

# Report and Financial Statements Blenheim Palace Heritage Foundation

(A company limited by guarantee)

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Year ending 31 March 2019  
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 2019

### Charity number

1166164

### Company number

09430048

### Trustees/Directors

Lord Edward Spencer-Churchill

Alexander Muir

Christopher Groves

Dominic Hare

### Secretary

Stephen Spare

### Key Management Personnel (Blenheim Palace Heritage Foundation)

Senior Management Team:

Chief Executive Officer – Dominic Hare

Chief Operating Officer and Property Director – Roger File

Operations Director – Heather Carter

Head of Finance – Stephen Spare

Head of HR – Sarah Morris (resigned 26/10/2018, no reappointment)

Marketing and PR Director – Stephanie Duncan

Estates Director – Roy Cox

Pye Homes Managing Director – Graham Flint

### Key Management Personnel (Blenheim Visitors Limited)

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

### Key Management Personnel (Love Water Limited)

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

Director – Nick Swan

Director – Dominic Hare

### Registered office

The Estate Office

Blenheim Palace

Woodstock

Oxford

OX20 1PP

### Independent Auditor

BDO LLP

Two Snowhill

Birmingham

B4 6GA

### Bankers

Barclays Bank PLC

4<sup>th</sup> Floor, Apex Plaza

Forbury Road

Reading

RG1 1AX

### Solicitor

Withers LLP

20 Old Bailey

London

EC4M 7AN

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019

The trustees are pleased to present their annual report of the Trustees together with the consolidated financial statements of the charity and its subsidiaries for the year ended 31 March 2019 which are prepared in accordance with the requirements of 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 (2018: 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 Estate. 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. Training for trustees is organised on a needs basis.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019

### (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 had due regard to 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. Our 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 funding raised through the wider Estate's land development.

The Palace, park and gardens are now open all year round. 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 as part of the 10 year goals launched in 2017. This will be funded through profits of the visitor business and commercial operations, 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 Estate wider group hereafter referred to as "the Estate" (see note 12 for all related entities within the Estate.). For the use of the Palace, the charity pays a small annual rent to a related entity plus a significant maintenance obligation which it fulfils through its restoration programme.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019 (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 and free walking tours of the formal gardens run in the summer.

### ***Arts, culture and charity***

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 (note 12) 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, Michelangelo Pistoletto, Jenny Holzer and this year, Yves Klein. The Gardens contain permanent and temporary statues and art in isolation to the Blenheim Art Foundation exhibition.

