

Report and Financial Statements Blenheim Palace Heritage Foundation

(A company limited by guarantee)

Year ending 31 March 2017

Charity number 1166164

Company number: 09430048

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Blenheim Palace Heritage Foundation

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Blenheim Palace Heritage Foundation

Legal and administration details for the year ended 31 March 2017

Charity number

1166164

Company number

09430048

Trustees/Directors

Lord Edward Spencer-Churchill

Alexander Muir

Christopher Groves

Dominic Hare (appointed 1 February 2017)

John Hoy (resigned 1 February 2017)

Secretary

Stephen Spare (appointed 13 February 2017)

Dominic Hare (resigned 13 February 2017)

Key Management Personnel (Senior Management Team)

Chief Executive Officer – Dominic Hare (from 1 January 2017); John Hoy (until 31 December 2016)

Chief Operating Officer and Property Director – Roger File

Operations Director – Heather Carter

Head of Finance – Stephen Spare (from 1 January 2017); Dominic Hare (until 31 December 2016)

Head of HR – Sarah Morris

Head of Marketing and PR – Stephanie Duncan

Head of Estates – Roy Cox (from 1 January 2017)

Key Management Personnel (Blenheim Visitors Limited)

The Key Management Personnel for Blenheim Visitors Limited is aligned to the Key Management Personnel of the charity.

Blenheim Visitors Limited's wholly owned subsidiary, Love Water, has the following Key Management Personnel:

Director - Nick Swan

Director - Dominic Hare

Registered office

The Estate Office

Blenheim Palace

Woodstock

Oxford

OX20 1PP

Independent Auditors

Grant Thornton UK LLP

Chartered Accountants & Statutory Auditor

3140 Rowan Place

John Smith Drive

Oxford Business Park South

Oxfordshire

OX4 2WB

Bankers

Barclays Bank PLC

14 Park Street

Woodstock

Oxford

OX20 1SW

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 March 2017 which are prepared in accordance with the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

The information with respect to the trustees, directors, officers and advisors set out on page 3 forms part of this report.

Structure, Governance and Management

Governing Document

Blenheim Palace Heritage Foundation is a company limited by guarantee governed by its Memorandum and Articles of Association dated 9 February 2015. It is registered as a charity with the Charity Commission.

There are currently four members (2016: four), each of whom agrees to contribute £1 in the event of the charity winding up. Members are;

Lord Edward Spencer-Churchill
Sir Mark Weinberg
Alexander Muir
Antony Thompson

Appointment of trustees

As set out in the Articles of Association those persons notified to Companies House as the first directors are the first trustees. Subsequent trustees shall be appointed by the members in such a manner as they shall from time to time determine. The trustees when complete shall consist of a minimum of three persons being individuals who are over the age of 18, all of whom support the Objects and have signed a written declaration of willingness to act as a charity trustee of the Charity.

The Chairman shall be elected from among the trustees for a term not exceeding three years and a retiring chairman may be re-elected by the trustees for a further term of office. There shall be no limit to the number of times a chairman may be re-elected. Every trustee has one vote on each issue.

Trustee induction and training

The Trustees of the charity are established long standing trustees of the Blenheim Estates. Trustees of the charity have been selected to ensure the appropriate mix of skills, knowledge and experience exists to make sure the charity is well governed and is run effectively and efficiently.

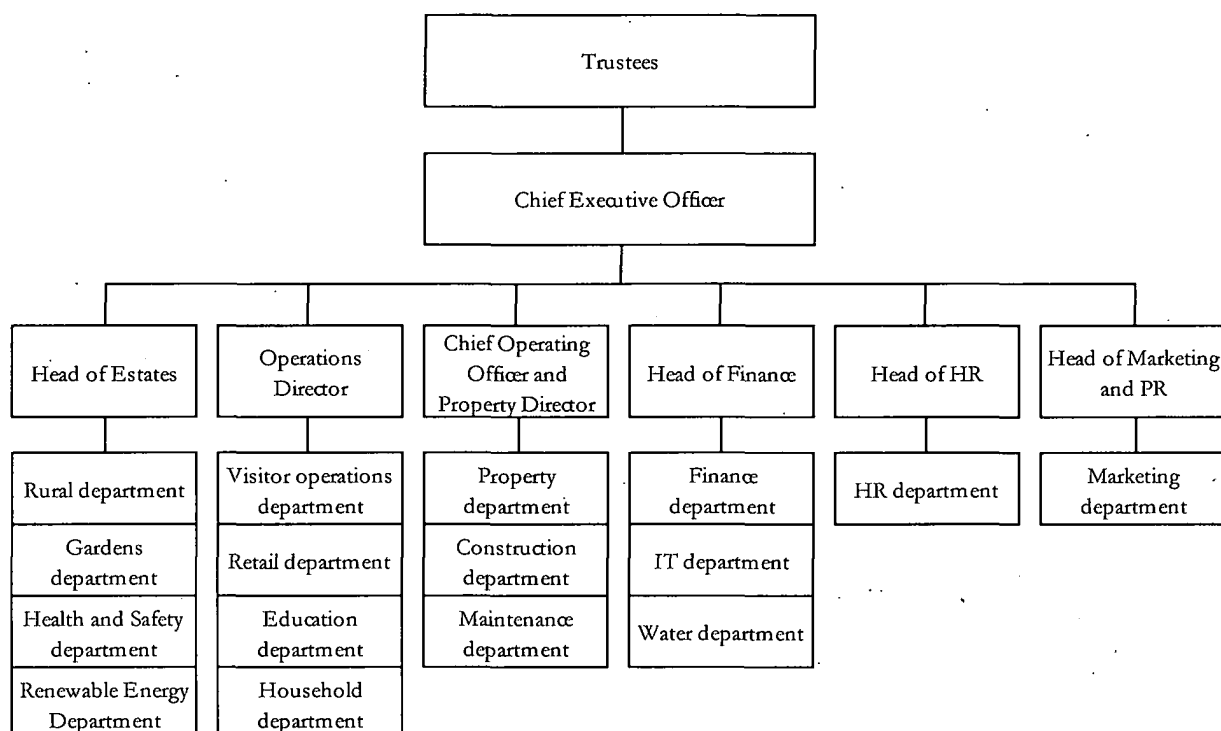
Trustees are briefed on their legal obligations under charity and company law, the Charity Commission on public benefit, content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and financial performance. Trustees are made aware of the indemnity provision and insurance in place for them as directors.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Organisation

Trustees of the Blenheim Estate meet quarterly and they receive monthly management accounts. The trustees have delegated day to day decision making with key operational matters including finance, estate management, employment, HR and training to the senior management team who are employed by Blenheim Visitors Limited, the wholly owned subsidiary.



Pay policy for senior staff

The directors, who are the charity's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Chief Executive Officer, Dominic Hare is the only director and trustee who is employed by the subsidiary Blenheim Visitors Limited in his capacity of CEO, not trustee. All other trustees give of their time freely and no trustee received material remuneration in the year. Trustees do receive free water from the subsidiary Blenheim Visitors Limited. Details of this along with directors' and trustees' expenses and senior management team remuneration are disclosed in note 11.

Lord Edward Spencer-Churchill approves the pay reviews for the statutory directors of the senior management team; Dominic Hare, Roger File and Heather Carter, on behalf of the trustees. The CEO, Dominic Hare, approves the pay reviews for the remainder of the senior management team.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Risk management

Trustees and key management have reviewed major risks to which the charity is exposed, in particular those related to the operations and finances of the charity and the protection of Blenheim Palace against major damage or loss to its structure or fabric. Key management maintain a risk register which is periodically reviewed with the Trustees.

