our belt and we're now looking to build on these over the next three years.

Last year, almost 1,000 of our employees and volunteers took part in shaping our plans for the future. In April 2016, we launched our Strategic Plan: 'Building for the future', which covers the next three years up to the end of 2018/19.

We've decided that our four priorities will be: Inspiration, Conservation, Involvement, and Financial Sustainability.

We're going to create inspiring experiences that tell the story of England. We'll capture the nation's imagination with a handful of high profile, memorable new visitor experiences and conservation stories. But we'll also improve our offer across the board and provide outstanding learning opportunities for all, whether they're visiting our sites, browsing online or reading our publications. Projects will include a new visitor experience at Clifford's Tower and marking the 950th anniversary of England's most famous battle, the Battle of Hastings.

We're going to make sure our historic sites and artefacts continue to be expertly cared for. We'll prioritise individual care projects by risk, condition and significance, and develop our expertise and capacity. We'll be carrying out major conservation work at Iron Bridge in Shropshire – the first cast-iron arch bridge in the world – as well as at Carisbrooke Castle on the Isle of Wight, and we'll complete a new storage facility for artefacts in the north of England.

We're going to find new ways to inspire and involve more people in our work. Thousands of supporters will help shape our offer and new community engagement projects will be launched. We will expand our volunteer force by increasing the range of volunteering roles available, as well as developing new partnerships with local authorities and communities.

This will involve encouraging more people to join as new Members; improving visitor facilities; expanding our catering offer; and diversifying and developing our fundraising.

By 2023, we want to be a thriving, well-loved charity, renowned for the inspiring way we bring history to life, helping millions of people discover more about the story of England.

We'll be a better understood organisation and will have proven our independent business model, securing the future of the unique sites in our care for years to come. We will also be a great place to work – a place where we trust each other, take pride in what we do, and have fun along the way.

I do hope you will join us on the first stage of this unmissable journey.



Kate Mavor
Chief Executive

“We’re going to find new
ways to inspire and involve
more people in our work”

IMAGE

IMAGE

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, was developed whereby we received a grant of £80 million from Historic England on 31 March 2015 (hereafter called New Model grant). This will enable us to start the challenging work of investing in this unique portfolio of sites and monuments and turning English Heritage into a financially sustainable business by 2022/23.

This New Model grant is being used over an eight-year period 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 capital funding will be supplemented by tapering annual subsidies to support English Heritage as it transitions to become financially self-sufficient by 2022/23.

We have four priorities which 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 will use to assess our success in delivering our four priorities each year. These cover financial indicators such as the use of the £80 million 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 one of our most popular sites Kenwood, and we offer free entry to pre-booked learning groups at all our pay-to-enter sites. Chargeable activities include admission to our major sites including Stonehenge and Dover Castle. 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 19 years per adult member.

ACHIEVEMENTS AND PERFORMANCE: INSPIRATION

We want to create inspiring experiences that bring the story of England to life for visitors, now and in the future. The breadth of places in our care is extraordinary, letting us tell that story as no one else can.

Over the last year, we've invested in our sites, visitor facilities, marketing, online presence and our people to help more visitors than ever before connect to the story of England. We've been working hard to capture their imagination through innovative approaches, exhibitions and displays.

In 2015/16, we welcomed over 5.85 million visitors to pay-to-enter English Heritage sites, increasing to over 10 million including free sites.

We've also created a better experience for our online visitors, launching our award-winning website last summer. Nationally, we've achieved some of our strongest ever media coverage, supporting our capital project launches and delivering our first ever national consumer PR campaign in Summer 2015 – *Kids Takeover*, including the recruitment of a Child Executive Officer.

We've invested £4.2 million (15%) of the £28 million New Model grant for capital investment, interpretation and presentation, to improve the visitor experience. Our Visitor Experience score remains high at 8.72 out of 10. Here are some of the major projects we worked on this year.

Celebrating Waterloo's bicentenary

We celebrated the Duke of Wellington's great victory at the Battle of Waterloo, at three of our sites. At Apsley House, his glamorous London home, we conserved and redisplayed paintings and furniture, introduced a new multimedia guide and recreated his Waterloo Banquet. The Wellington Arch tells the story of the battle and its legacy. And in the intimate setting of Walmer Castle, visitors can see the simple bedroom in which the duke died and explore the extraordinary celebrity of this national hero in 19th-century Europe.

Revealing Eltham Palace

Stephen and Virginia Courtauld created a striking Art Deco home at Eltham Palace in the 1930s. Now we've brought it vividly back to life. There's a new visitor centre, complete with shop and café, and a new introductory film and multimedia guide. We've opened recently re-presented spaces, many of which are accessible to visitors for the first time, to give fresh insight into the millionaires' lives. These include the Courtauld's Map Room, Stephen's rock garden, Virginia's walk-in wardrobe and one of London's most luxurious air raid shelters. Eltham Palace received Highly Commended for Best Permanent Display at the 2016 Museum and Heritage awards and saw a 55% increase in visitor numbers compared to 2014/15.

Sharing the excitement online

The launch of the English Heritage website in 2015 was an important milestone for us as a new charity, enabling us to communicate and develop the breadth of inspiring content, products and services we offer, supported by our social media channels. A reflection of the standard we have reached with the new website was winning Best Entertainment and Leisure Experience at the UKUX awards.

Investing in future experiences

We've also been working hard over the last year to prepare for new visitor experiences in 2016/17. To celebrate the 950th anniversary of the Battle of Hastings, we're completely refreshing Battle Abbey, creating a new play area, opening up the spiral staircases to the Gatehouse roof and launching a temporary exhibition. At Rievaulx Abbey, we've completely re-presented the abbey museum, displaying objects from our reserve collections for the first time, and our stylish redeveloped visitor centre now has a new shop and café, with stunning views across the abbey ruins. We've also begun a project at Stonehenge to meet the increasing demand for additional coach and car parking spaces.

And at Tintagel Castle, a bronze sculpture inspired by the legend of King Arthur and Tintagel's royal past, is the centrepiece of new interpretation which explores the history of the Cornish castle. We're also developing plans for a footbridge linking the Cornish mainland and the island fortress.

5.85m

visitors to our sites last year

58%

of visitors rated it an excellent experience

11m

visits to our website

IMAGE

IMAGE

ACHIEVEMENTS AND PERFORMANCE: CONSERVATION

Conserving and maintaining our historic sites and artefacts, for the benefit of current and future generations, is the cornerstone of everything we do.

In our first year as a charity, we've invested £6.1 million (12%) of the £52 million New Model grant in order to deliver high priority conservation projects at sites across the country. This included addressing conservation defects at Osborne (£1.3 million), Audley End House and Gardens (£0.5 million) and St Mary In Castro Church at Dover Castle (£0.5 million). We also invested £3.8 million at 79 other sites across the country, from Tintagel Castle to Chesters Roman Fort at Hadrian's Wall.

We've also been looking for new partners and donors to support us. They'll help us deliver the biggest conservation and improvement programme in our history by 2023.

We've chosen some of last year's key projects to illustrate the depth and variety of that work.

Renewing our Roman past

We've begun the first phase of a major conservation programme across our World Heritage Site, Hadrian's Wall. Over the next three years, we'll be hard at work all the way along its 73 miles, conserving it and improving its footpaths and fences.

Bringing art to light

We thought we held a Titian copy, but with help from the Hamilton Kerr Institute, our conservators uncovered the truth – it's by the master himself. *Titian's Mistress* (1550-60), along with two other Titian paintings from the Wellington Collection – *A Young Woman Holding Rose Garlands* (1550-60) and *Danaë* (1551-53), were displayed at an exhibition at Apsley House last summer, revealing how recent conservation and research have shed new light on the work of Titian.

We've also brought a more recent treasure back to light. Virginia Courtauld decorated her study at Eltham Palace with maps of every corner of the world, and a quirky series of paintings linking them together. They were covered over and forgotten until 2014, when our conservators rediscovered them under many layers of paint.

Conserving royal stories

Charles II hid at Boscobel House after his defeat at the Battle of Worcester in 1651. Cracks in its walls showed us that its original timber frame was decaying, so we replaced and weather-proofed it.

Thankfully, Victorian royal life was much less hazardous. Osborne's Durbar and Princess Beatrice rooms show two sides of it – the highly formal, and the relaxed and familial. We're repairing and redecorating them, and weather-proofing the wing they sit in.

Maintaining our buildings

Brodsworth Hall is one of our most complete surviving Victorian country houses. We're helping its windows and shutters open properly and keeping its heating and electrical systems up to date. We're being particularly careful to work round the extremely well-preserved contents, making sure we don't disturb its unique atmosphere.

Audley End House and Gardens has over 400 years of stories to tell, with its Robert Adam interiors and Capability Brown gardens. But centuries of wear and tear have also taken their toll. So we're improving and conserving its windows, roofs and stonework.

By contrast, Witley Court is so deeply evocative because it's a ruin. The glittering society parties it hosted ended when it burned down in 1937. We're conserving its masonry and cleaning its Perseus and Andromeda fountain, so future visitors can wander through it and imagine a lost golden age.

As good as new

Wellington Arch's Quadriga sculpture is the largest bronze sculpture in England. Without the support of our three-year partnership with Unilever brand Cif, we wouldn't have been able to renovate it – we're very grateful for their ongoing support.

And Thomas Archer's Wrest Park Pavilion is a baroque masterpiece. But the rain's getting in. We're weather-proofing and repairing it, and conserving its stunning trompe de l'oeil interiors.