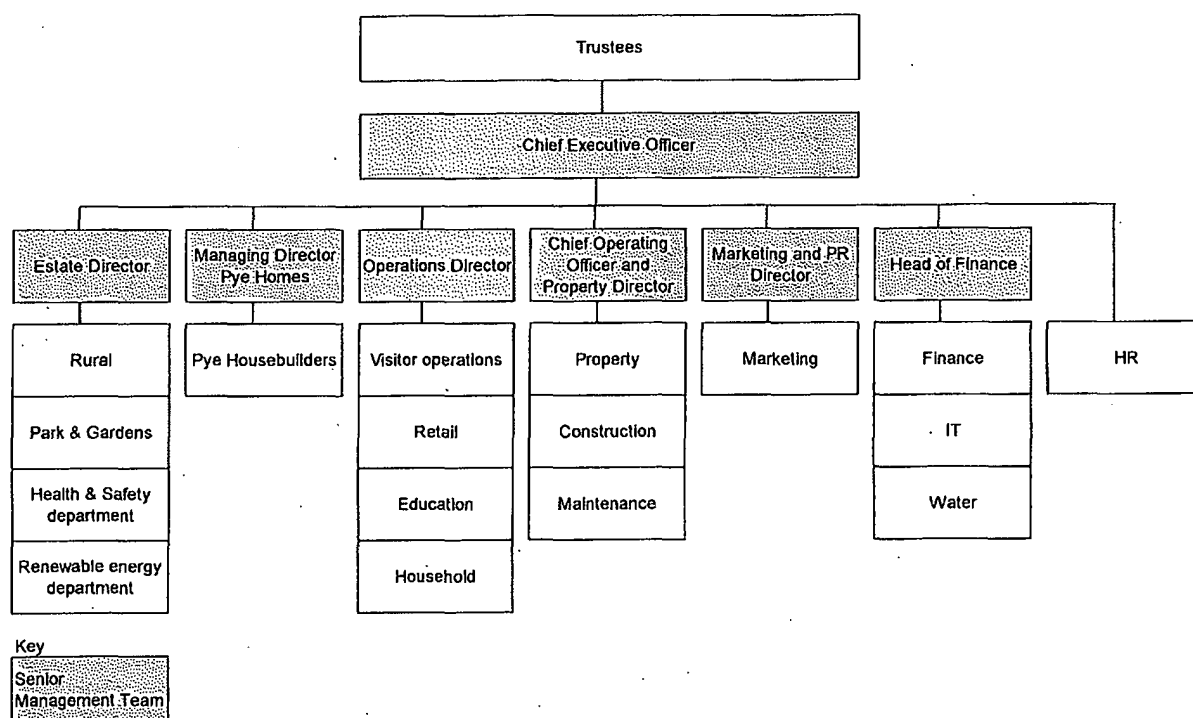
Blenheim also offers a wealth of artistic, sporting and cultural events throughout the year. These include Christmas at Blenheim, BBC Countryfile Live, Ssang Yong Blenheim Palace International Horse Trials, Nocturne Live Concerts, Battle Proms Picnic Concerts, Blenheim Palace Flower Show, Blenheim Palace 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 2019 (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.



### Group Structure and related entities

Blenheim Palace Heritage Foundation owns 100% of Blenheim Visitors Limited. Blenheim Visitor Limited owns 100% of Love Water Limited. Blenheim Palace Heritage Foundation Group is part of the wider Blenheim Estate "Estate". The Estate's strategy is discussed on page 9. Related party transactions and balances are disclosed in note 12.

### 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 10.

Lord Edward Spencer-Churchill approves the pay reviews for the statutory directors of the Blenheim entities across the Estate; 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 2019 (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 other than the internal loan to Blenheim Finance Limited (note 12). 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*

We have no more certainty over Brexit than we did a year ago. 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 "stay-cation" 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.

### *Damage to Palace by fire or other disaster*

We accept that the Palace was not built in an era with fire regulations. We have however, extensive control systems in place to warn, suppress and limit damage. We have, and are continuing to, undertake fire compartmentalisation to the Palace to improve our control systems. A further £30,823 has been spent on fire compartmentalisation in the year ended 31 March 2019 (2018: £160,535).

### *Related parties and co-operation with other organisations*

The charity and its subsidiaries 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 12.



# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019 (continued)

### Blenheim ten year strategy

For Blenheim to meet its charitable objectives the Estate has adopted a strategy expressed by 10 goals. Some of these goals sit primarily within the charity, others are better expressed in other entities within the Estate but have been included for completeness as they influence the whole Estate.

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.

During the year ended 31 March 2019 we have made significant progress towards the 10 goals:

1. Triple the economic contribution to the local area

Blenheim's economic impact was captured by Oxford Brookes Business School at March 2018 (and March 2017). Blenheim's total gross value added (GVA, being the total contribution to gross domestic product (GDP)) is £88m (2017: £90m). The drop in GVA is down to the timing of the development spend across the Estate. We expect the 2019 GVA to increase on 2018 significantly. This is split between direct operations by Blenheim of £74m (2017: £76m) and indirect contribution through catering and event partners of £14m (2017: £15m)

Within the £74m, visitors to Blenheim have £41m GVA (2017: £39m), £12m GVA (2017: £13m) is made by expenditure of goods and services by Blenheim and £13m (2017: £12m) is the direct contribution of Blenheim.

The full report can be found at [blenheim.org/aboutus/our-goals/](http://blenheim.org/aboutus/our-goals/)

2. Train over 100 new apprentices and set equivalent training goals for current staff development

At 31 March 2019, ten apprentices were employed across the Estate in a diverse range of positions.