Appropriate corporate governance is considered as utmost importance and the senior management team have been appointed to mitigate the exposure to the business, strategic and operational risks. The charity has limited exposure to financial risk as no investments or financial securities are held. The charity ultimately has the protection of extensive insurance and the support of other Blenheim-related entities if needed. The major risks are considered below:

UK economic downturn

The charity is reliant on visitors yet it carries very little business from one year to another. While we have great experience in attracting visitors to the Palace, there is always a risk that, in a downturn, a luxury spend like Blenheim Palace will be the first to go. Key performance indicators, including visitor numbers, are regularly reviewed to ensure the charity is performing in line with expectations. A wide range of events are held across the year to attract a variety of visitors throughout the year. The trustee's reserves policy is also designed to protect the charity from the impact of an economic downturn.

Brexit

Visitor attractions are very exposed to the state of the consumer economy however, Brexit may have fortuitous side effects for the charity; the significant devaluation of the UK economy may drive up "staycation" visits to UK sites as well as making the UK a significantly cheaper venue for inbound tourists.

While a benefit for future visitor numbers, Brexit will throw up a challenge for recruitment. Blenheim Palace is a joyful congregation of many nationalities; a significant number of them from European nations. Unemployment levels in Oxfordshire are extremely low therefore if there are imposed changes to European working rules this may limit the charity's ability to recruit.

Related parties and co-operation with other organisations

The Charity and its subsidiary form one part of the Blenheim Estate. Interaction with other companies across the Blenheim Estate is vital for the long term strategic goals of the Palace, see note 13.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Our purposes and activities

The primary objectives and aims of the charity, as stated in the governing document, are to:

- restore and preserve Blenheim for the public benefit
- promote for the public benefit the study and the appreciation of Blenheim as a place of historic and architectural interest and natural beauty
- develop and improve the knowledge, understanding and practice of the arts, principally through the exhibition and performance of artistic works.

Strategies and activities for achieving objectives and providing a public benefit

In shaping the objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit.

Preservation and Restoration of the Palace and park

The vision that shapes our annual activities remains the restoration and preservation of Blenheim. The magnificent Palace (now over 300 years old) is in constant need of attention, as is the extensive collection within its walls. The Palace and its collection is held outside of the charity, the charity's primary purpose is to restore and preserve through funding from the visitor business and designated funding raised.

The Palace, park and gardens are now open all year round with the exception of Christmas Day. All funds that we raise through admission charges, after operating and administration costs, are invested back into vital and ongoing restoration and conservation projects that keep the Palace, its contents and surroundings as glorious today as they have always been.

Trustees and the management team have committed to spend £40m on vital restoration over the next ten years. This will be funded through donations from related entities, specifically through the profits of our housing developments. The aim of the projects is to secure the future of Blenheim Palace for future generations to explore and discover.

Historic and architectural interest and natural beauty

The Palace, a masterpiece of Baroque architecture, provides an awe-inspiring experience for visitors. Home to the 12th Duke of Marlborough and his family and the birth place of Sir Winston Churchill, Blenheim Palace is a UNESCO World Heritage Site boasting a long and diverse history.

Palace visitors can explore the gilded State Rooms and priceless collections set against striking stonework, and experience the beauty and magnificence of the Grade I listed building.

Blenheim Palace was built as a gift to John Churchill, 1st Duke of Marlborough, from Queen Anne and a grateful nation in thanks for his victory at the Battle of Blenheim on 13th August 1704. Today, the Palace is home to one of the most important and extensive collections in Europe, which includes portraits, furniture, sculpture and tapestries. This collection, and the Palace itself, are held outside of the charity but within the Blenheim Estates wider group. For the use of the Palace, the charity pays a small annual rent plus a significant maintenance obligation (note 13).

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Amongst the many treasures to be found in the State Rooms are the famous Marlborough Tapestries (the 'Victories Series') in the Green Writing Room and the First, Second and Third State Rooms. The Long Library has its walls lined by more than 10,000 books, many of them hundreds of years old and of great historic significance.

Visitors are invited to discover the Palace's rich history in a variety of ways; free guided tours of the State Rooms, the Churchill Exhibition to learn about the life of our 'Greatest Briton', the 'Untold Story' experience to hear tales from the Palace's past, special private apartment tours and the indoor cinema which shows a selection of documentaries and films about Blenheim Palace.

The picture-perfect British stately home of Blenheim Palace sits among more than 2000 acres of extraordinary landscaped Parkland and Formal Gardens.

The inspired work of Lancelot 'Capability' Brown has created a lasting legacy in the Park at Blenheim Palace. The visionary master landscaper constructed the Great Lake and planted thousands of trees in his ten-year tenure here, engineering a landscape that appears natural but is actually 'contrived to pleasing effect'. The Park is home to hidden treasures of all kinds; Vanbrugh's Grand Bridge spans the Great Lake, the historic site of Woodstock Manor is marked by a small plinth, the Column of Victory is topped by a statue of the first Duke of Marlborough, Rosamund's Well is tucked away next to a quiet part of the Great Lake and the Grand Cascade at the western end of the Great Lake is one of England's most picturesque waterfalls.

The Park is now home to several Sites of Special Scientific Interest including the Great Lake and the ancient oaks in High Park.

The Formal Gardens which surround the Palace have been created over the centuries by esteemed garden designers such as Henry Wise and Achille Duchêne. They include the majestic Water Terraces, the Duke's Private Italian Garden, the tranquil Secret Garden with all of its hidden treasures, the new Churchill Memorial Garden and the beautifully delicate Rose Garden.

There are a variety of routes for visitors to explore throughout the Park and Gardens. Buggy tours are available at weekends and free walking tours of the formal gardens run in the summer.

Arts, culture, charity and sport.

Blenheim Palace continues to develop new experiences and attractions each season; special exhibitions, displays of contemporary art and seasonal specialist talks and tours to name but a few.

The Palace hosts an exhibition in partnership with Blenheim Art Foundation which offers visitors the unique opportunity to experience the work of international contemporary artists through a series of exhibitions held within the historic setting of the Palace and its celebrated grounds. Blenheim Art Foundation seeks to show artists most relevant to our time and looks to those who question conventional thinking in contemporary art. The fundamental ambition of the Blenheim Art Foundation is to challenge, engage, and excite the visitors at Blenheim, where the programme is continually evolving. Previous exhibitions include Ai Weiwei, Lawrence Weiner and this year, Michelangelo Pistoletto. The Gardens contain permanent and temporary statues and art in isolation to the Blenheim Art Foundation exhibition.

Blenheim also offers a wealth of artistic, sporting and cultural events throughout the year. These include Christmas at Blenheim, BBC Countryfile live, Ssang Yong Blenheim Palace International Horse Trials, Nocturne Live Concerts, Battle Proms Picnic Concerts, Blenheim Palace Flower Show, Blenheim Palace Food Festival, Salon Prive, British Heart Foundation Half Marathon and Bloodwise Blenheim Triathlon.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Blenheim ten year strategy

In the wider context of the whole Blenheim Estate, the Chief Executive Officer (director and trustee), Dominic Hare, is leading the 10-year development programme which will revolutionise the Oxfordshire World Heritage Site, with the aim for Blenheim Palace to be the lifeblood of the local economy, to enhance the lives of the people of Oxfordshire, to share this magnificent Palace and to conserve and protect it for future generations.

The development programme consists of the following aims to be met in the next ten years:

1. Triple the economic contribution to the local area
2. Train over 100 new apprentices and set equivalent training goals for current staff development
3. Build high quality, affordable homes for 300 families
4. Achieve annual paying visitor numbers in excess of 750,000
5. Become a net generator of green energy
6. Become one of the UK's top 100 employers
7. Complete £40 million of vital restoration work
8. Reacquire key works from the Palace's lost collections and establish new ones
9. Secure endowment of £45 million to conserve our World Heritage Site
10. Double charitable contributions to the community

The 10-year plan is a joint initiative devised in consultation with the management team, trustees and the Duke which commenced in 2017. It involves every area of the Estate, including the visitor attraction, retail and water business as reported in the charity accounts.