£6.1m

invested in high priority conservation projects

3

Titian paintings exhibited

£11m

spent on routine repairs and maintenance

ACHIEVEMENTS AND PERFORMANCE: INVOLVEMENT

Our heritage is for everyone. Over the last year, we've begun to define and develop our strategy to make sure that our supporters are deeply involved in both protecting it and bringing it to life.

We're very grateful to our donors, Members, partners, friends and volunteers, whose generosity of time and much-needed funds have helped us realise a range of important projects in 2015/16.

Donations and legacies will be essential to help us achieve our most ambitious projects. And we want to open up new ways for volunteers to give their invaluable time and effort.

Involving the community

We've started to look at ways to link our sites to local communities and get more closely connected to the people who live in them.

At Dover Castle last August, over 300 visitors came along to our free open evening to learn more about the site's history with our Fortress Dover project, aimed at improving access to Dover Castle and its First World War heritage.

Our project 'If Walls Could Talk' at Conisbrough Castle transformed the visitor experience, with brand new facilities, a high tech exhibition and a programme of engaging activities. Since re-opening, over 20,800 schoolchildren have visited the site, with 14,000 children taking part in

the staff/volunteer-led workshops, offering pupils a hands-on insight into medieval life at the castle.

And in Berwick, we're working with local residents and partner organisations to see if Berwick Barracks can help kick-start the town centre's regeneration. They told us the barracks should become a heritage hub for the region. We're seeing if that's possible.

Welcoming more volunteers

Over the last year, 2,000 volunteers gave us over 130,000 hours of their time, including 150 new volunteers who joined us this year at Eltham Palace. They support us in many different ways. Our staff welcome them with great warmth, because they know that the support of volunteers can make a really positive difference to the visitor experience.

Volunteering can be a long-term commitment. For example, 2015 saw volunteers and staff celebrate the 20th anniversary of the public opening of Brodsworth Hall. Many of those who joined us back then are still helping out at the hall today. Volunteers can also have a great impact, even if they only stay with us for a short time while searching for permanent paid employment.

Supporting our cause

Our two public appeals - uncovering and restoring the Map Room at Eltham Palace and re-presenting Rievaulx's museum - saw our Members and visitors respond with enthusiasm, with more than 300 donors giving to these projects alone.

The blue plaques scheme continues to be funded exclusively through philanthropic and corporate support, enabling us to link the people of the past with the built environment of today's London, with nine new plaques unveiled during 2015.

Once again, we've received generous support from the Heritage Lottery Fund, which has enabled us to deliver projects including the First World War Fire Command Post at Dover Castle, and Richmond Castle's Cells: *Voices of Rebellion*.

We also recognise those who have remembered English Heritage with a gift in their will, whose generosity has a transformative impact, both now and for future generations. Of particular note this year has been a significant bequest from the late Miss Audrey Russell of the Stenbury Manor Estate on the Isle of Wight.

Inspiring students across the country

This year, we've welcomed 365,000 schoolchildren and adult learners to our properties. So we've been boosting our on-site educational resources, making sure they meet the needs of the National Curriculum and the education sector. Our key partners include GCSE exam boards and 'Kids in Museums'.

And our schools marketing programme is growing. Most recently, we've added a learning section to our website and launched a new educational visit booking system.

£3.2m

fundraised income

365,000

schoolchildren and adult learners visited our sites

130,000

volunteer hours given by 2,000 people

IMAGE

"The children came away bursting with knowledge they wanted to share with friends and family. The secret war tunnels kept their attention and fuelled their fascination perfectly"

IMAGE

ACHIEVEMENTS AND PERFORMANCE: FINANCIAL SUSTAINABILITY

Now that we're a charity, we plan to become self-funding and financially independent by 2022/23. Key achievements over the last year include growing our membership base and bringing in major gifts and grants.

We are extremely grateful to our supporters whose generosity in 2015/16 has helped realise a range of important projects. Together they have contributed £3.2 million in our first year as a charity from donations, legacies, licensing and sponsorships.

That's helped support our conservation and interpretation work, and create a better visitor experience by improving our visitor centres, cafés and retail outlets. But there's still a lot of work to do both to become financially sustainable and launch the biggest conservation and site improvement programme in our history. We're working hard to make that happen.

Building our membership base

We already have some very strong support. Our Members are at the heart of everything we do – their enthusiasm is a continuing source of inspiration. Over the last year, we've seen their numbers grow to 876,000, achieving our targeted growth of 55,000 and bringing in an income of over £27.6 million, exceeding budget.

Growing our shops and cafés

We're expanding our shops and product ranges. General investment in product development at our major site shops has paid off well. Last year's flagship relaunch was our Eltham Palace shop, whose new look and bespoke Art Deco inspired stock have helped our sales grow stronger. At Tintagel, a new admissions point and shop in the village has given us a high street presence selling merchandise and tickets.

We've been improving our technology. Now that we've made our web shop much easier to find and use, we saw a significant increase in online sales.

We want our visitors to feel as welcome as possible. So we're refreshing our cafés and opening new ones. A new seventy-seat tearoom in Eltham Palace's greenhouses complements its re-imagined shop. Tintagel's Beach Café has had a North Cornwall inspired redesign and expansion. And we've brought Carisbrooke Castle and Belsay Hall cafés back in-house.

We've also introduced a new food strategy, delivering core, regional and site specific offers at our sites. A new children's menu was tested successfully at Audley End House and will be launched nationally in 2016/17.

Expanding our offer

We've continued to build up our events programme, bringing in new visitors and encouraging people to explore their local sites. This year we ran 489 events over 1,456 event days, ranging from Medieval Jousts and Easter Quests to Art Deco Fairs and Dracula events.

We're also looking at how we can grow the hospitality and filming parts of our business – we have so many inspiring locations to offer. And finally, we're helping people get away from it all by expanding our holiday cottage programme.

Improving the breadth and scope of our fundraising

Our donors have helped us carry out urgent conservation work, return landscapes to their historic origins, meticulously conserve paintings and medieval stonework, and provide fresh and engaging interpretation for school children and adult learners. As we move towards a financially sustainable business model, the generosity of our friends will be critical to our success. We would like to thank all those involved in supporting us, whose names are listed on page 63.

Improving profitability

We will be monitoring our trading margin as a key indicator of our performance as we transform the business to financial sustainability. Trading profit is calculated as income generated from Members and visitors, less the associated costs of operating the sites and marketing costs. In 2015/16 our trading margin was 26.3% compared to a budget of 24.4%. The main reason for this strong performance is higher visitor numbers, principally the result of increased memberships, resulting in higher catering and retail revenue. This is explained in more detail in the following Financial Review.

876,000

English Heritage
Members

1,456

event days featuring
489 events

392,000

coffees sold in our cafés
and tearooms

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 is given eight years 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 payment of the New Model grant of £80 million, together with tapering annual subsidies that enable 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:

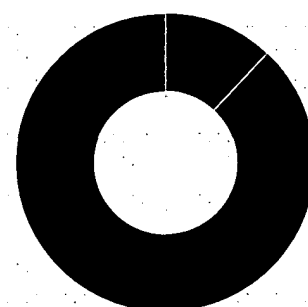
- £52 million for addressing the most urgent top three categories of conservation defects in the collection as identified in our asset management plan.
- £28 million on new commercial capital investments such as visitor facilities and infrastructure, as well as on updating the presentation and interpretation of small and medium sized sites that would not normally qualify for commercial capital investment.

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 year, which is summarised in the table below:

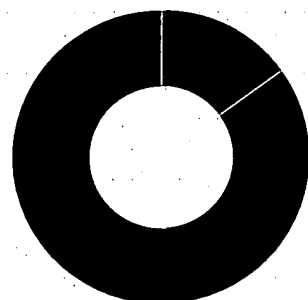
2015/16 Actual versus Launch Plan	Actual £'000	Launch Plan £'000
INCOME FROM:		
Donations and Legacies	2,497	3,200
Charitable Activities		
Conserving our Properties	1,594	-
Membership and Admissions	52,835	50,500
New Model tapering annual subsidy	15,817	15,600
Other Trading Activities		
Running our Properties	21,816	23,600
Licensing and Sponsorships	707	-
Investments	136	-
Other Income	9	-
Total	95,411	92,900
Expenditure	(94,167)	(93,700)
Net income/(expenditure) before use of New Model £52m grant	1,244	(800)
Use of New Model £52m grant	(6,092)	(6,500)
Net income/(expenditure)	(4,848)	(7,300)

USE OF £52M CONSERVATION GRANT



12% in 2015/16
88% remaining

USE OF £28M CAPITAL INVESTMENT GRANT

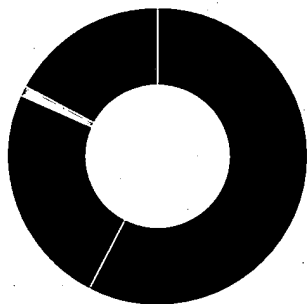


15% in 2015/16
85% remaining

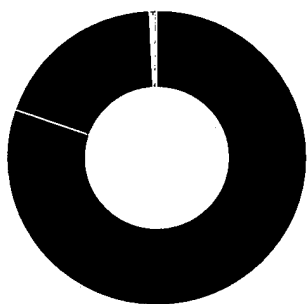
We have delivered income of £95.4 million compared to the Launch Plan of £92.9 million, notably, due to a strong performance from Memberships and admissions (actual: £52.8 million; Launch Plan: £50.5 million).

Expenditure, at £94.2 million, exceeded the Launch Plan of £93.7 million, as we invested to drive growth in revenue. As a result, we achieved net income of £1.2 million, which was £2 million better than the Launch Plan net expenditure of £0.8 million.