3. Build high quality, affordable homes for 300 families

The Estate have a unique delivery partnership with West Oxfordshire District Council, delivering housing at a 40% discount to market rental, which is market leading.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019 (continued)

### 4. Achieve annual paying visitor numbers in excess of 750,000

Our paying visitor number at the end of March 2019 was over 660,000 which in turn has had a positive effect on our contribution to the local economy.

### 5. Become a net generator of green energy

We are very proud to have been awarded Gold level from Green Tourism and maintained this from our audit in the year, where the standards required to achieve this status continue to rise. We now have four electric charging points and six electric vehicles. All of our purchased electricity now comes from renewable sources thanks to a two year partnership with the renewable energy provider, Good Energy.

We have two biomass boilers within the Blenheim grounds and generate hydro electricity from our dam. We also generate solar energy. In turn we have renewably generated about 15% of our direct energy consumption through these investments.

### 6. Become one of the UK's top 100 employers

We achieved 'One to Watch' status and were 6.2 points away from 1 star (the highest category) in our first Top 100 survey.

We want every one of our employees to be proud of where they work and want to remain a part of our team. If we don't become an employer who can persuade great people to join us and stay with us then we will not be able to successfully achieve the other goals.

### 7. Complete £40 million of vital restoration work

During the year to 31 March 2019 we have spent £3.2m on preservation and restoration work (note 6), £1m up on last year. We aim to spend an average of £4m each year on conservation and restoration. Within the next 18 months we will take on our largest restoration project yet, with the dredge of Queen Pool and beginning the renovation of Grand Bridge.

### 8. Reacquire key works from the Palace's lost collections and establish new ones

Public awareness of this goal has subsequently seen lots of generous loan offers. Some of these are for Winston Churchill's paintings, a number of which were on display from February. We have re-acquired a Consuelo by Cesar Helleu portrait and a wonderful Boldini portrait of Gladys Deacon (note 16). We have also acquired a significant collection from the estate of Victor Churchill. The Victor Churchill acquisitions and Consuelo by Cesar Helleu were displayed in the 'Art and the Churchill Family' exhibition in February.

### 9. Secure endowment of £45 million to conserve our World Heritage Site

We recognise that sustaining Blenheim in perpetuity is just as important for the long-term economic well-being of the area as it is for our goal; sharing and protecting Blenheim.

Our strategic development sites, including Long Hanborough and Woodstock East, will contribute an excess of £45m over the next seven years.

### 10. Double charitable contributions to the community

We have grown our charitable contribution in one year from £1.1 million to £1.6 million (direct and indirect) charitable donations have been raised or made by Blenheim. This includes holding events such as the Bloodwise Blenheim Triathlon and Blenheim Half Marathon which give the opportunity for fundraising. Blenheim has directly contributed to the local area through donations of money and time.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019 (continued)

### 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*

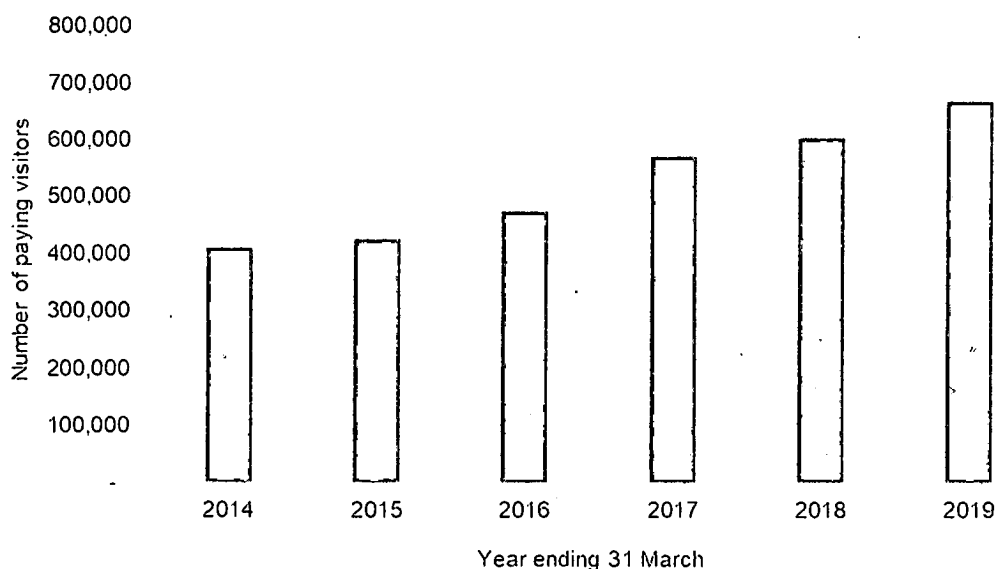
During the year, just over £3.2m was spent on restoration, repairs and maintenance. Projects include preparation for the Lake Dredge and Grand Bridge Repairs, Bladon Bridge Repairs, West Colonnade and West Quadrant Stone Repairs.