Achievements and performance

The Trustees and management consider that the charity's principle objectives of preserving and maintaining the Palace, Park and Gardens and opening this to the public are being achieved.

The key performance indicators that management use to monitor the achievement against these objectives include completion of essential restoration and preservation work to the Palace, Park and Gardens, monitoring visitor numbers and trends and reviewing financial performance against budget.

Restoration and preservation work

During the year, just under £2m was spent on restoration, repairs and maintenance. Projects include work on the north front steps, compartmentalisation of the Palace to reduce fire risk and completion of the HaHa wall that runs around the main section of the Palace and Formal Gardens.

In future years, annual conservation and restoration spend is set to increase. Within the next three years, the largest restoration project yet is planned, dredging of the Queen's Pool and the renovation of Grand Bridge. Funds have already started to be designated for this project and will be funded by other Blenheim activities to undertake this vital restoration project.

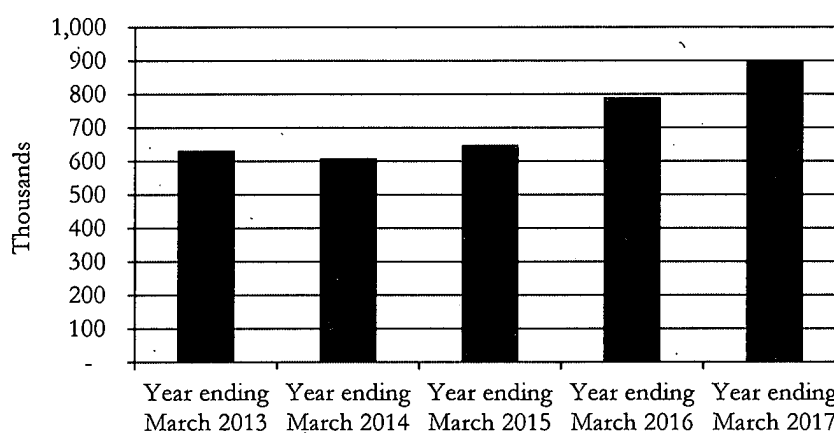
In addition to the £40m spend of restoration we will create an additional endowment portfolio of £45m dedicated to the conservation and enhancement of our World Heritage Site over the next ten years. The endowment portfolio sees to conserve and protect the Palace and Park for future generations.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Visitor numbers

Visitor numbers for the financial year ending March 2017 have been compared with the previous four years. These numbers include all visitors to the Palace, Park and Gardens, including annual pass revisits.



Expanding events held at the Palace has increased our footfall, along with an investment to our marketing strategy.

Recruitment, Advertising and Selection

The recruitment process will be conducted in such a way as to result in the selection of the most suitable person for the job in terms of experience, abilities and qualifications. Blenheim Visitors Limited, the wholly owned subsidiary of the charity, acts as a payroll bureau for the whole of Blenheim Estates (referred here after as “the Estate”). The Estate is committed to applying its equal opportunities policy statement at all stages of recruitment and selection.

Advertisements will encourage applications from all suitably qualified and experienced people. When advertising job vacancies, in order to attract applications from all sections of the community, the Estate will, as far as reasonably practicable:

- Ensure advertisements are not confined to those publications which would exclude or disproportionately reduce the number of applicants of a particular gender, sexual orientation, religion or racial group;
- Avoid prescribing any unnecessary requirements which would exclude a higher proportion of a particular gender, sexual orientation, religion or racial group or which would exclude disabled job applicants;
- Avoid prescribing any requirements as to marital status;
- Where vacancies may be filled by promotion or transfer, they will be published to all eligible employees in such a way that they do not restrict applications from employees of any particular gender, sexual orientation, religion or racial group or from employees with a disability;
- Ensure that the setting of age limits, as a criterion of any specific job, is justifiable.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

The selection process will be carried out consistently for all jobs at all levels. All applications will be processed in the same way. The staff responsible for short-listing, interviewing and selecting candidates will be clearly informed of the selection criteria and of the need for their consistent application. Wherever possible, all applicants will be interviewed by at least two interviewers and all questions asked of the applicants will relate to the requirements of the job. The selection of new staff will be based on the job requirements and the individual's suitability and ability to do, or to train for, the job in question.

With disabled job applicants, the Estate will have regard to its duty to make reasonable adjustments to work arrangements or to work premises in order to ensure that the disabled person is not placed at a substantial disadvantage in comparison with persons who are not disabled.

Training and Promotion

The Estate will inform all line managers about the Estate's policy on equal opportunities and help them identify discriminatory acts or practices or acts of harassment or bullying. Line managers will be responsible for ensuring they actively promote equal opportunity within the departments for which they are responsible. We are committed to training and have expanded our apprenticeship scheme.

The Estate will also support all employees to help them understand their rights and responsibilities in relation to dignity at work and what they can do to create a work environment free of bullying and harassment.

Where a promotional system is in operation, it will not be discriminatory and it will be checked from time to time to assess how it is working in practice. When a group of workers predominantly of one race, religion, sex or sexual orientation or a worker with a disability appears to be excluded from access to promotion and training and to other benefits, the promotional system will be reviewed to ensure there is no unlawful discrimination.

Employee Engagement

At peak, the Estate has around 400 employees (many of them are seasonal or part time). As part of our 10 goals, we have invested time and money into developing activities and benefits that incentivise our staff. Employees also receive a monthly update from the CEO which includes the performance, operationally and numerically. Employees have the opportunity to feed back to the senior management team directly or through heads of department.

Financial review

As part of the strategic goals, Blenheim Palace Heritage Foundation was founded in 2016 under the auspices of the 12th Duke of Marlborough, to safeguard the future of our World Heritage Site for centuries to come.

By taking on the visitor business, the charity can clearly demonstrate all proceeds raised from admissions and visitor activity go towards operating the visitor attraction and enhancing the World Heritage Site through restoration, conservation and maintenance.

The charity allows us to visibly communicate our designated restoration funding and our designated endowment portfolio that we intend to build over the next 10 years. As a privately-owned Estate we receive very little external funding. The charity is able to claim Gift Aid on eligible donated annual passes, which makes visitor admissions go even further without impacting visitor admission cost, which contributes to improving visitor experience.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

This is the first year of charity day to day visitor activity within the statements. On 1st January Blenheim Visitors Limited became the wholly owned subsidiary of the charity at no cost. The receipt of the Blenheim Visitors Limited net assets at date of transfer being £1,813,338 is recognised in the Statement of Financial Activities, see note 4. The assets and liabilities relating to the visitor business were transferred through intercompany to the charity, total transferred £2,085,165, see note 14. Remaining activity within the wholly owned subsidiary, and as consolidated in the statutory accounts, is the retail and water business.

The charity has three months of visitor income and expenditure and three months consolidated income and expenditure from the retail and water business. Prior to this the activity was held within Blenheim Visitors Limited, for full information of the transfer see note 14. The last three months of the financial year sees a lot of essential restoration and maintenance work, as these are quieter months for visitor numbers, therefore the results within these accounts do not show the full picture of annual performance, the Statement of Financial Activities is set out on page 17.

A like for like full year comparison is shown below (see also note 28). Overall the visitor, retail and water activity has a net incoming resources before tax of £103k after restoration spend of just under £2m.