Additionally, we spent £6.1 million on conservation and restoration projects, which was funded by the £52 million

INCOME BY ACTIVITY 2015/16

57.0% Charitable
22.9% Other trading activities
3.4% Donations and legacies
16.7% Historic England subsidy/other

EXPENDITURE BY ACTIVITY 2015/16

79.3% Charitable
19.8% Other trading activities
0.9% Donations and legacies

New Model grant, and compares with the Launch Plan spend of £6.5 million. This underspend of £0.4 million was, in part, due to a lack of sufficient project managers to oversee the major conservation programmes. We have reviewed salary levels and have made substantial progress towards having a full complement of qualified staff.

Statement of financial activity (SOFA)

English Heritage's financial performance in 2015/16 was strong, performing better than budget in our first year of operation. Now that we are trading as a charity, we have new objectives.

Previously reflected in the prior year's figures, the legal entity's main aim was to drive fundraising income and support for English Heritage properties and collections. Consequently we've not shown previous year figures as the comparison would not provide the best means of understanding the current financial position.

Turnover reached £95.4 million, consisting of:

- Donations and legacies, Licensing and Sponsorship raised £3.2 million.
- Our charitable activities, comprising principally of income from memberships and admission to our sites, which rose to £52.8 million. This was based on an increase in membership income to £27.6 million and admissions income of £25.2 million.
- Conserving our properties generated £1.6 million including non-government grants such as the Garden Bursary Scheme, and conservation grants, as well as rental income from our properties.
- In addition, we received £15.8 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 business is intended to be financially sustainable.
- Running our properties, income totalled £21.8 million, which includes retail (£12.8 million), catering (£6.6 million), and hospitality, filming and weddings income (together £2.4 million).
- Other income of £0.1 million relates principally to interest income on bank deposits.

Our charitable activities, notably operating the sites and monuments for the 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 7).

Expenditure was £100.3 million including £6.1 million in respect of the £52 million New Model grant. This comprises:

- £0.8 million in building the fundraising team. The cost of fundraising for 2015/16 was 25p spent for every £1 raised, which compares favourably with the sector average, especially as we are in a period of investment and growth.
- Membership and admissions (£40 million), including costs for marketing, events and on-site visitor services staff, which promote footfall to the sites and supports the acquisition and retention of new Members.
- Conserving our properties through maintenance and curatorial works, and conservation (£33.6 million). Major on-going expenditure to conserve the monuments and sites will result in a negative position on the restricted reserve for the foreseeable future, but this expenditure is being funded by the £52 million New Model grant.
- Running our properties, (£18.3 million) mainly the retail and catering operations.

Net income on the unrestricted reserve is £0.5 million. Net expenditure on the restricted reserve is £5.4 million, representing use of the £52 million New Model grant and other restricted income. There is therefore an overall operating loss of £4.8 million.

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

- An exceptional non-operating loss of £5.9 million relating to the transfer of operating assets and liabilities from Historic England to English Heritage on 1 April 2015. The loss is split between a £6.2 million unrestricted loss and a £0.3 million restricted gain. Further details are set out in Note 11, which shows a breakdown of assets, comprising software licences, fixtures and fittings, the investment in the trading subsidiary, trade debtors, and cash at sites, and the liabilities, comprising principally deferred income relating to annual and lifetime memberships. The transfer of operating assets and liabilities is set out in 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.
- A transfer between restricted and unrestricted reserves of £4.3 million relating to the reclassification of capital expenditure from the £28 million New Model grant as unrestricted to reflect the nature of the assets which have been created. Further details can be found in Note 12.
- Other recognised gains relating to the revaluation of fixed assets (see Notes 11, 17 and 18) and profit on disposal of fixed assets which are all unrestricted.

The overall net movement in funds is therefore a loss of £1.2 million on unrestricted reserves and a loss of £9.5 million on restricted reserves. 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 £83 million on 1 April 2015 to £72.3 million on 31 March 2016. This reduction of £10.6 million is due to expenditure linked to

the New Model grant of £6.1 million and the transfer by absorption of the opening balances of £5.9 million, and a fixed asset revaluation gain of £0.1 million. The balance is therefore a surplus of £1.2 million, split between unrestricted and restricted reserves, £0.6 million and £0.6 million respectively.

Balance sheet

Funds at 31 March 2016 of £72.3 million can be analysed as follows:

- £72.0 million of restricted reserves.
The reduction in restricted reserves from £81.5 million at the start of the year, is mainly due to expenditure on conservation and capital investment during the year, in accordance with the terms of the New Model grant. The year end position consists of the balance remaining of the New Model grant of £69.7 million (see Note 33), followed by the Elizabeth Wagland Fund of £1.3 million. There are at least fourteen further restricted funds, covering individual sites and the blue plaques scheme, which total £1 million.
- Unrestricted reserves amount to £0.3 million. The reduction in unrestricted reserves by £1.2 million from £1.5 million at 1 April 2015 is the effect of:
 - Our trading activities resulting in net income of £0.5 million.
 - The exceptional non-operating loss relating to the transfer of opening balances mentioned above.
 - The transfer between reserves relating to capital expenditure, also mentioned above.

Included in unrestricted reserves is £0.1 million designated reserve in respect of Osborne. The project to which this relates has been completed and these funds will become undesignated in 2016/17.

Reserves policy

After the end of the Charity's first 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 so that we can continue to maximise the resources we invest in our charitable activities.

The policy will be to achieve free reserves equivalent to two months of essential unrestricted expenditure within five years. At 31 March 2016 our unrestricted reserves are £0.3 million, which includes revaluation reserves of £0.1 million, leaving free reserves of £0.2 million.

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 placed on deposit 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 (£72.5 million at 31 March 2016) 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 2016 was £7.0 million, deposited with commercial banks (see Note 25).

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. It is the policy of English Heritage to pay all invoices not in dispute in accordance with contractual terms. Payment runs are twice weekly. In 2015/16 88% of invoices were paid within thirty days of date of invoice and 92% within 40 days.

PRINCIPAL RISKS AND UNCERTAINTIES

A corporate risk register was developed during the year and approved at the April 2016 Board meeting. The register is reviewed by the Audit and Risk Committee at each meeting.

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

- **Organisational capacity.** Lack of sufficient project managers may prevent us from delivering the investment and conservation programmes needed to build a financially independent business. To remedy this we have benchmarked salaries and are increasing them where necessary so we retain key employees and are able to attract good quality candidates.
- **Income diversification and growth.** A failure to diversify income generation, especially in sponsorship and fundraising, and to grow membership and admissions, would impact on our ability to deliver the business model to achieve financial sustainability. We are allocating additional resources to expand the fundraising team and to marketing in order to increase memberships.
- **Technology and digital.** Insufficient focus on technology and digital may mean the technology infrastructure won't be able to fully support the growth of the business. The technology strategy is being reviewed and significant resources allocated to this field.
- **Health and safety.** English Heritage takes its duty of care to members of the public and to its employees extremely seriously. Disaster recovery plans, business continuity plans and health and safety policies are regularly reviewed by the Senior Management Team and the Board 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.
- **Additionally,** like other popular attractions, we depend on the goodwill of the general public to visit. This could be challenged by terrorism threats or economic factors such as an economic downturn and exchange rate fluctuations deterring overseas customers, who comprise a significant proportion of our visitors. We regularly review our major incident plans, share information with the police, and perform stress tests and sensitivity analysis on our business model to understand how the business could cope in the event that such a major risk materialises, given the current low level of unrestricted reserves.

The Trustees are content that risks are being appropriately managed.

FUTURE PLANS

As part of our agreement under the licence from Historic England, we are focussed on safeguarding our priceless collection of monuments and sites. But this is hugely expensive.

The £52 million New Model grant for conservation maintenance goes a considerable way to achieving this task. 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.

We need to generate additional money from fundraising and trading in order to cover conservation

as well as becoming financially sustainable by 2022/23. This is the underlying consideration driving the future strategy of English Heritage.

During 2015/16, we undertook a major review and developed our Strategic Plan for 2016/17 to 2018/19, which outlines our approach to delivering our four key priorities – Inspiration, Conservation, Involvement, and Financial Sustainability.

KEY PERFORMANCE INDICATORS		WHERE WE ARE NOW (2015/16)	WHERE WE WANT TO GET TO (2018/19)
	USE OF £52M CONSERVATION MAINTENANCE GRANT	12%	72%
	USE OF £28M CAPITAL INVESTMENT, INTERPRETATION & PRESENTATION GRANT	15%	85%
	MEMBERSHIP BASE ¹	876K	1,052K
	TRADING PROFIT	26.3%	29.7%
	FUNDRAISED INCOME	£3.2M	£30M ²
	NUMBER OF VISITORS	5.85M ³	6.25M
	VISITOR EXPERIENCE ⁴	8.72	8.83
	NUMBER OF VOLUNTEERS	2K	5K

¹ Average base size during financial year. ² Cumulative over 3-year plan. ³ 2015/16 figure includes two Easters: Apr '15 & Mar '16. ⁴ Mean score for Overall Visitor Experience based on a scale of 1-10, where 10 = excellent.

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 shall 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 English Heritage's 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.

The Trustees shall elect a Chairman from amongst their number. The Chairman will hold 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.

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. The Senior Management Team attends Board meetings.

English Heritage has a wholly-owned subsidiary, English Heritage Trading Limited, which 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.

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.

Trustee Board attendance

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

Organisation

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

The Board has established two subcommittees, which have delegated authority.