In future years, annual conservation and restoration spend is set to increase. Within the next 18 months, the largest restoration project yet is planned, dredging of the Queen Pool and the beginning of the renovation of Grand Bridge. We will also undertake the structural restoration of the Chapel Crypt.

In addition to the £40m spend of restoration (goal 7) we will create an endowment portfolio of £45m dedicated to the conservation and enhancement of our World Heritage Site over the next ten years (goal 9). The endowment portfolio seeks to conserve and protect the Palace and park for future generations.

### *Visitor numbers*

Paying visitor numbers for the financial year ending March 2019 have been compared with the previous five years. These numbers include all paying visitors to the Palace, park and gardens.



Expanding events held at the Palace has increased our footfall, along with an investment to our marketing strategy. Our goal is to reach paying visitors of over 750,000 (goal 4).

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019 (continued)

### Recruitment, Advertising and Selection

The recruitment process is 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 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.

The selection process is carried out consistently for all jobs at all levels. All applications are processed in the same way. The staff responsible for short-listing, interviewing and selecting candidates are informed of the selection criteria and of the need for their consistent application. Wherever possible, all applicants are interviewed by at least two interviewers and all questions asked of the applicants relate to the requirements of the job. The selection of new staff is 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 has 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 informs 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 are 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 supports 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 is not discriminatory and is 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.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019 (continued)

### Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees. The charity is not bound by any undertaking to be bound by any regulatory scheme.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have particularise this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

### Financial review

As part of the strategic goals, Blenheim Palace Heritage Foundation was founded in late 2015 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 Visitors Limited includes both the retail and water businesses. Both departments continue to trade well and enhance the visitor experience and Blenheim Palace brand.

Love Water Limited is a growing business which year on year has shown sales growth and will begin to trade profitably from year ending 31 March 2020.

### Income

The group has three main sources of income:

Income generated from charitable activities; predominately admission income. This is 47% (£8,370k) of all income including donations (2018: 50%, £7,817k).

Visitors have the option to purchase Palace, park and gardens entry (PPG) or park and gardens (PG). If visitors choose to donate their PPG 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 31% (£5,537k) of total income (2018: 33%, £5,077k).

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2019 (continued)

Restoration and endowment funding is received from land development within the Blenheim Estate, Blenheim Supporting Limited and The Blenheim Foundation. Blenheim Supporting Limited is a related entity which donates its profits to the charity. The Blenheim Foundation is a related charity which fundraises for restoration within the Palace. Within restoration funding is grant funding received for the park and funding to contribute to the costs of being a World Heritage Site. Total donations received accounts for 22% (£3,857k) (2018: 17%, £2,604k) of total income.

### Expenditure

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 6).

Another substantial cost is the restoration, preservation, maintenance and repair work of which just over £3,223k was spent in the year (2018: £5,077k).

### 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. At the year end, the Charity invested its cash held for restoration projects in a related entity, Blenheim Finance Limited. In return, the Charity receives interest income of c.5% (note 12). The Charity will see additional 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, alongside ongoing cash needs for the visitor business.