Figure 1: Full year comparison (unaudited)

	Mar-17	Mar-16
	£	£
Admissions income	6,067,128	5,862,200
Other trading income	5,166,313	4,268,724
Restoration funding	866,562	632,390
Other operating income	2,411	780
Total income excluding one off donations	12,102,414	10,764,094
Cost of sales	(2,192,078)	(2,363,666)
Restoration, repairs and maintenance	(1,978,523)	(1,615,809)
Administration costs	(7,484,966)	(6,754,920)
Interest payable	(343,985)	(190,585)
Total expenses excluding tax	(11,999,552)	(10,924,980)
Total net incoming resources before tax	102,862	(160,886)

Incoming resources

The charity has three main sources of income:

Income generated from charitable activities; predominately admission income. This is 50% of income (54% in 2016) as per figure 1.

Visitors have the option to purchase Palace, Park and Gardens entry or Park and Gardens. If visitors choose to donate their Palace, Park and Gardens entry fee they will receive a free annual pass. If visitors are eligible, we ask for them to kindly agree to Gift Aid their donation. Concessions to students, elderly, children and groups are available to ensure pricing is accessible to all.

Other income generated includes the retail and water business and other activities within the Palace and Park including events. This amounted to 43% of income (40% in 2016), see figure 1.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Restoration funding is received from The Blenheim Foundation, a related charity which fundraises for restoration within the Palace. Also within restoration funding is grant funding received for the park and funding to contribute the costs of being a World Heritage Site. Total restoration funding received accounts for 7% (6% of 2016) of income. Not included within figure 1 is the designated funding of £4.2m which has been donated from Blenheim Supporting Limited, a contribution towards the £40m restoration program and £45m endowment portfolio over the next ten years (note 28).

Resources expended

Income is applied in pursuance of the objectives. The largest proportion of expenditure is the cost of our people who make our objectives achievable, from operations ensuring a positive visitor experience to supporting functions (note 11).

Another substantial cost is the restoration, preservation, maintenance and repair work of which just under £2m was spent in the year within the charity and Blenheim Visitors Limited.

Investment powers and policy

Under its Memorandum of Association the charity has power to invest its funds in or upon such investments, securities or property as the charity thinks fit. The Charity has no investments at present however will see investments in future years as part of the £45m endowment portfolio.

Reserves policy and going concern

Sufficient reserves are required to cover unplanned emergency repairs and other emergency events.

A designated fund shows the planned £40m preservation and restoration strategy, as at 31 March 2017 the fund was £4.2m.

Given the nature of the planned restoration and maintenance programme the trustees consider that the level of reserves is justifiable as there are future plans in place.

Significant projects planned within the next three years include the dredge of Queen's Pool and the renovation of Grand Bridge.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Plans for future periods

The Trustees and management team have committed an ambitious ten year plan to protect and share Blenheim's prosperity for generations to come. This strategy is adopted across the whole Blenheim estate, of which the charity plays a vital part.

Of the ten strategic goals, the charity will primarily take on the £40m restoration programme, £45m endowment portfolio, training 100 apprentices and current staff, being rated as top 100 employer, receiving 750k paying visitors, and reacquiring key works from the old collections and establishing new ones. It will also significantly contribute towards the tripling local economic contribution and doubling charitable contribution goals.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2017 (continued)

Trustees' Responsibilities Statement

The trustees (who are also directors of Blenheim Palace Heritage Foundation for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.


The trustees are responsible for keeping adequate 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board of trustees



..... (Trustee and Director)

..... 19/12/2017

Blenheim Palace Heritage Foundation

Independent auditor's report to the members of Blenheim Palace Heritage Foundation

We have audited the financial statements of Blenheim Palace Heritage Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated and Parent Charitable Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our 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 us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Report of the Trustees (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Blenheim Palace Heritage Foundation

Independent auditor's report to the members of Blenheim Palace Heritage Foundation (continued)

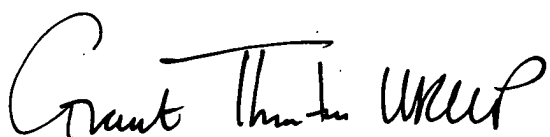
Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (incorporating the Strategic Report).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or
- returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Mark Bishop
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

Date: 21 DECEMBER 2017

Blenheim Palace Heritage Foundation

Consolidated Statement of Financial Activities (including consolidated income and expenditure account) for year ending 31 March 2017

	Note	General Fund (Unrestricted) £	Designated Funds (Unrestricted) £	Restricted Funds (Restricted) £	Total Funds 2017 £	Total Funds 2016 £
Income:						
Donations and legacies	4	1,813,338	4,238,813	309,625	6,361,776	78,665
<i>Income from charitable activities:</i>	5					
Operation of the Palace and Park		956,775	-	-	956,775	-
<i>Income from other trading activities:</i>						
Commercial trading operations	6	1,217,133	-	-	1,217,133	-
Total income		3,987,246	4,238,813	309,625	8,535,684	78,665
Expenditure						
<i>Costs of raising funds:</i>						
Commercial trading operations		1,679,550	-	-	1,679,550	-
<i>Expenditure on charitable activities:</i>						
Operation of the Palace and Park	7	1,533,220	-	-	1,533,220	1,440
Preservation and Maintenance	7	617,232	-	306,371	923,603	-
Total expenditure		3,830,002	-	306,371	4,136,373	1,440
Net income and net movement in funds for the year		157,244	4,238,813	3,254	4,399,311	77,225
Reconciliation of funds						
Total Funds brought forward		77,225	-	-	77,225	-
Total funds carried forward		234,469	4,238,813	3,254	4,476,536	77,225

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

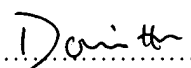
Blenheim Palace Heritage Foundation

Consolidated and Parent Charitable Company Balance Sheets for year ending 31 March 2017

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Fixed assets					
Intangible assets	16	1,765,690	-	646,823	-
Tangible assets	17	1,725,958	-	1,328,248	-
Investments	18	77,500	-	77,500	-
Total Fixed Assets		3,569,148	-	2,052,571	-
Current assets					
Stock	19	501,634	-	-	-
Debtors	20	6,860,384	78,665	2,390,483	78,665
Cash at bank and in hand		598,875	-	266,629	-
Total Current Assets		7,960,893	78,665	2,657,112	78,665
Liabilities					
Creditors falling due within one year	21	7,053,505	1,440	1,582,222	1,440
Net Current assets		907,388	77,225	1,074,890	77,225
Total assets less current liabilities		4,476,536	77,225	3,127,461	77,225
Net assets		4,476,536	77,225	3,127,461	77,225
The funds of the charity:					
Unrestricted income funds:					
General Fund	23	234,469	77,225	(1,114,606)	77,225
Restoration Designated Fund	23	4,238,813	-	4,238,813	-
Restricted income funds	23	3,254	-	3,254	-
Total charity funds		4,476,536	77,225	3,127,461	77,225

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 at pages 15 to 45 form part of these accounts

Signed 

Name DOMINIC HARE

Chair of trustees on behalf of the trustees

Approved by the trustees on 19.12.17

Blenheim Palace Heritage Foundation

Statement of Cash Flows and Consolidated Statement of Cash Flows

for year ending 31 March 2017

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Cash used in operating activities	25	637,079	-	270,184	-
Cash flows from investing activities					
Purchase of tangible fixed assets	17	(42,218)	-	(3,555)	-
Sale of tangible fixed assets	17	4,014	-	-	-
Cash provided by (used in) investing activities		(38,204)	-	(3,555)	-
Cash used in financing activities		-	-	-	-
Increase/(decrease) in cash and cash equivalents in the year		598,875	-	266,629	-
Cash and cash equivalents at the beginning of the year		-	-	-	-
Total cash and cash equivalents at the end of the year		598,875	-	266,629	-

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1) 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 (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

1.2) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatements are required.