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. The members of the Audit and Risk Committee are Ian McCaig (Chairman), James Twining, Sarah Staniforth CBE and Sir Tim Laurence. 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 potential future Trustees, whose appointment rests with Historic England. The Committee will meet not less than twice a year. The 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.

Our People

We recognise our employees as our most valuable resource and strive to work in a manner which 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 October 2015, showed that 86% of employees would recommend English Heritage as a place to work. The full results, including concerns about pay and reward, were fed back to both staff and the Senior Management Team. We will be picking up on many of these areas as part of our People Plan, which supports the 3-year Strategic Plan and will focus on collaboration, empowerment and innovation. We also use the intranet, management briefings and staff meetings to keep in regular communication with our employees. We had input from almost 1,000 employees and volunteers in order to create the Strategic Plan, which we launched with a video from the Chief Executive. We also stay in regular contact with Trade Union partners to ensure they are updated on business performance and plans for the future.

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.

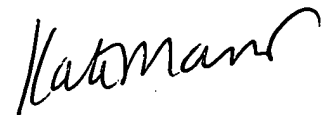
As far as the Board of Trustees and Accounting Officer are aware:

- (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 were adopted by the Trustees (in their capacity as company directors) and signed on their behalf by:



Sir Tim Laurence
Chairman



Kate Mavor
Chief Executive

20 June 2016

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 OBE
Peter Blausten
Sir Tim Laurence
Martin Moore

DIRECTORS OF ENGLISH HERITAGE TRADING LIMITED

Sir Tim Laurence (Chairman)
Victoria Barnsley OBE
Charles Gurassa
Sir Laurie Magnus
Kate Mavor
Martin Moore

BLUE PLAQUES PANEL

Professor Ronald Hutton (Chairman)
Mr 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
Professor Lynda Nead
Professor Lord Winston

REGISTERED OFFICE

1 Waterhouse Square
138-142 Holborn
London EC1N 2ST

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
1 St James Court
Whitefriars
Norwich NR3 1RU

Bond Dickinson
4 More London Riverside
London
SE1 2AU

INDEPENDENT AUDITOR'S REPORT

I have audited the financial statements of English Heritage Trust for the year ended 31 March 2016 which comprise the Group and Charity Statement of Financial Activities (including the Income and Expenditure Account), the Group and Charity Balance Sheet, the Group and Charity Cash Flow Statement 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 Trustees' Responsibilities Statement and the Accounting Officers' Responsibilities Statement, 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 Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees and Accounting Officer; 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 certificate.

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 and Charity's affairs as at 31 March 2016 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 (Statutory Auditor)

7 July 2016

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 2016

	Note	Unrestricted 2015//2016 £'000	Restricted 2015/16 £'000	Total 2015/16 £'000	Total 2014/15 £'000
INCOME FROM:					
Donations and Legacies	2,4,5a	1,822	675	2,497	1,831
Charitable Activities					
Conserving our Properties	5a	1,258	336	1,594	-
Membership and Admissions	5a	52,835	-	52,835	-
New Model	2,3,4,5a	15,817	-	15,817	80,013
Other Trading Activities					
Running our Properties	5a	21,816	-	21,816	-
Licensing and Sponsorships	5a	707	-	707	-
Investments	4,5a,6	84	52	136	11
Other Income	2,5a	9	-	9	-
Total		94,348	1,063	95,411	81,855
EXPENDITURE ON:					
Raising Funds					
Donations and Legacies	2,4,8a	(642)	-	(642)	(146)
Running our Properties	8a	(18,340)	-	(18,340)	-
Licensing and Sponsorships	8a	(156)	-	(156)	-
Charitable Activities					
Conserving our Properties	2,4,8a	(33,184)	(371)	(33,555)	(984)
Membership and Admissions	8a	(40,049)	-	(40,049)	-
New Model	3,8a	(1,425)	(6,092)	(7,517)	-
Total		(93,796)	(6,463)	(100,259)	(1,130)
Net income/(expenditure)	10	552	(5,400)	(4,848)	80,725
Exceptional Non-Operating Gain/(Loss)	11	(6,160)	242	(5,918)	-
Transfers between funds	12	4,301	(4,301)	-	-
OTHER RECOGNISED GAINS/(LOSSES):					
Gain on revaluation of fixed assets	11, 17, 18	119	-	119	-
Net Movement in Funds		(1,188)	(9,459)	(10,647)	80,725
RECONCILIATION OF FUNDS:					
Total funds brought forward		1,465	81,489	82,954	2,229
Total funds carried 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.

The comparative information has been disclosed in line with Charities SORP (FRS 102) requirements and a reconciliation between prior year and current year has been included at Note 2 highlighting the changes to comparatives required as a result of the adoption of the Charities SORP (FRS 102).

Statement of Financial Activities (SOFA) for the Charity for year ending 31 March 2016

	Note	2015/16 Unrestricted £000	Restricted £000	Total £000	2014/15 Total £000
INCOME FROM:					
Donations and Legacies	2,4,5b	4,889	675	5,564	1,831
Charitable Activities					
Conserving our Properties	5b	1,258	336	1,594	-
Membership and Admissions	5b	52,835		52,835	-
New Model	2,3,4,5b	15,817	-	15,817	80,013
Other Trading Activities					
Running our Properties	5b	12,919	-	12,919	-
Investments	4,5b,6	84	52	136	11
Other Income	2,5b	9	-	9	-
Total		87,811	1,063	88,874	81,855
EXPENDITURE ON:					
Raising Funds					
Donations and Legacies	2,4,8b	(642)	-	(642)	(146)
Running our Properties	8b	(11,959)	-	(11,959)	-
Charitable Activities					
Conserving our Properties	2,4,8b	(33,184)	(371)	(33,555)	(984)
Membership and Admissions	8b	(40,049)	-	(40,049)	-
New Model	3,8b	(1,425)	(6,092)	(7,517)	-
Total		(87,259)	(6,463)	(93,722)	(1,130)
Net income/(expenditure)	10	552	(5,400)	(4,848)	80,725
Exceptional Non-Operating Gain/(Loss)	11	(6,160)	242	(5,918)	-
Transfers between funds	12	4,301	(4,301)	-	-
OTHER RECOGNISED GAINS/(LOSSES):					
Gain on revaluation of fixed assets	11, 17, 18	119	-	119	-
Net Movement in Funds		(1,188)	(9,459)	(10,647)	80,725
RECONCILIATION OF FUNDS:					
Total funds brought forward		1,465	81,489	82,954	2,229
Total funds carried forward		277	72,030	72,307	82,954

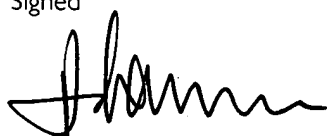
Consolidated and Charity Balance Sheet as at 31 March 2016

	Note	Group 2016 £'000	Charity 2016 £'000	Restated Total 2015 £'000
Fixed Assets				
Intangible assets	17	1,162	1,162	-
Tangible assets	18	6,909	6,909	-
Heritage assets	19	81	81	-
Investments	22a	-	2,028	-
Total Fixed Assets		8,152	10,180	
Current Assets				
Stocks	23	6,516	54	-
Debtors	2,24	6,508	11,276	497
Current asset investments	22b	1,217	1,217	100
Cash at bank and in hand	25	79,506	79,397	83,114
Total Current Assets		93,747	91,944	83,711
Liabilities				
Creditors: amounts falling due within one year	29,31	(27,496)	(27,721)	(757)
Net Current Assets		66,251	64,223	82,954
Total Assets Less Current Liabilities		74,403	74,403	82,954
Creditors: amounts falling due after more than one year	30,31	(2,084)	(2,084)	-
Provisions for liabilities	32	(12)	(12)	-
Total Net Assets		72,307	72,307	82,954
The funds of the charity				
Restricted Funds	33	72,030	72,030	81,489
Unrestricted Funds				
Financial Asset Reserve		-	2,028	-
Revaluation Reserve		119	119	-
Designated Funds		149	149	149
General Fund		9	(2,019)	1,316
Total Unrestricted Funds	2,33	277	277	1,465
Total Charity Funds		72,307	72,307	82,954

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 60 form part of these accounts.

Signed



Sir Tim Laurence
Chairman

Kate Mavor
Chief Executive



Approved by the Trustees on 20 June 2016

Group and Charity Statement of Cash Flows for year ending 31 March 2016

	Note	2016		Restated 2015
		Group £'000	Charity £'000	Group and Charity £'000
Net income/(expenditure) for the reporting period (as per the SOFA)	2	(10,647)	(10,647)	80,725
Adjustments for:				
Exceptional Loss	11	5,918	5,918	-
Depreciation and Impairment Charges	8a,8b,14	1,080	1,080	-
(Gains) on fixed assets	11, 17, 18	(119)	(119)	-
(Gains)/Losses on investments		0	0	
Interest from investments	5a,5b,6	(136)	(136)	-
(Profit) on disposal of fixed assets	5a,5b	(9)	(9)	-
(Increase) in stocks	23	(6,516)	(54)	-
(Increase) in debtors	2,24	(6,011)	(10,779)	(491)
Increase in creditors	29, 30	28,823	29,048	490
Increase in provisions	32	12	12	-
(Loss) on net assets transferred by absorption	11	(9,111)	(11,139)	-
Net cash provided by operating activities		3,284	3,175	80,724
Cash flows from investing activities:				
Interest from investments	5a,5b,6	136	136	-
Proceeds from the sale of property, plant and equipment	5a,5b,17,18	15	15	-
(Purchase) of property, plant and equipment	17,18,19	(6,147)	(6,147)	-
Proceeds from transfer of Historic England cash floats	11	221	221	-
(Purchase) of investments	22b	(1,117)	(1,117)	(100)
Net cash (used in) investing activities		(6,892)	(6,892)	(100)
Cash flows from financing activities:				
Repayments of borrowing		-	-	-
Cash inflows from new borrowing		-	-	-
Receipt of endowment		-	-	-
Net cash provided by (used in) financing activities		-	-	-
Change in cash and cash equivalents in the reporting period		(3,608)	(3,717)	80,624
Cash and cash equivalents at the beginning of the reporting period		83,114	83,114	2,490
Cash and cash equivalents at the end of the reporting period		79,506	79,397	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 English Heritage and its wholly owned subsidiary, English Heritage Trading Limited, company number 02970369, on a line by line basis. The results of the company can be found at Note 7. A separate SOFA and Income and Expenditure account for English Heritage has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

d) Income

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

- Donations and Legacies
- Raising Funds
- Charitable Activities
- Other Income

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

Donations and Legacies

Legacies are recognised when it is probable that they will be received. 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.