Given the regularity of income streams and the availability of funding from related entities within the Blenheim Estate we do not think it is necessary to hold more than £1m of free reserves for visitor business activities and other emergencies. The level and expectation of restoration and repair requires the Charity to build up funds to cover these costs which are bulky in nature. General reserve as at 31 March 2019 is £8.5m. The intention is to ring fence funds towards restoration.

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 18 month include the dredge of Queen Pool and the beginning the renovation of Grand Bridge.

### Plans for future periods

The trustees and management team have committed an ambitious 10 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 2019 (continued)

### Trustees' responsibilities

The Trustees are responsible for preparing the Strategic Report, 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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Trustees are required to:

select suitable accounting policies and then apply them consistently;

make judgements 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 charity will continue in business.

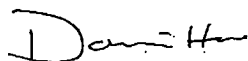
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 Report of the Trustees, incorporating the Strategic Report, was approved by the Trustees on 06/08/19 and signed on their behalf by:



DOMINIC  
HALE (Trustee and Director)  
06/08/2019

# Blenheim Palace Heritage Foundation

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

### Opinion

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 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated and Parent Charitable Company Cash Flow Statements 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The other information comprises: the Report of the Trustees and the Strategic Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



# Blenheim Palace Heritage Foundation

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions 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 Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

# Blenheim Palace Heritage Foundation

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

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.

BDO WP

Kyla Bellingall (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham  
Date 7 Aug 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Blenheim Palace Heritage Foundation

## Consolidated Statement of Financial Activities

for year ending 31 March 2019

(including consolidated income and expenditure account)

	Note	General Fund (Unrestricted) £000	Restricted Funds (Restricted) £000	Total Funds 2019 £000	Total Funds 2018 £000
<b>Income:</b>					
Donations and legacies	3	3,283	574	3,857	2,604
<i>Income from charitable activities:</i>	4				
Operation of the Palace and park		8,370	-	8,370	7,817
<i>Income from other trading activities:</i>					
Commercial trading operations	5	5,537	-	5,537	5,077
<b>Total income</b>		<b>17,190</b>	<b>574</b>	<b>17,764</b>	<b>15,498</b>
<b>Expenditure</b>					
<i>Costs of raising funds:</i>					
Commercial trading operations		4,160	-	4,160	3,974
<i>Expenditure on charitable activities:</i>					
Operation of the Palace and park	6	7,680	-	7,680	7,390
Preservation and maintenance	6	2,865	358	3,223	2,151
<b>Total expenditure</b>		<b>14,705</b>	<b>358</b>	<b>15,063</b>	<b>13,515</b>
<b>Net income and net movement in funds for the year</b>		<b>2,485</b>	<b>216</b>	<b>2,701</b>	<b>1,983</b>
<b>Reconciliation of funds</b>					
Total funds brought forward (restated)	22	5,992	467	6,459	4,476
Transfer of funds		(20)	20	-	-
<b>Total funds carried forward</b>		<b>8,457</b>	<b>703</b>	<b>9,160</b>	<b>6,459</b>

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 2019

Company number 09430048

	Note	Group 2019 £000	Restated Group 2018 £000	Charity 2019 £000	Restated Charity 2018 £000
<b>Fixed assets</b>					
Intangible assets	14	1,340	1,551	374	511
Tangible assets	15	1,921	1,962	1,401	1,594
Chattels	16	1,067	-	1,067	-
Investments	17	78	78	78	78
<b>Total Fixed Assets</b>		<b>4,406</b>	<b>3,591</b>	<b>2,920</b>	<b>2,183</b>
<b>Current assets</b>					
Stock	18	531	544	-	-
Debtors	19	13,370	2,783	10,303	1,672
Cash at bank and in hand		432	6,040	205	4,904
<b>Total Current Assets</b>		<b>14,333</b>	<b>9,367</b>	<b>10,508</b>	<b>6,576</b>
<b>Liabilities</b>					
Creditors falling due within one year	20	9,579	6,499	4,070	2,273
<b>Net Current assets</b>		<b>4,754</b>	<b>2,868</b>	<b>6,438</b>	<b>4,303</b>
<b>Total assets less current liabilities</b>		<b>9,160</b>	<b>6,459</b>	<b>9,358</b>	<b>6,486</b>
<b>Net assets</b>		<b>9,160</b>	<b>6,459</b>	<b>9,358</b>	<b>6,486</b>
<b>The funds of the charity:</b>					
Unrestricted income funds: general fund	22	8,457	5,992	8,655	6,019
Restricted income fund	22	703	467	703	467
<b>Total charity funds</b>		<b>9,160</b>	<b>6,459</b>	<b>9,358</b>	<b>6,486</b>