1.3) Preparation of the accounts on a going concern basis

The charity reported a cash inflow of £266,629 for the year and £598,875 on a group basis. The trustees are of a view that the charity is a going concern. The senior management team and trustees have carried out a detail review and budgeting process for the charity and subsidiary for years up to 18/19 financial year as at the date of approval for the accounts. The senior management team and trustees are satisfied that the charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

1.4) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Blenheim Visitors Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

1.5) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Admissions income

Visitors are able to purchase entrance tickets in advance for entrance on a selected date. Income is recognised in full on the date of admission. Entrance tickets, including non-refundable annual pass upgrades, are recognised as income in full on the day of purchase.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017

(continued)

1 Accounting Policies (continued)

Event income

During the course of the year Blenheim Palace runs a number of events for visitors. Income is recognised in full on the day, or days, of the event. Income received in advance of an event or advanced ticket sales is deferred until the criteria for income recognition are met (see note 22).

Retail and water income

Retail income is recognised at point of sale. Water income is recognised on dispatch.

Restoration funding

Blenheim Visitors Limited receives funding from a supporting charity and Maintenance Fund. The funding is against agreed restoration expenditure and is treated as receivable, and recognised as income, in the month that the restoration cost is incurred

Grant Income

Grant Income, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1.6) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific artistic projects being undertaken by the charity.

1.7) Expenditure and irrecoverable VAT

Expenditure 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. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading including the retail and water business their associated support costs.
- Expenditure on charitable activities includes the costs of day to day maintenance and running of the palace, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.8) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017

(continued)

1 Accounting Policies (continued)

1.9) Operating leases

The charity classifies the lease of printing as operating leases; the title to the equipment remains with the lessor and the equipment is replaced every 5 years whilst the economic life of such equipment is normally 10 years. Rental charges are charged on a straight line basis over the term of the lease.

1.10) Intangible fixed assets

Goodwill has been recognised within Blenheim Visitors Limited, the charity's wholly owned subsidiary, on acquisition of Blenheim Visitors Partnership. Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill relating to the visitor part of the business was transferred to the charity on 01/01/2017. Goodwill is amortised on a straight line basis to the Statement of Financial Activities over its useful economic life of five years.

1.11) Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The charity adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Individual fixed assets costing £1,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

Asset Category	Annual rate
Plant and machinery	10%
Motor vehicles	25%
Fixtures and fittings	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

1.12) Investments

Investments are measured at cost less accumulated impairment.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017

(continued)

1 Accounting Policies (continued)

1.13) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Financial Activities.

1.14) 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.

1.15) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.16) Financial instruments

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

1 Accounting Policies (continued)

1.17) Creditors and provisions

Creditors and provisions are recognised where the charity 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.18) Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 April 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.19) Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Financial Activities when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group supports an obligation for the defined benefit plan which was closed to future accrual in 2000. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

1 Accounting Policies (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the Statement of Financial Activities as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Financial Activities as a 'finance expense'.

1.20) Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Financial Activities in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

1 Accounting Policies (continued)

1.21) Current and deferred taxation

The Group contains two limited companies which are subject to corporation tax.

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Financial Activities, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.22) Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained. Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below. Critical judgments that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

Stocks

Management estimates the net realisable values of stock, taking into account the most reliable evidence at each reporting date.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

1 Accounting Policies (continued)

Provisions

In recognising provisions, the Group evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgments used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

Deferred tax assets

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the Group's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

Defined benefit pension

The cost of defined benefit pensions plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates.

Intangible assets

Management applies judgment when assessing the value of goodwill acquired on a business combination, held in the Consolidated and Group Balance Sheet as intangibles, at both the year end date and the date of the business combination. The goodwill represents the excess consideration over the fair value of the net assets acquired. Judgment was applied when determining the fair value of the net assets and takes into account the most reliable evidence available at the valuation date.

Judgment is also applied in determining the useful economic life, based on the period over which value is expected to be derived from the long-term contracts.

2 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

3 Financial Performance of the charity

The summary financial performance of the charity alone is:

	2017	2016
	£	£
Income	5,521,682	78,665
Gift aid from subsidiary company	-	-
	5,521,682	78,665
Expenditure on charitable activities	(2,471,446)	(1,440)
Net income	3,050,236	77,225
Total funds brought forward	77,225	-
Total funds carried forward	3,127,461	77,225
Represented by:		
Restricted income funds	3,254	-
Unrestricted income funds - general fund	(1,114,606)	-
Unrestricted income funds - designated fund	4,238,813	77,225
	3,127,461	77,225

The charity only commenced day to day activity on 1 January 2017 after the visitors business was transferred from Blenheim Visitors Limited (see note 14).

The visitor business is seasonal, with the last quarter of the financial year (January-March) being the quietest in terms of visitors. In turn, this gives the opportunity for planned maintenance and repairs to go ahead with minimal disruption. Therefore the financial performance of the general fund is only capturing three months of low visitor numbers and high charitable activity costs; in future we expect to see a net neutral fund as we reinvest the visitor income to maintenance and restoration.

Blenheim Visitors Limited became a wholly owned subsidiary on this date (see note 14). The wholly owned subsidiary will gift aid profits in future years once it has built up its distributable reserves.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

4 Income from donations and grants

	2017	2016
	£	£
Donations		
Grants	213,125	-
Other donations	6,148,651	78,665
	<u>6,361,776</u>	<u>78,665</u>

The income from donations and grants was £6,361,776 (2016: £78,665) of which £1,813,338 was unrestricted (2016: £78,665) and £309,625 restricted (2016: nil).

Within other donations, £4,238,813 was received from Blenheim Supporting Limited. Funds donated from this related entity have been designated for specific restoration and preservation projects to be undertaken within the next decade, see note 24.

A donation of £1,813,338 has been recognised on the first year consolidation of Blenheim Visitors Limited on becoming the wholly owned subsidiary (note 14).

The restricted fund includes grants and donations from:

Higher Level Stewardship of £200,125 for conservation of the land and Palace grounds

Blenheim Foundation Restoration of £96,500 for restoration and conservation of the Palace

World Heritage Site Management of £13,000 for conservation of the land and Palace grounds

5 Income from charitable activities

	Unrestricted Funds 2017 £	Unrestricted Funds 2016 £
Operation of the Palace and Park		
Income from admission and tour charges	885,482	-
Gift aid recovered on donated admissions for annual passes	71,293	-
Total income from charitable activities	<u>956,775</u>	<u>-</u>

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

6 Income earned from other activities

	2017	2016
	£	£
Other income	16,469	-
Income from subsidiary	1,200,664	-
	<u>1,217,133</u>	<u>-</u>

Commercial trading operations

The wholly owned trading subsidiary Blenheim Visitors Ltd is incorporated in the United Kingdom (company number 05957291). Blenheim Visitors Ltd became the wholly owned subsidiary of the charity on 01/01/2017 and it transferred its net assets in relation to the visitor business on after becoming a wholly owned subsidiary (see note 14). Love Water is a wholly owned subsidiary of Blenheim Visitors Limited. A summary of the trading results of the Blenheim Visitors Limited group is shown for the period 01/01/2017-31/03/2017 below. The trade of Blenheim Visitors Limited group is seasonal. We would normally expect a full year profit of circa £500,000.