In order to comply with the requirements of FRS102, these financial statements include a prior period adjustment regarding the retrospective recognition of legacy income, as explained in more detail in Note 2.

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.

Raising Funds

Income from raising funds is primarily comprised of income generated by the retail and catering operations at English Heritage trading sites. Licensing and sponsorship income is also included in this category.

The English Heritage Trust owns 100% of the share capital of English Heritage Trading Limited, the turnover of which is recognised in the period in which a sale is made. Turnover relates to sales of goods and souvenirs, guidebooks and catering products at sites and online as well as licensing and sponsorship income.

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 income and expenditure account in ten equal annual instalments. This represents a change from Historic England's policy, 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 10 years of their arrangement. The Charity therefore feels it is appropriate to use 10 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 from 1 April 2015, the Charity received a subsidy from its parent, the Historic Buildings and Monuments Commission for England (Historic England). This income will be payable, on a steadily decreasing basis, for a seven-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 eight-year period. The subsidy income received from HBMCE has been classified as support for the Charity's charitable activities in these financial statements.

Miscellaneous other income received by the Charity or EHTL, such as for wedding bookings or holiday cottage lets, is recognised in the accounting period to which the income relates. Any income received in advance is regarded as being deferred at the conclusion of the financial year.

Other Income

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.

e) Gift Aid

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

Gift Aid on admissions

Gift Aid which 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 which 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 which 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 which 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 which 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 on their expenditure imposed under the terms of the Elizabeth Wagland Fund subsequently amended by a cy près 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.

Where costs cannot be directly attributed, 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 which support English Heritage's charitable remit.

These costs have been apportioned on the basis of staff numbers, expenditure or activities and have been directly allocated where possible.

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 8.

English Heritage's 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 which management feels is most appropriate.

English Heritage's income has also been apportioned using the same methodology, meaning that Note 9 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 which 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 which, 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	50 years
Refurbishments	10-20 years
Exhibitions and interpretations	5-20 years
Plant and machinery	5-15 years
IT equipment, furniture and fittings	4-10 years

When considering anticipated useful economic lives, regard is given to the requirement of Section 17 of FRS102, to identify assets which 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 which relates to the investment concerned. Any other unrealised losses are charged to the SOFA.

k) Financial Instruments

English Heritage only holds basic financial instruments which 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 which 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.

u) Apportionment of income, expenditure and support costs

In accordance with the requirements of FRS 102, the Charity has developed a model to apportion support and other expenditure across its main activities. Details of the results of this exercise can be found in Note 8 to the financial statements.

The Charity's 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 excluding restricted activity.

Following this allocation of support costs, the Charity's total expenditure has then been apportioned across the Charity's main activities in a manner which the Charity's management feels is most appropriate.

The Charity's income has also been apportioned using the same methodology, meaning that Note 8 therefore shows the net income or expenditure for each of the Charity's main activities.

2 Reconciliation between 2014/15 Financial Statements and 2015/16 Prior Year Comparatives

In preparing the accounts, the Charity has considered whether, in applying the accounting policies required by FRS102 and the Charities SORP, the restatement of comparative items was required.

As a result of the adoption of the Charities SORP (FRS 102) from 1 April 2015, the Charity has reviewed its prior year comparatives and determined that adjustments are required to reflect transactions and balances which would have been recognised under the Charities SORP (FRS 102) during 2014/15. A reconciliation between the SORP 2005 compliant 2014/15 financial statements and the restated comparators is disclosed below.

At the date of transition, in applying the requirement to recognise income from legacies when 'probable' rather than 'virtually certain', an asset was created for legacy income which had not previously been recognised as at 31 March 2015, but which would now be recognised, following the introduction of FRS102. The value of this legacy income was £0.5m.

Other reclassifications to bring prior year comparators in line with Charities SORP disclosure requirements have also been disclosed below.

a) SOFA

2014/15 Categorisation	Original 2014/15 Financial Statements £'000	Reassign Gift Aid Income and Support Costs £'000	Recognise Additional Legacies as at 31/03/15 £'000	Restated 2014/15 Financial Statements £'000	2015/16 Categorisation
Incoming Resources					INCOME FROM:
Voluntary Income	1,321	22	488	1,831	Donations and Legacies
					Charitable Activities
Government Grant	80,000	13	-	80,013	New Model
Investment Income	11	-	-	11	Investments
Other Incoming Resources	35	(35)	-	-	Other Income
Total Incoming Resources	81,367	-	488	81,855	Total
Resources Expended					EXPENDITURE ON:
					Raising Funds
Costs of Generating Voluntary Income	137	9	-	146	Donations and Legacies
					Charitable Activities
Charitable Activities	924	60	-	984	Conserving our Properties
Governance Costs	69	(69)	-	-	
Total Outgoing Resources	1,130	-	-	1,130	Total
Net Income for the Year	80,237	-	488	80,725	Net income/(expenditure)
Total Funds Brought Forward	2,229			2,229	Total funds brought forward
Total Funds Carried Forward	82,466	-	488	82,954	Total funds carried forward

b) Balance Sheet

2015 Categorisation	Original 2015 Financial Statements £'000	Reassign Gift Aid Income and Support Costs £'000	Recognise Additional Legacies as at 31/03/15 £'000	Restated 2015 Financial Statements £'000	2016 Categorisation
Current Assets					Current Assets
Debtors	9	-	488	497	Debtors
Investments	100	-	-	100	Current Asset Investments
Cash at Bank and in Hand	83,114	-	-	83,114	Cash at Bank and in Hand
Total Current Assets	83,223	-	488	83,711	Total Current Assets
Current Liabilities					Liabilities
Creditors Falling Due within One Year	(757)	-	-	(757)	Creditors: amounts falling due within one year
Total Current Liabilities	(757)	-	-	(757)	
Total Net Assets	82,466	-	488	82,954	Total Net Assets
Funds					
Restricted Funds	81,489	-	-	81,489	Restricted Funds
Unrestricted Funds					Unrestricted Funds
Designated Funds	149	-	-	149	Designated Funds
General Funds	828	-	488	1,316	General Funds
	977	-	488	1,465	Total Unrestricted Funds
Total Funds	82,466	-	488	82,954	Total Charity Funds

c) Statement of Cash Flow

2014/15 Categorisation	Original 2014/15 Financial Statements £'000	Reassign Gift Aid Income and Support Costs £'000	Recognise Additional Legacies as at 31/03/15 £'000	Restated 2014/15 Financial Statements £'000	2016 Categorisation
Cash Flows from Operating Activities					
Net Income in Year	80,237	-	488	80,725	Net income for the reporting period (as per the SOFA)
(Increase) in Debtors	(3)	-	(488)	(491)	(Increase) in Debtors
Increase in Creditors	490	-		490	Increase in Creditors
Net Cash Inflow from Operating Activities	80,724	-	-	80,724	Net cash provided by operating activities
Capital Expenditure and Financial Investment					Cash flows from investing activities:
Purchase of Investments	(100)	-	-	(100)	Purchase of Investments
Net Cash (Outflow) from Capital Expenditure and Financial Investment	(100)	-	-	(100)	Net cash (used in) investing activities
Net Cash Inflow for the Year	80,624	-	-	80,624	Change in cash and cash equivalents in the reporting period
Cash and Cash Equivalents at the beginning of the year	2,490	-	-	2,490	Cash and cash equivalents at the beginning of the reporting period
Cash and Cash Equivalents at the end of the year	83,114	-	-	83,114	Cash and cash equivalents at the end of the reporting period

3 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 (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 enable English Heritage to meet its objective of becoming financially self-sufficient by 2023. The £80 million 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, as well as on updating the presentation and interpretation of small and medium sized sites that would not normally qualify for commercial capital investment.

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

The amount of the £80 million government grant spent in 2015/16 is shown in the table below:

Element of spend of £80 million government grant	2015/16 £'000	2014/15 £'000
£52 million	6,092	-
£18 million	3,631	-
£10 million	603	-
Total	10,326	-

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 £15.5 million in this financial year (2014/15: £nil), net of the income as per note 5b.

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

4 Prior Year SOFA Comparatives

Group and Charity	Restated Unrestricted 2014/15 £'000	Restated Restricted 2014/15 £'000	Restated Total 2014/15 £'000
INCOME FROM:			
Donations and Legacies	1,641	190	1,831
Charitable Activities			
New Model	-	80,013	80,013
Investments	7	4	11
Total	1,648	80,207	81,855
EXPENDITURE ON:			
Raising Funds			
Donations and Legacies	146	-	146
Charitable Activities			
Conserving our Properties	678	306	984
Total	824	306	1,130
Net income/(expenditure)	824	79,901	80,725
Net Movement in Funds	824	79,901	80,725
RECONCILIATION OF FUNDS:			
Total funds brought forward	640	1,589	2,229
Total funds carried forward	1,464	81,490	82,954

The restated balance for unrestricted Fundraising income includes an additional £488k recognised as a result of the adoption of SORP 2015. This balance relates to legacy income expected on 31 March 2015.