Parent charity income for the year ended 31 March 2019 was £14,197k (2018: £13,326k). Parent charity net income for the year ended 31 March 2019 was £2,871k (2018: £3,360k).

The trustees have prepared group accounts in accordance with section 399 of the Companies Act 2006 and section 138 of the Charities Act 2011.

The notes at pages 22 to 46 form part of these accounts.

The financial statements were approved by the Board on 06/08/19 and were signed on its behalf by:

Signed Dominic H

Name Dominic Hare

# Blenheim Palace Heritage Foundation

## Statement of Cash Flows and Consolidated Statement of Cash Flows

for year ending 31 March 2019

	Note	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
<b>Cash (used in)/provided by operating activities</b>	24	<b>(2,857)</b>	<b>6,780</b>	<b>(1,209)</b>	<b>5,248</b>
<b>Cash flows from investing activities</b>					
Interest income	5	13	-	13	-
Purchase of chattels	16	(1,067)	-	(1,067)	-
Purchase of tangible fixed assets	15	(548)	(667)	(302)	(610)
Sale of tangible fixed assets	15	121	-	121	-
Loan to Blenheim Finance Limited	12	(2,255)	-	(2,255)	-
<b>Cash (used in) investing activities</b>		<b>(3,736)</b>	<b>(667)</b>	<b>(3,490)</b>	<b>(610)</b>
<b>Cash flows from financing activities</b>					
Drawdown of borrowing	12	1,185	400	-	-
Repayment of borrowing	12	(200)	(1,070)	-	-
<b>Cash provided by/(used in) financing activities</b>		<b>985</b>	<b>(670)</b>	<b>-</b>	<b>-</b>
(Decrease)/increase in cash and cash equivalents in the year		<b>(5,608)</b>	<b>5,443</b>	<b>(4,699)</b>	<b>4,638</b>
Cash and cash equivalents at the beginning of the year		6,040	597	4,904	266
<b>Total cash and cash equivalents at the end of the year</b>		<b>432</b>	<b>6,040</b>	<b>205</b>	<b>4,904</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements

for year ending 31 March 2019

### 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) Preparation of the accounts on a going concern basis

The charity reported a cash outflow of £4,699k for the year and £5,608k on a group basis. The trustees are of a view that the charity is a going concern and there are no material uncertainties about the charity's ability to continue. The senior management team and trustees have carried out a detailed review and budgeting process for the charity and its subsidiaries for the 19/20 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.

#### 1.3) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Blenheim Visitors Limited (company number 05957291), and its wholly owned subsidiary, Love Water Limited (company number 05131762), 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.

Registered address of the charity and its subsidiaries is The Estate Office, Blenheim Palace, Woodstock, Oxfordshire, OX20 1PP.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.4) 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.

##### 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

The charity 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.

##### Legacy Income

Legacy income is recognised when there has been grant of probate, the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy and any conditions attached to the legacy are either within the control of the charity or have been met.

#### 1.5) 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 projects being undertaken by the charity.

##### Restatement

Prior year figures for the designated fund have been restated to reflect the legal form of the fund. It was the intention to designate the funds receipted from related entities for restoration; but they were not formally designated. The prior year fund of £5,115k has therefore been restated as general fund.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.6) 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 and 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.

#### 1.7) 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 8.

#### 1.8) 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.

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.