The summary financial performance of the subsidiary (including its wholly owned subsidiary) alone from date of acquisition, 1 January 2017, to 31 March 2017 is:

	2017	2016
	£	£
Turnover	1,200,664	-
Cost of sales and administration costs	<u>(1,664,927)</u>	<u>-</u>
Net loss	<u>(464,264)</u>	<u>-</u>
Amount gift aided to the charity	-	-
Retained in subsidiary	<u>(464,264)</u>	<u>-</u>

	2017	At acquisition (note 14)
	£	£
The assets and liabilities of the subsidiary are:		
Fixed assets	1,516,577	1,674,258
Current assets	5,303,780	5,937,786
Current liabilities	<u>(5,471,283)</u>	<u>(5,667,902)</u>
Total net assets	<u>1,349,074</u>	<u>1,944,141</u>
Aggregate share capital and reserves	<u>1,349,074</u>	<u>1,944,141</u>

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

7 Analysis of expenditure on charitable activities

	Operation of the Palace and Park	Preservation and Maintenance	Total
	£	£	£
Admissions expenses	82,197	-	82,197
Maintenance of the garden and park	-	296,868	296,868
Promotion and marketing	749	-	749
Central premises costs	240,498	-	240,498
Bank interest	17	-	17
Bank charges	12,591	-	12,591
Depreciation	74,460	-	74,460
Amortisation	34,043	-	34,043
Repair expenditure	6,279	74,844	81,123
Restoration	-	316,535	316,535
Rural park maintenance	-	2,656	2,656
Higher Level Stewardship	-	222,954	222,954
World Heritage Site Management	-	9,746	9,746
Governance costs (see note 9)	128,678	-	128,678
Support costs (see note 9)	953,708	-	953,708
Total	1,533,220	923,603	2,456,823

Expenditure on charitable activities was £2,456,823 (2016: £1,440) of which £2,150,452 was unrestricted (2016: £1,440) and £306,371 was restricted (2016: nil).

8 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the two main charitable activities and the sources of income directly to support those activities.

As noted in note 14 the visitor business was transferred on 1st January 2017 therefore there is only three months of activity within these accounts.

Alongside this, the visitor business is seasonal. January to March are our quieter months which allows us to undertake most of our vital restoration and maintenance. Because of this, we have three months of minimal income but significant spend. Note 28 shows a full year representation of activity.

	Operation of the Palace and Park	Preservation and Maintenance	Total
	£	£	£
Costs	(1,533,220)	(923,603)	(2,456,823)
Admission charges	885,482	-	885,482
Gift aid recovered on donated admissions	71,293	-	71,293
	(576,445)	(923,603)	(1,500,048)
Direct grant support	-	309,625	309,625
Net cost funded from other income	(576,445)	(613,978)	(1,190,423)

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

9 Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function.

Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three key charitable activities undertaken (see note 7) in the year.

Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	General support £	Governance £	Total £
Salaries, wages and related costs	806,948	-	806,948
Production and marketing	86,685	-	86,685
Audit Fees	-	48,000	48,000
Non Audit Fees	-	4,495	4,495
Health and Safety	689	-	689
Legal & Professional	-	76,183	76,183
Other Administrative	59,386	-	59,386
Total	953,708	128,678	1,082,386

Salaries and related costs are apportioned based on time. The remainder of costs are apportioned based on type.

10 Net income/(expenditure) for the year

	2017 £	2016 £
This is stated after charging:		
Operating leases – equipment	7,421	-
Amortisation	34,043	-
Depreciation	74,460	-
Audit fees	48,000	1,440
Non Audit Fees	4,495	-

11 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2017 £	2016 £
Salaries and wages	689,620	-
Social security costs	39,963	-
Pension costs	77,365	-
	806,948	-

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

11 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

These costs are full year equivalent costs which have in part gone through the subsidiary and in part the charity.

	2017	2016
	£	£
Salaries and wages	3,499,633	-
Social security costs	202,806	-
Pension costs	358,227	-
	<u>4,060,666</u>	<u>-</u>
Charity costs	806,948	-
Consolidated subsidiary costs	182,175	-
Costs within the subsidiary prior to gifting	<u>3,071,543</u>	<u>-</u>
	<u>4,060,666</u>	<u>-</u>

Some employees benefit from accommodation. Total staff accommodation costs from January 2017 to March 2017 were £32,229 in 2017 (2016: nil).

Prior to January 2017 the accommodation costs were paid out of Blenheim Visitors Limited prior to it being the trading subsidiary of the charity.

The number of employees receiving paid employment or benefits (excluding employer pension and national insurance costs and after charges to related entities) over £60,000 for the full year equivalent is as follows:

£60,000-£70,000	3
£70,001-£80,000	-
£80,001-£90,000	1
£90,001-£100,000	1
£100,001-£110,000	1
£110,001-£120,000	-
£120,001-£130,000	2

The charity trustees were not paid from employment or receive material benefits with the charity or its subsidiary in the year with the exception of the Chief Executive Officer in his capacity as director and for his role as CEO. The charity trustees receive the benefit of free water from the water business which operates in the charity's subsidiary however this is not considered a material benefit as declared in the Articles of Association.

A Muir was reimbursed for £81 expenses from January 2017 (previous to January 2017 expenses were reimbursed from Blenheim Visitors Limited prior to it being a subsidiary) no other trustees were reimbursed (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

The key management of the group and the charity are paid by the wholly owned subsidiary Blenheim Visitors Limited which acts as a payroll bureau and recharges salaries across the Estate.

The key management personnel of the parent charity and the group are the Senior Management Team which consists of the Chief Executive Officer, Chief Operating Officer, Operations Director, Head of Marketing and PR, Head of Human Resources, Head of Estates and Head of Finance.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

11 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

The cost to the charity, after recharges to related entities, to 31 March 2017 (including employer pension costs and social security, after charges to related entities) of the key management personnel to the wholly owned subsidiary and the charity was £189,144. Included within this is remuneration paid to the trustee and director of the group and the charity in his capacity as CEO which was £26,546 (including employer pension costs but after charges to other related entities).

The full year equivalent cost (including employer pension costs and social security) of the key management personnel in situ in the year to the wholly owned subsidiary and the charity was £835,725. Included within this is remuneration paid to the trustee and director of the group and the charity in his capacity as CEO which was £157,425 (including employer pension costs but after charges to other related entities).

12 Staff Numbers

The wholly owned trading subsidiary Blenheim Visitors Ltd acts as a payroll bureau across the Estate. The seasonality of the business means that the only appropriate way to measure headcount is based on average monthly heads (including casual and part-time staff).

The average monthly head count across the state was 322 as is broken down by department as follows:

	2017 Number
Operations	226
Admin and support	39
Retail and water	52
Construction	5
	<hr/> 322 <hr/>

The salaries cost within the consolidated accounts are from 01/01/2017, when Blenheim Visitors Limited became subsidiary of the Charity. Retail and water heads are not a cost of the charity. Construction heads are recharged to other entities within the Estate.

13 Related party transactions

The current four members of Blenheim Palace Heritage Foundation are Trustees of the controlling company The Marlborough 2003 Settlement. John Hoy was director and trustee of Blenheim Palace Heritage Foundation and was superseded by Dominic Hare. They are both trustees of Experience Oxfordshire Limited. Experience Oxfordshire sells group tickets for Blenheim as part of its 'Visit Oxfordshire' attractions.

On 1st January 2017 Blenheim Visitors Limited became the wholly owned subsidiary of Blenheim Palace Heritage Foundation. Blenheim Visitors Limited then transferred the visitors business to the charity. The remaining trading activity of retail and water was left within Blenheim Visitors Limited (note 14.)

The wholly owned subsidiary, Blenheim Visitors Limited, has transactions with a number of related parties. Not infrequently invoices are received into Blenheim Visitors Limited which relate in part or total to related parties, the invoice is paid by Blenheim Visitors Limited and the relevant costs recharged to the related party. Less frequently related parties pay invoices on behalf of Blenheim Visitors Limited and recharge. These transactions are not disclosed in detail within this related party note, though they are included within the year end balances.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

13 Related party transactions (continued)

During the year ended 31 March 2017, Blenheim Visitors Limited borrowed £200,000 (2016: £3,787,532) from Blenheim Finance Limited and repaid £1,700,000 (2016: £230,000). Interest of £212,377 (2016: £77,186) was charged. The balance outstanding at 31 March 2017 was £3,354,586 (2016: £4,642,209). The transaction undertaken during year ended 31 March 2016 was part of a restructuring of debt to make Blenheim Finance Limited the lender to all group entities. At that point £2,787,532 was paid to Barrough Hospitality Limited, repaying the balance in full.