Unrestricted governance costs disclosed in the 2014/15 Financial Statements have been apportioned between Fundraising and Conserving our Properties according to the nature of the expenditure.

5 Analysis of income by activity and nature

a) Group

	2015/16							2014/15
	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	-	204	-	2,290	3	-	2,497	1,831
Charitable Activities								
Conserving our Properties	-	-	-	431	1,163	-	1,594	-
Membership and Admissions	24,314	27,566	25	350	580	-	52,835	-
New Model	-	-	-	62	-	15,755	15,817	80,013
Other Trading Activities								
Running our Properties	-	-	19,385	33	2,398	-	21,816	-
Licensing and Sponsorship	-	-	-	-	707	-	707	-
Investments	-	-	-	-	136	-	136	11
Other Income	-	-	-	-	9	-	9	-
TOTAL INCOME	24,314	27,770	19,410	3,166	4,996	15,755	95,411	81,855

b) Charity

	2015/16							2014/15
	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	-	204	-	5,357	3	-	5,564	1,831
Charitable Activities								
Conserving our Properties	-	-	-	431	1,163	-	1,594	-
Membership and Admissions	24,314	27,566	25	350	580	-	52,835	-
New Model	-	-	-	62	-	15,755	15,817	80,013
Other Trading Activities								
Running our Properties	-	-	3,737	33	9,149	-	12,919	-
Investments	-	-	-	-	136	-	136	11
Other Income	-	-	-	-	9	-	9	-
TOTAL INCOME	24,314	27,770	3,762	6,233	11,040	15,755	88,874	81,855

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

£15.5 million of the income received from the Historic England is in the form of a subsidy relating to the deficit funding of the charity which 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.

6 Investment Income

All investment income of £0.1 million (2014/15: £nil) 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.

7 English Heritage Trading Limited

English Heritage Trading Limited (EHTL) was incorporated in 1994 and is a wholly-owned subsidiary of English Heritage. It is responsible for carrying out non-primary purpose trading and taxable activities. Non-primary purpose activities include retail and catering as well as sponsorship, filming and licensing.

On 1 April 2015, the shares in EHTL were transferred from the Commission to the Charity for £1.

The following results of EHTL have been included in the consolidated results:

Income and Expenditure	2015/16 £'000	2014/15 £'000
Turnover	16,354	20,617
Expenditure	(13,258)	(17,422)
Operating Profit	3,096	3,195
Interest Receivable and Similar Income	-	4
Profit on Ordinary Activities Before Gift Aid	3,096	3,199
Gift Aid to Parent	(3,096)	(3,199)
Profit on Ordinary Activities Before and After Taxation	-	-
Net Assets as at 31 March	2016 £'000	2015 £'000
Current Assets	7,207	5,839
Creditors: Amounts Falling Due Within One Year	(5,179)	(3,811)
Creditors: Amounts Falling Due After More Than One Year	-	-
Net Assets	2,028	2,028
Share Capital - Ordinary Shares at £1 Each	(2,028)	2,028
Profit and Loss Account	-	-
Shareholders' Funds	(2,028)	2,028

8 Total Resources Expended

a) Group

	2015/16								2014/15
	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									
Donations and Legacies	457	-	-	88	-	-	97	642	146
Running our Properties	3,670	270	7,876	3,675	-	-	2,849	18,340	-
Licensing and Sponsorship	89	-	-	45	-	-	22	156	-
Charitable Activities									
Conserving our Properties	8,497	13,360	-	6,358	-	-	5,340	33,555	984
Membership and Admissions	19,667	523	-	14,092	-	-	5,767	40,049	-
New Model	615	1,107	-	5,663	-	-	132	7,517	-
Support costs	876	-	-	12,251	946	134	(14,207)	-	-
Grand Total	33,871	15,260	7,876	42,172	946	134	-	100,259	1,130

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.

	2015/16							2014/15
	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								
Donations and Legacies	2	22	35	17	17	4	97	9
Running our Properties	52	617	1,048	518	503	111	2,849	-
Licensing and Sponsorship	-	5	8	4	4	1	22	-
Charitable Activities								
Conserving our Properties	94	1,564	722	357	2,522	81	5,340	60
Membership and Admissions	114	1,357	2,021	998	1,061	216	5,767	-
New Model	4	49	26	13	37	3	132	-
Grand Total	266	3,614	3,860	1,907	4,144	416	14,207	69

Included within governance costs are external audit fees of £75,000 for English Heritage (2014/15: £9,500) and £12,000 for English Heritage Trading Limited (2014/15: £nil reported in the financial statements of the Charity).

Also included within governance are costs associated with internal audit. There are no amounts due to auditors for services other than statutory audit (2015: £nil).

b) Charity

	2015/16								2014/15
	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									
Donations and Legacies	457	-	-	88	-	-	97	642	146
Running our Properties	3,759	270	1,458	3,613	-	-	2,859	11,959	-
Charitable Activities									
Conserving our Properties	8,497	13,360	-	6,358	-	-	5,340	33,555	984
Membership and Admissions	19,667	523	-	14,092	-	-	5,767	40,049	-
New Model	615	1,107	-	5,663	-	-	132	7,517	-
Support costs	876	-	-	12,239	946	134	(14,195)	-	-
Grand Total	33,871	15,260	1,458	42,053	946	134	-	93,722	1,130

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.

	2015/16							2014/15
	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								
Donations and Legacies	2	22	35	17	17	4	97	9
Running our Properties	40	622	1,056	522	507	112	2,859	-
Charitable Activities								
Conserving our Properties	94	1,564	722	357	2,522	81	5,340	60
Membership and Admissions	114	1,357	2,021	998	1,061	216	5,767	-
New Model	4	49	26	13	37	3	132	-
Grand Total	254	3,614	3,860	1,907	4,144	416	14,195	69

Included within governance costs are external audit fees of £72,000 for the Charity (2014/15: £9,500).

Also included within governance are costs associated with internal audit. There are no amounts due to auditors for services other than statutory audit (2015: £nil).

9 Net income/(expenditure) by activity

a) Group

	2015/16 £'000	2014/15 £'000
Raising Funds		
Donations and Legacies	1,855	1,831
Running our Properties	3,476	(146)
Licensing and Sponsorship	551	-
	5,882	1,685
Charitable Activities		
Caring for our Properties	(31,961)	(984)
Membership and Admissions	12,786	-
New Model	8,300	80,013
	(10,875)	79,029
Investments	136	11
Other Income	9	-
Net income/(expenditure)	(4,848)	80,725

b) Charity

	2015/16 £'000	2014/15 £'000
Raising Funds		
Donations and Legacies	4,950	1,685
Running our Properties	932	-
	5,882	1,685
Charitable Activities		
Caring for our Properties	(31,961)	(984)
Membership and Admissions	12,786	-
New Model	8,300	80,013
	(10,875)	79,029
Investments	136	11
Other Income	9	-
Net income/(expenditure)	(4,848)	80,725

10 Net Income/(Expenditure)

Net income on the unrestricted reserve is £0.5 million. Net expenditure on the restricted reserve is £5 million, representing use of the £52 million New Model grant and other restricted income. There is therefore an overall operating loss of £4.8 million.

11 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 is 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 SOFA and Balance Sheet of English Heritage is shown below.

The transfer of operating assets and liabilities is set out in 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.

	2015/16		
	Unrestricted £'000	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
Exceptional Non-Operating Gain/(Loss)	(6,160)	242	(5,918)

12 Transfers between funds

During the financial year, £4.3 million of restricted funds was spent on the creation and acquisition of new fixed assets by the Charity. The assets created can be used for unrestricted purposes in accordance with the Charity's objectives and hence £4.3 million of restricted funds have been transferred to unrestricted funds under the terms of the Charities' SORP 2015. This amount comprises £4.2 million from the £28 million New Model grant (see Note 3) and the balance relates to sundry restricted funds.

13 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 English Heritage's primary objectives, if these profits and surpluses are applied solely for charitable purposes. English Heritage Trading Limited gifts all its taxable profits to English Heritage, normally resulting in no liability to corporation tax.

b) Tax on profit on ordinary activities

	2015/16 £'000	2014/15 £'000
Profit/(Loss) on ordinary activities before taxation	(4,848)	80,725
Tax on profit at UK corporation tax rate	-	16,952
Effects of:		
Expected qualifying charitable donations	-	(16,952)
Current tax charge for the period	-	-

14 Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2015/16 £'000	2014/15 £'000
Auditors' fees:		
Group and Charity		
- for audit of The English Heritage Trust	72	10
Group only		
- for audit of English Heritage Trading Limited	12	-
	84	10
Depreciation and amortisation:		
Group and Charity		
- intangible assets	225	-
- tangible assets	721	-
	946	-
Impairment:		
Group and Charity		
- tangible assets	134	-
	1,080	-

15 Employees

In 2014/15 English Heritage did not directly employ any staff. All staff engaged on charity activities had contracts of employment with Historic England.