#### 1.9) 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 1 January 2017. Goodwill is amortised on a straight line basis to the Statement of Financial Activities over its useful economic life of five years.



# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.10) 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:

<b>Asset Category</b>	<b>Annual rate</b>
Plant and machinery	20%
Motor vehicles	25%
Fixtures and fittings	20%
Buildings	10%

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.

#### 1.11) Investments

Investments are measured at cost less accumulated impairment.

#### 1.12) Stock

Stock is included at the lower of cost or net realisable value.

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.

#### 1.13) 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.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.14) 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.

#### 1.15) 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 and loans to related parties.

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 Financial Activities.

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 Charitable Company Balance Sheet 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.

#### 1.16) 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.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.17) 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.

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'.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.18) Current and deferred taxation

The Group contains two limited companies which are subject to corporation tax. The subsidiary companies make qualifying donations of all taxable profit, where applicable, to the charity. No corporation tax liability on the subsidiaries arises in the accounts.

#### 1.19) Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, 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 judgements 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.

#### 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.

#### 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.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 2 Accounting Policies (continued)

#### 1.19) Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

##### 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 registered in England and Wales 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. The charity is a public benefit entity.

### 3 Income from donations and grants

	2019	2018
	£000	£000
Donations		
Grants	111	110
Other donations	3,746	2,494
	<b>3,857</b>	<b>2,604</b>

The income from donations and grants was £3,857k (2018: £2,604) of which £3,283k was unrestricted (2018: £1,888k) and £574k restricted (2018: £716k).

Within other donations, £2,019k was donated from development land sales within the Blenheim Estate (2018: £Nil). £1,163k (2018: £1,661k) was received from Blenheim Supporting Limited, a related entity which donates its profits to the charity each year (note 12).

The restricted fund includes grants and donations from:

- Higher Level Stewardship of £110k for conservation of the land and Palace grounds
- Blenheim Foundation Restoration of £313k for restoration and conservation of the Palace
- Maintenance Fund distribution of £150k for restoration and conservation of the Palace
- Park planting of £1k for tree planting within the Management Plan

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 4 Income from charitable activities

	Unrestricted Funds 2019 £000	Unrestricted Funds 2018 £000
<b>Operation of the Palace and Park</b>		
Income from admission and tour charges	7,829	7,382
Gift aid recovered on donated admissions for annual passes	541	435
<b>Total income from charitable activities</b>	<b>8,370</b>	<b>7,817</b>

### 5 Income earned from other activities

	2019 £000	2018 £000
Income from the sale of Christmas trees	23	36
Income from Palace functions and park events	1,221	1,078
Income from filming	327	45
Other income	99	46
Income from subsidiary	3,867	3,872
	<b>5,537</b>	<b>5,077</b>

Within other income is £13k (2018: nil) of interest income earned from the charity's loan made to Blenheim Finance Limited (note 12) at the end of the year to utilise surplus cash in a secure and liquid investment.

#### Commercial trading operations

The wholly owned trading subsidiary Blenheim Visitors Limited ("BVL") is incorporated in the United Kingdom (company number 05957291). Love Water Limited ("LWL") is a wholly owned subsidiary of Blenheim Visitors Limited (company number 05131762).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 5 Income earned from other activities (continued)

The summary financial performance of the subsidiaries alone (before consolidation adjustments) are:

	BVL 2019 £000	BVL 2018 £000	LWL 2019 £000	LWL 2018 £000
Turnover	2,923	3,039	1,044	919
Cost of sales and administration costs	(2,642)	(2,500)	(1,044)	(950)
Interest receivable	57	54	-	-
Interest payable	(150)	(300)	(57)	(54)
Net profit/(loss)	188	293	(57)	(85)
Retained in subsidiary	188	293	(57)	(85)
The assets and liabilities of the subsidiaries are:	BVL 2019 £000	BVL 2018 £000	LWL 2019 £000	LWL 2018 £000
Fixed assets	612	551	238	222
Current assets	5,766	4,073	273	218
Current liabilities	(6,029)	(4,163)	(1,692)	(1,563)
Total net assets/(liabilities)	349	461	(1,181)	(1,123)
Aggregate share capital and reserves	349	461	(1,181)	(1,123)

Blenheim Visitors Limited gift aided £300k against the year ending 31 March 2018 in December 2018. It is expected that Blenheim Visitors Limited will be able to distribute all profits made to 31 March 2019.