During the year ended 31 March 2017 the charity received £4,238,813 from Blenheim Supporting Limited (via Agency).

The charity (previously Blenheim Visitors Limited) pays a peppercorn rent and maintenance obligation for use of the Palace to the owner, Blenheim Parliamentary 1994 Settlement. The maintenance obligation is to incur all costs for restoration and maintenance that the Palace requires and the trustees see fit.

Blenheim Visitors Limited acts as the payroll bureau for the "Group" and incurs central costs.

The following management charges are levied annually to related parties:

	Blenheim Visitors Ltd	Charity
	£	£
Barrough Hospitality Limited		
Professional fee recharge	74,997	24,999
Consumer marketing recharge	74,997	24,999
Salary costs	92,997	30,999
Blenheim Parliamentary 1994 (via Agency)		
Management fee	71,250	23,750
Vanbrugh Unit Trust		
Maintenance staff call out and stand by costs	135,000	45,000
Vanbrugh Management Limited		
IT cost	33,750	12,000
Salary costs	180,342	60,114
Godolphin Partnership		
Heat and light	24,060	9,285
Project costs	93,996	32,500
Blenheim Industrial Properties Limited		
Landscape Maintenance Services	13,500	4,500

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

13 Related party transactions (continued)

Both the parent charity and the wholly owned subsidiary have outstanding balances with other Blenheim companies.

Amounts owed to the Charity and the Group at 31 March 2017

	Group 2017 Debtor £	Group 2016 Debtor £	Charity 2017 Debtor £	Charity 2016 Debtor £
Blenheim Game	40,850	-	-	-
Blenheim Industrial Properties Limited	8,978	-	-	-
Barrough Limited	157,789	-	-	-
Blenheim Estates Contractors Limited	232	-	-	-
Vanbrugh Management Limited	98,152	-	-	-
Blenheim Parliamentary 1994	12,148	-	-	-
Blenheim Farm Partnership	91,227	-	-	-
Maintenance Fund	26	-	-	-
Parliamentary 1984	25	-	-	-
Blenheim Agency Limited	2,615,599	-	-	-
Blenheim Art Foundation	19,733	-	-	-
Blenheim Supporting Limited	-	77,225	-	77,225
	<u>3,044,759</u>	<u>77,225</u>	<u>-</u>	<u>77,225</u>

Amounts owed by the Charity and the Group at 31 March 2017

	Group 2017 Creditor £	Group 2016 Creditor £	Charity 2017 Creditor £	Charity 2016 Creditor £
Vanbrugh Unit Trust	(9,259)	-	-	-
Godolphin Partnership	(900,146)	-	-	-
Blenheim Finance Limited	(3,354,586)	-	-	-
Organ Donation Appeal	(3,100)	-	-	-
	<u>(4,267,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

14 Acquisition of Blenheim Visitors Limited as the wholly owned subsidiary of the charity and the transfer of the visitor business from Blenheim Visitors Limited to the charity

On 1 January 2017 Blenheim Visitors Limited became the wholly owned subsidiary of the charity (note 6) with no consideration paid by the charity therefore £1,813,338 has been recognised as a donation (note 4). Blenheim Visitors Limited wholly owns Love Water. The donation recognised is the net asset value of the consolidated group of Blenheim Visitors Limited and Love Water at the time of becoming a wholly owned subsidiary:

	Note	01-Jan-17 £
Tangible Fixed Assets		1,787,202
Intangible Fixed Assets		2,044,576
Stocks		502,991
Debtors		2,269,225
Cash and bank		1,107,904
Creditors < 1yr		(5,898,560)
Net assets	4	<u>1,813,338</u>

After becoming this wholly owned subsidiary, the assets, goodwill and liabilities relating to the visitor business transferred from Blenheim Visitors Limited through intercompany at a nil gain nil loss to the charity and the remaining activity of retail and water was left within Blenheim Visitors Limited. Below is the value of the visitor business balance sheet items at date of transfer.

	Note	01-Jan-17 £
Goodwill	16	680,866
Tangible fixed assets	17	1,399,153
Investment in Godolphin Partnership	18	77,500
Other creditors and accruals		(17,591)
Deferred income		(54,763)
Total transferred		<u>2,085,165</u>

15 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

16 Intangible assets

	Group Goodwill	Charity Goodwill
	£	£
Cost		
BVL cost b/f at acquisition	2,297,156	-
Addition	-	-
Disposal	-	-
Transfer from BVL	-	763,400
Balance as at 31/03/2017	2,297,156	763,400
Accumulated depreciation		
BVL accumulated depreciation at acquisition	252,580	-
Amortisation charge	278,886	34,043
Disposal	-	-
Transfer from BVL	-	82,534
Balance as at 31/03/2017	531,466	116,577
Net book value		
Balance as at 31/03/2017	1,765,690	646,823

17 Tangible Fixed Assets

Group	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
	£	£	£	£
Cost				
BVL cost b/f at acquisition	2,551,844	598,846	1,823,903	4,974,593
Addition	28,270	-	13,948	42,218
Disposal	(10,973)	(8,709)	-	(19,682)
Transfer	-	-	-	-
Balance as at 31/03/2017	2,569,141	590,137	1,837,851	4,997,129
Accumulated Depreciation				
BVL accumulated depreciation at acquisition	1,742,347	540,488	904,556	3,187,391
Charge	37,812	9,190	52,446	99,448
Disposal	(8,991)	(6,677)	-	(15,668)
Transfer	-	-	-	-
Balance as at 31/03/2017	1,771,168	543,001	957,002	3,271,171
Net Book Value				
Balance as at 31/03/2017	797,973	47,136	880,849	1,725,958

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017

(continued)

17 Tangible Fixed Assets (continued)

Charity

	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
Cost	£	£	£	£
Balance at 01/04/2016	-	-	-	-
Addition	3,555	-	-	3,555
Disposal	-	-	-	-
Transfer from BVL	1,763,076	541,246	1,558,675	3,862,997
31/03/2017	1,766,631	541,246	1,558,675	3,866,552
Accumulated Depreciation				
Balance at 01/04/2016	-	-	-	-
Charge	21,705	7,932	44,823	74,460
Disposal	-	-	-	-
Transfer from BVL	1,311,753	491,420	660,671	2,463,844
Balance as at 31/03/2017	1,333,458	499,352	705,494	2,538,304
Net Book Value				
Balance as at 31/03/2017	433,173	41,894	853,181	1,328,248
Balance as at 31/03/2016	-	-	-	-

18 Investments

The charity holds 1 share of £1 in its wholly owned trading subsidiary company Blenheim Visitors Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid.

The activities and results of the wholly owned subsidiary is summarised in note 6.

As part of the transfer of the visitor business (note 14), the investments in the Godolphin Partnership which runs the 'Untold Story' exhibition within the Palace was transferred to the charity on 01/01/2017 at £75,000.