The costs in relation to these employees were recharged to English Heritage from Historic England.

a) Employee Numbers

The average monthly head count was 1,881 employees (2014/15: nil) and the average number of persons employed during the year expressed as full-time equivalents was:

Group

	2015/16			2014/15
	Full Time Number	Part Time Number	Total Number	Number
Raising Funds				
Donations and Legacies	9	1	10	-
Running our Properties	262	371	633	-
Licensing and Sponsorship	3	-	3	-
Charitable Activities				
Conserving our Properties	196	18	214	-
Membership and Admissions	115	162	277	-
New Model	8	-	8	-
Support Services	17	3	20	-
	610	555	1,165	-

Charity

	2015/16			2014/15
	Full Time Number	Part Time Number	Total Number	Number
Raising Funds				
Donations and Legacies	12	1	13	-
Running our Properties	262	371	633	-
Charitable Activities				
Conserving our Properties	196	18	214	-
Membership and Admissions	115	162	277	-
New Model	8	-	8	-
Support Services	17	3	20	-
	610	555	1,165	-

b) Employment

Group and Charity

	2015/16 £'000	2014/15 £'000
Wages and Salaries	27,392	25
Social Security Costs	1,607	5
Pension Costs	4,221	3
Redundancy and Severance Costs	35	-
Agency Staff Costs	980	-
Costs of Staff paid for by HBMCE	-	67
Total Employment Costs	34,235	100

Included within the above costs are £303,000 wages and salaries costs (2014/15: nil), £26,000 social security costs (2014/15: nil) and £35,000 pension costs (2014/15: nil) that have been capitalised within Fixed Assets (Notes 17, 18 and 19). There are nil redundancy and severance costs (2014/15: nil) and nil agency staff costs (2014/15: nil) that have been capitalised.

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).

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 2016 to be paid when the member retires and not the benefits paid during the period to existing pensioners.

The total employee benefits received (including employer pension contributions) by the Senior Management Team in the year to 31 March 2016 was £0.8 million (2014/15: nil).

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

	2015/16 Number	2014/15 Number
£60,000 – £69,999	5	-
£70,000 – £79,999	3	-
£80,000 – £89,999	2	-
£90,000 – £99,999	2	-
£130,000 – £139,999	1	-
	13	-

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 (2014/15: £nil).

Six individual Trustees were reimbursed expenses during the year, with a value of £1,438 (2014/15: £864). These costs related to travel and subsistence incurred by these individuals while they undertook Trustee business.

In addition, third party costs of £1,292 were incurred in order to facilitate the holding of Trustees' meetings. This amount primarily related to the costs of hiring an appropriate venue.

Trustees also participated in two English Heritage Trust board meetings in the financial year, held at historic sites. Nine Trustees attended the first meeting and twelve Trustees attended the second meeting. The Trustees' share of the venue, accommodation and subsistence costs relating to these meetings has been calculated as being £4,950.

One Trustee (Professor Ronald Hutton) was reimbursed for travel and subsistence expenses with a value of £697 when undertaking non-Trustee work, on behalf of the English Heritage Trust's blue plaques panel.

16 Related Party Transactions and Connected Bodies

Connected Bodies

Historic England is the sole legal member of English Heritage 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 (£10.9 million) and receipts relating to the annual subsidy which forms part of the New Model arrangements (£15.5 million) and for shared services provided to Historic England (£0.3 million).

Sir Laurie Magnus and Alex Balfour are Commissioners of Historic England, as well as Trustees of English Heritage.

Material Transactions with Related Party Interests

During the year, English Heritage had the following material transactions in which there was a related interest:

Trustees

Malcolm Reading and his wife are shareholders in and he is also the director of Malcolm Reading Consultants, which received £45,367 of payments for consultancy services from English Heritage.

Ian McCaig is a Board member of VisitBritain which made payments to English Heritage of £2,080 for customer site admissions.

During the year, James Twining was a shareholder and director of Jardine Lloyd Thompson Group plc which received £5,000 for insurance advice and £19,500 for 2016/17 insurance brokerage fee.

The husband of Kate James-Weed is the Chief Marketing Officer of Unilever plc. from which £250,000 plus vat was received as sponsorship income, which is part of £950k sponsorship to 2017/18.

Professor Ronald Hutton is an Honorary Vice President of the Sealed Knot Society, which received payments of £2,486 for services rendered.

Sukie Hemming is a Director of Corporate Affairs at the British Museum, which received £757 from the English Heritage Trust, for the purchase of books.

Ms Victoria Barnsley OBE is the Non-Executive Director and 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. The English Heritage Trust made sales with a value of £250 to this organisation.

A Trustee, Sir Laurie Magnus, donated £3,000 to the blue plaques appeal during the financial year.

Senior Staff

Shirley Jackson, Commercial Director, is a Trustee of the Association of Cultural Enterprises (ACE). The English Heritage Trust purchased items with a value of £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 £200 from Savills during the financial year.

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

17 Intangible Assets

Group and Charity

	Software Licences £'000	Systems Development £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation at 1 April 2015				
Additions	148	-	110	258
Transferred by Absorption	1,024	3,365	-	4,389
Disposals	(8)	(2,197)	-	(2,205)
Revaluations	5	17	-	22
At 31 March 2016	1,169	1,185	110	2,464
Amortisation at 1 April 2015				
Charged in Year	146	79	-	225
Transferred by Absorption	479	2,783	-	3,262
Disposals	(5)	(2,197)	-	(2,202)
Revaluations	3	14	-	17
At 31 March 2016	623	679	-	1,302
Carrying Amount at 31 March 2015	-	-	-	-
Carrying Amount at 31 March 2016	546	506	110	1,162

18 Tangible Assets

Group and Charity

	Operational Land & Buildings £'000	Plant & Machinery £'000	Information Systems £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation at 1 April 2015						
Additions	2,104	486	-	193	3,025	5,808
Transferred by Absorption	88	3,087	526	514	-	4,215
Disposals	-	(43)	(221)	-	-	(264)
Impairments	-	(727)	-	-	-	(727)
Revaluations	2	20	3	3	-	28
At 31 March 2016	2,194	2,823	308	710	3,025	9,060
Depreciation at 1 April 2015						
Charged in Year	112	529	28	52	-	721
Transferred by Absorption	33	1,446	364	423	-	2,266
Disposals	-	(40)	(221)	-	-	(261)
Impairments	-	(593)	-	-	-	(593)
Revaluations	1	13	2	2	-	18
At 31 March 2016	146	1,355	173	477	-	2,151
Carrying Amount at 31 March 2015						
Carrying Amount at 31 March 2016	2,048	1,468	135	233	3,025	6,909

An impairment of £134k was recognised in full in the SOFA in 2015/16. This related to vehicles which had been taken out of service pending possible refit and reassignment elsewhere in the Charity.

19 Heritage Assets

Group and Charity

	Artefacts & Archives £'000	Total £'000
Cost or Valuation at 1 April 2015		
Additions	81	81
Carrying Amount at 31 March 2016	81	81

Note 20 contains further details on the Heritage Assets managed by the Charity.

20 Further Information on the Charity's Heritage Assets

Land and Buildings

From 1 April 2015 the care and management of the National Heritage Collection (the Collection) has been transferred from Historic England to English Heritage by way of an eight year Property Licence and Operating Agreement. The ownership of those properties remains with Historic England.

The Collection of over 400 historic properties throughout England provides 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. In age they range from Neolithic burial chambers dating from 3,500BC - 2,600BC to 20th century houses.

Historic England holds the collection 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, and the remainder being in the ownership of Historic England, other government departments or the Crown Estate.

A full listing of the Collection is contained in English Heritage's handbook and on its website, which also provides full details of public access to these sites.

All expenditure on the conservation and maintenance of the Collection 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.

Total expenditure of £104,000 was incurred on historic artefacts (including replicas) during the year (2014/15: nil). £81,000 of this expenditure was charged to Heritage Assets and £23,000 was charged to the SOFA. Donated artefacts received during the year had a value of £nil. (2015: £nil). There were no disposals of artefacts during the year or in the previous year.

21 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 £14.5 million was incurred during the year (2014/15: £nil).

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

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.

22 Investments

a) Fixed Assets

Charity

	Total 2016 £'000	Total 2015 £'000
At 1 April	-	-
Transfer of share capital of English Heritage Trading Limited	2,028	-
At 31 March	2,028	-

Details of the subsidiary undertakings are given in Note 7.

b) Current Assets

Group and Charity

	Total 2016 £'000	Total 2015 £'000
At 1 April	100	-
New Investments in year	1,117	100
At 31 March	1,217	100

All investments were held in notice accounts in the UK.

23 Stocks

	Group		Charity	
	2015/16 £'000	2014/15 £'000	2015/16 £'000	2014/15 £'000
Stock held for resale	6,470	-	54	-
Work in progress	46	-	-	-
	6,516	-	54	-

A provision of £124k was made in the group for aged stock during (2014/15: £nil). This was in addition to a provision of £17k brought forward from the Commission as part of the New Model transfer arrangements.

A total of £7.9 million of stock was recognised as an expense in the SOFA (2014/15: £nil).

24 Debtors

	Group		Charity	
	2015/16 £'000	Restated 2014/15 £'000	2015/16 £'000	Restated 2014/15 £'000
Trade Debtors	1,337	-	1,005	-
Income Tax and Social Security	1,092	5	1,112	5
Prepayments and Accrued Income	2,227	488	2,159	488
Other Debtors	1,710	4	1,710	4
Amounts Owed by Group Undertakings	142	-	5,290	-
Total Debtors	6,508	497	11,276	497

All of the above debtors are due within one year.

25 Cash at Bank and in Hand

	Total 2016 £'000	Total 2015 £'000
Group		
At 1 April	83,114	2,490
Net Change in Cash at Bank and in Hand	(3,608)	80,625
At 31 March	79,506	83,115
The following balances at 31 March were held with:		
Government Banking Service	72,500	80,000
Commercial Banks	7,006	3,115
At 31 March	79,506	83,115
	Total 2016 £'000	Total 2015 £'000
Charity		
At 1 April	83,114	2,490
Net Change in Cash at Bank and in Hand	(3,717)	80,625
Balance at 31 March	79,397	83,115
The following balances at 31 March were held with:		
Cash		
Government Banking Service	72,500	80,000
Commercial Banks	6,897	3,115
At 31 March	79,397	83,115

26 Commitments

a) Group and Charity

Expenditure contracted at 31 March 2016 but not provided for in the financial statements amounted to £13.1 million (2014/15: £nil) including capital commitments of £1.4 million (2014/15: nil). £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 2016/17, funded by ongoing operations. The capital commitments consist of visitor improvements for Rievaulx, Stonehenge, Lindisfarne and Tintagel, which will be incurred in 2016/17 and funded from the New Model grant.

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.

	2016 £'000	2015 £'000
Land and Buildings		
Not later than one year	705	-
Later than one year and not later than five years	2,610	-
Later than five years	11,717	-
	15,032	-
Other		
Not later than one year	49	-
Later than one year and not later than five years	36	-
Later than five years	-	-
Total Operating Lease Commitments	15,117	-

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2016 payments under operating leases totalled £0.969m(2015: £3.301m).

27 Contingent Assets

The Charity is the residual beneficiary of a large estate for which probate was granted in 2014. £0.7 million of legacy income has been recognised in the year but as significant uncertainty exists around the measurement of the remainder of the estate, no further income has been recognised during 2015/16.

28 Contingent Liabilities

Various outstanding claims existed at 31 March 2016. Provision has been made in the accounts for the year ended 31 March 2016 for those outstanding liabilities which will probably require settlement, and where the amount of the liability can be reliably estimated (Note 27). £66,000 of contingent liabilities have been identified at 31 March 2016 (2015: none).

29 Creditors: Amounts falling due within one year

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Creditors	4,112	-	4,112	-
Income Tax and Social Security	796	-	796	-
Deferred Income	11,231	-	11,231	-
Accruals	11,136	757	11,124	757
Other Payables	166	-	166	-
Amounts Owed to Group Undertakings	55	-	292	-
Total Creditors	27,496	757	27,721	757

30 Creditors: Amounts falling due after more than one year

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Deferred Income	2,084	-	2,084	-
Total Creditors	2,084	-	2,084	-

£2 million of the balance above relates to life membership, which has been deferred over 10 years. The remainder represents advance bookings for events.

31 Movement on Deferred Income

Group and Charity

	Balance as at 1 April 2015 £'000	Transfer from Historic England £'000	Amounts Deferred £'000	Amounts Released £'000	Balance as at 31 March 2016 £'000
Amounts falling due within one year					
Annual Membership	-	7,091	9,378	(7,091)	9,378
Advance Booking for Events	-	779	906	(779)	906
Life Membership	-	1,741	591	(1,741)	591
Holiday Cottages	-	174	179	(174)	179
Other Income	-	262	161	(246)	177
	-	10,047	11,215	(10,031)	11,231
Amounts falling due after more than one year					
Life Membership	-	2,114	454	(585)	1,983
Advance Bookings for Events	-	37	99	(35)	101
	-	2,151	553	(620)	2,084
Total	-	12,198	11,768	(10,651)	13,315

On taking on the responsibility for memberships on 1 April 2015, English Heritage reviewed the period over which life memberships were deferred and revised the policy previously applied by Historic England from 25 years to 10 years in line with the guidance in the Charities SORP to release income over the period in which the benefits would expect to be used. This change has resulted in an increased release from deferred income during 2015/16 for all life memberships purchased between 11 and 25 years previously. The financial impact in 2015/16 is an additional £1.5 million of deferred income release over what would have been released under a 25 year methodology.

32 Provisions

All provisions (£12k) relate to legal and constructive obligations identified at 31 March 2016 (2015: £nil).

33 Reconciliation of Movement in Funds

	At 1 April 2015 £'000	Incoming Resources £'000	Outgoing Resources £'000	Exceptional Non- Operating Gain/(Loss) £'000	Transfer between funds £'000	Other Recognised Gains £'000	At 31 March 2016 £'000
New Model	80,000	27	(6,092)	-	(4,234)	-	69,701
Elizabeth Wagland Fund	1,404	22	(115)	-	-	-	1,311
Blue Plaques	15	234	-	-	-	-	249
Rangers House Wernher Collection	-	-	-	240	-	-	240
Wrest Park Gardens	-	110	-	-	-	-	110
Bayham Abbey	-	86	-	-	-	-	86
Marble Hill House	-	76	-	-	-	-	76
Kenwood	10	33	-	-	-	-	43
Osborne	16	23	-	-	-	-	39
Cornwall	-	33	-	-	-	-	33
Apsley House	-	30	-	-	-	-	30
Walmer Castle	19	4	-	-	-	-	23
Hadrian's Wall	17	5	-	-	-	-	22
Rangers House	-	15	-	-	-	-	15
Lanercost Priory	-	15	-	-	-	-	15
Other	8	350	(256)	2	(67)	-	37
Total Restricted Funds	81,489	1,063	(6,463)	242	(4,301)	-	72,030
Unrestricted Funds:							
Revaluation Reserve	-	-	-	-	-	119	119
Designated Funds	149	-	-	-	-	-	149
General Funds	1,316	94,348	(93,796)	(6,160)	4,301	-	9
Total Unrestricted Funds	1,465	94,348	(93,796)	(6,160)	4,301	119	277
Net movement in funds	82,954	95,411	(100,259)	(5,918)	-	119	72,307

Purpose of Unrestricted Funds

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

Purpose of Restricted Funds

All funds received are to pursue the stated aims of the Charity and are limited for this purpose. All restricted funds are used to support specific sites or projects as requested by the donor, within the stated aims of the Charity and are noted above.

On 28 March 2013, the Elizabeth Wagland Fund (charity registration number 11403511) 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 près scheme on 2 July 2012 and movements on the Fund are shown in the Note above.

34 Analysis of Net Assets Between Funds

Group

		Revaluation Reserve £'000	Designated Fund £'000	General Fund £'000	Restricted Fund £'000	Total £'000
Fixed Assets		119	-	8,033	-	8,152
Cash at Bank and in Hand		-	149	6,857	72,500	79,506
Other Current Assets		-	-	12,991	1,250	14,241
Creditors: amounts falling due within one year		-	-	(25,776)	(1,720)	(27,496)
Creditors: amounts falling due after more than one year		-	-	(2,096)	-	(2,096)
Total		119	149	9	72,030	72,307

Charity

	Financial Asset Reserve £'000	Revaluation Reserve £'000	Designated Fund £'000	General Fund £'000	Restricted Fund £'000	Total £'000
Fixed Assets	2,028	119	-	8,033	-	10,180
Cash at Bank and in Hand	-	-	149	6,748	72,500	79,397
Other Current Assets	-	-	-	11,297	1,250	12,547
Creditors: amounts falling due within one year	-	-	-	(26,001)	(1,720)	(27,721)
Creditors: amounts falling due after more than one year	-	-	-	(2,096)	-	(2,096)
Total	2,028	119	149	(2,019)	72,030	72,307

35 Financial Instruments

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

	2016		2015
	Group £'000	Charity £'000	Group and Charity £'000
Financial Assets			
Debtors	3,189	8,005	4
Current Asset Investments	1,217	1,217	100
Cash	79,506	79,397	83,114
	83,912	88,619	83,218
Financial Liabilities			
Creditors: amounts falling due within one year	(4,333)	(4,570)	-
	(4,333)	(4,570)	-

36 Ultimate Parent Entity and Ultimate Controlling Entity

English Heritage is wholly controlled by 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 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.

37 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 a member of the Commonwealth War Graves Commission. Tim is a 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 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 150m consumers. He is currently Chief Digital Officer of Haymon Boxing Management, a startup 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 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 35 years' experience in the travel and tourism industry. A former Chief Executive of Thomson Travel Group and Senior Executive at Thomas Cook and British Airways, he is also a former Deputy Chairman of the National Trust. He is currently Chairman of Channel 4 and of Genesis Housing Association, 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 Limited.

Sukie Hemming

Sukie Hemming is Director of Corporate Affairs at the British Museum; prior to that she 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.

Kate James-Weed

Kate James-Weed is an artist. Kate 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.

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 Limited.

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 2003-2011. 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.

James Twining

During the year James Twining 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. James is a member of the English Heritage Audit and Risk Committee.

Sarah Staniforth, CBE

Sarah Staniforth, CBE was previously the Museums and Collections Director at the National Trust and before that their 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 Funds 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.

SUPPORTERS

The English Heritage Trust is very grateful to all the benefactors who have contributed to its activities during the year to 31 March 2016. The following have given amounts of £500 or more:

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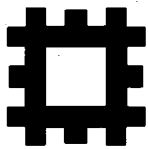
In addition to the donors, legators and contributors listed above, during the year ended 31 March 2016 we also received pledges of future support from many other individuals and we look forward to acknowledging them in the Annual Report of the Trustees in future years.

We also thank those not listed here – together their gifts constitute a significant sum – as well as all donors who prefer to remain anonymous.

2015/16 was a year of great progress
for English Heritage in our first year
as a charity.

This would not have been possible
without the support of our Members,
visitors, donors and other supporters
and the energy and talent of our
staff and volunteers.

Thank you.



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HERITAGE

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