19 Stock	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Retail stock	342,466	-	-	-
Bottled water	159,168	-	-	-
	501,634	-	-	-
20 Debtors	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade debtors	657,277	-	251,163	-
Other debtors	6,024,957	78,665	2,046,962	78,665
Prepayments and accrued income	178,150	-	92,358	-
	6,860,384	78,665	2,390,483	78,665

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

21 Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade creditors	912,525	-	636,222	-
Other creditors and accruals	5,366,042	1,440	550,955	1,440
Deferred income (see note 22)	491,101	-	395,045	-
VAT	175,519	-	-	-
Social security costs	108,318	-	-	-
	7,053,505	1,440	1,582,222	1,440

22 Deferred income

Deferred income comprises advanced ticket sales and corporate event fees

	Group £	Charity £
Balance as at 1 April 2016	-	-
Amount released to income earned from charitable activities	-	-
Amount deferred in year for advanced ticket sales	57,465	57,465
Amount deferred in year in relation to events	337,580	337,580
Customer deposits	96,056	-
Balance as at 31 March 2017	491,101	395,045

23 Financial instruments

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	7,459,259	78,665	2,657,112	78,665
Financial liabilities				
Financial liabilities measured at amortised cost	7,053,505	1,440	1,582,222	1,440

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by related parties, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties, tax liabilities, finance liabilities, other creditors and deferred income.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

24 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 1 April 2016	Income	Expenditure	Transfers	Funds at 1 March 2017
	£	£	£	£	£
General fund	77,225	3,987,246	(3,830,002)	-	234,469
Designated funds	-	4,238,813	-	-	4,238,813
Total	77,225	8,226,059	(3,830,002)	-	4,473,282

Analysis of movements in unrestricted funds - previous year

	Balance at 1 April 2016	Income	Expenditure	Transfers	Funds at 1 March 2017
	£	£	£	£	£
General fund	-	78,665	(1,440)	-	77,225
Designated funds	-	-	-	-	-
Total	-	78,665	(1,440)	-	77,225

Name of unrestricted fund

Description, nature and purposes of the fund

General fund

The 'free reserves' after allowing for all designated funds.

Designated funds

Designated fund for the £40m vital restoration work planned for the next ten years and £45m endowment portfolio.

Analysis of movements in restricted funds

	Balance at 1 April 2016	Income	Expenditure	Transfers	Funds at 1 March 2017
	£	£	£	£	£
World Heritage Site Management	-	13,000	(9,746)	-	3,254
Blenheim Foundation Restoration	-	96,500	(96,500)	-	-
Higher Level Stewardship	-	200,125	(200,125)	-	-
Total	-	309,625	(306,371)	-	3,254

Name of restricted fund

Description, nature and purposes of the fund

World Heritage Site Management

Conservation of the land and Palace grounds

Blenheim Foundation Restoration

Restoration and conservation of the Palace

Higher Level Stewardship

Conservation of the land and Palace grounds

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

25 Analysis of group net assets between funds

	General Fund	Designated Funds	Restricted Funds	Total
	£	£	£	£
Tangible fixed assets	1,725,958	-	-	1,725,958
Intangible fixed assets	1,765,690	-	-	1,765,690
Investments	77,500	-	-	77,500
Cash at bank and in hand	598,875	-	-	598,875
Other net current assets/(liabilities)	(3,933,554)	4,238,813	3,254	308,513
Total	234,469	4,238,813	3,254	4,476,536

26 Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2017	Group 2016	Charity 2017	Charity 2016
	£	£	£	£
Net movement in funds	4,399,311	77,225	3,050,236	77,225
Add back amortisation charge	278,886	-	34,043	-
Add back depreciation charge	99,448	-	74,460	-
Decrease (increase) in stock	(501,634)	-	-	-
Decrease (increase) in debtors	(6,781,719)	(78,665)	(2,311,818)	(78,665)
Increase (decrease) in creditors	7,052,065	1,440	1,580,782	1,440
First year consolidation of intangible assets	(2,044,576)	-	(680,866)	-
First year consolidation of tangible fixed assets	(1,787,202)	-	-	-
Intercompany transfer of tangible fixed assets	-	-	(1,399,153)	-
Intercompany transfer of investments	(77,500)	-	(77,500)	-
Net cash used in operating activities	637,079	-	270,184	-

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

27 Pension commitments

The wholly owned subsidiary operates a defined contributions pension scheme and a defined benefit pension scheme.

The assets of the defined contributions scheme are held separately from those of the subsidiary in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £91,205 (2016: £NIL).

Contributions totalling £31,156 (2016: £NIL) were payable to the fund at the reporting period.

The wholly owned subsidiary operates a Defined Benefit Pension Scheme.

A full actuarial valuation was carried out as at 31 March 2017 and 31 March 2016.

Reconciliation of present value of plan liabilities:	2017	2016
	£	£
At the beginning of the year	(6,861,000)	(7,235,000)
Interest cost	(230,000)	(228,000)
Actuarial gains/losses	(913,000)	368,000
Benefits paid	214,000	234,000
At the end of the year	<u>(7,790,000)</u>	<u>(6,861,000)</u>

Reconciliation of present value of plan assets:	2017	2016
	£	£
At the beginning of the year	6,861,000	7,235,000
Return on assets excluding interest income	791,000	(280,000)
Interest income	230,000	228,000
Contributions	60,000	84,000
Benefits paid	(214,000)	(234,000)
Previously unrecognised surplus deducted	62,000	(172,000)
At the end of the year	<u>7,790,000</u>	<u>6,861,000</u>

Composition of plan assets:	2017	2016
	£	£
Equities	4,381,000	3,496,000
Bonds	1,514,000	1,390,000
Property and cash	2,308,000	2,450,000
Total plan assets	<u>8,203,000</u>	<u>7,336,000</u>

Property and cash above include annuities held in the name of the pension scheme trustees.

The above represents the total plan assets held including any pension surplus that has not been recognised.

	2017	2016
	£	£
Present value of plan assets	7,790,000	6,861,000
Present value of plan liabilities	<u>(7,790,000)</u>	<u>(6,861,000)</u>
Net pension scheme liability	<u>-</u>	<u>-</u>

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

27 Pension commitments (continued)

The difference between the fair value and present value of the plan assets represents the unrecognised pension surplus.

Fair value of plan assets were as follows:	2017	2016
	£	£
Opening fair value of scheme assets	7,336,000	7,538,000
Return on assets excluding interest income	791,000	(280,000)
Interest income	230,000	228,000
Contributions by employer	60,000	84,000
Benefits paid	(214,000)	(234,000)
	<u>8,203,000</u>	<u>7,336,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £NIL (2016 - £NIL).

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2017	2016
	£	£
	%	%
Discount rate	2.5	3.4
Future pension increases	3	3
Mortality rates	1	1
RPI assumption	3.5	3.3
CPI assumption	2.5	2.3

Amounts for the current and previous period are as follows:

	2017	2016
	£	£
Defined benefit obligation	(7,790,000)	(6,861,000)
Unrecognised past service cost	8,203,000	7,336,000
Unrecognised surplus	413,000	475,000

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2017 (continued)

28 Full year comparison (unaudited)

The visitor business was given to the charity part way through the year, therefore activity for nine months sits in Blenheim Visitors Limited and activity for three months sits within the charity and is included within the group's results.

Blenheim Visitors Limited became a wholly owned subsidiary of the charity on 01/01/2017 (note 14).

These accounts therefore show three months of consolidated activity. This note shows the full year comparison if it were a full year consolidation of activity

	Mar-17	Mar-16
	£	£
Admissions income	6,067,128	5,862,200
Other trading income	5,166,313	4,268,724
Restoration funding	866,562	632,390
Other operating income	2,411	780
Total income excluding one off donations	12,102,414	10,764,094
Cost of sales	(2,192,078)	(2,363,666)
Restoration, repairs and maintenance	(1,978,523)	(1,615,809)
Administration costs	(7,484,965)	(6,754,920)
Interest payable	(343,985)	(190,585)
Total expenses excluding tax	(11,999,551)	(10,924,980)
Total net incoming resources before tax	102,863	(160,886)
Corporation tax	(70,339)	(17,988)
Total net incoming resources after tax	32,524	(178,874)
Reconciliation to the SOFA:		
Total net incoming resources after tax (above)	32,524	
Designated Fund donations	4,238,813	
Blenheim Visitors Limited consolidated reserves b/f (transferred to the charity on becoming wholly owned subsidiary)	127,974	
Total net incoming resources after donations	4,399,311	