### 6 Analysis of expenditure on charitable activities

	Operation of the Palace and park £000	Preservation and maintenance £000	2019 Total £000	2018 Total £000
Admissions expenses	708	-	708	715
Maintenance of the garden and park	-	937	937	977
Central premises costs	1,132	-	1,132	910
Bank charges	186	-	186	136
Depreciation	374	-	374	345
Amortisation	137	-	137	136
Repair expenditure	103	123	226	236
Restoration	-	1,794	1,794	1,020
Rural park maintenance	-	20	20	29
Higher Level Stewardship	-	25	25	26
Governance costs (see note 8)	204	-	204	136
Support costs (see note 8)	4,836	324	5,160	4,875
<b>Total</b>	<b>7,680</b>	<b>3,223</b>	<b>10,903</b>	<b>9,541</b>

Expenditure on charitable activities was £10,903k (2018: £9,541k) of which £10,545k was unrestricted (2018: £9,286k) and £358k was restricted (2018: £255k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 7 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.

	Operation of the Palace and Park £000	Preservation and Maintenance £000	Total £000
Costs	(7,680)	(3,223)	(10,903)
Admission charges	7,830	-	7,830
Gift aid recovered on donated admissions	541	-	541
	<b>691</b>	<b>(3,223)</b>	<b>(2,532)</b>
Donations	-	1,627	1,627
Direct grant support	-	111	111
<b>Net cost funded from other income</b>	<b>691</b>	<b>(1,485)</b>	<b>(794)</b>

### 8 Analysis of governance and support costs

The Charity 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 two key charitable activities undertaken (see note 6) in the year.

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

	General support £000	Governance £000	Total £000
Salaries, wages and related costs	4,097	98	4,195
Production and marketing	560	-	560
Audit fees	-	41	41
Other non audit services	-	6	6
Health and Safety	11	-	11
Legal & Professional	-	59	59
Other Administrative	492	-	492
<b>Total</b>	<b>5,160</b>	<b>204</b>	<b>5,364</b>

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



# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 9 Net income/(expenditure) for the year

	2019	2018
This is stated after charging:	£000	£000
Operating leases – equipment	29	24
Amortisation	211	136
Depreciation	468	345
Audit fees (charity and subsidiary)	41	50
Other non audit services (charity and subsidiary)	7	6

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

	2019	2018
	£000	£000
Salaries and wages	3,341	3,195
Social security costs	261	271
Pension costs	593	526
	<b>4,195</b>	<b>3,992</b>

Ex gratia payments made in the year to 31 March 2019 totalled £33k (2018: nil).

Some employees benefit from accommodation. Total staff accommodation cost for the Charity in the year to 31 March 2019 were £185k (2018: £160k).

Employment costs to the charity above are not the full cost of all employees of the Estate. A number of employees, including SMT, are recharged to other entities within the Estate depending on their roles and department. The number of employees receiving paid employment or benefits from the group (excluding employer pension and national insurance costs and after charges to related entities) over £60k for the year is as follows:

	2019	2018
£60,000-£70,000	3	2
£70,001-£80,000	3	2
£80,001-£90,000	2	1
£90,001-£100,000	1	1
£110,001-£120,000	-	1

The number of employees receiving paid employment or benefits from the whole Estate, not just the charity group, (excluding employer pension and national insurance costs) over £60k for the year is as follows:

	2019	2018
£60,000-£70,000	2	3
£70,001-£80,000	2	2
£80,001-£90,000	3	-
£110,001-£120,000	1	1
£140,001-£150,000	-	1
£160,001-£170,000	-	1
£180,001-£190,000	1	-
£200,001-£210,000	1	-

The SMT receive performance related pay depending on their role and the Estate's performance. Therefore, remuneration fluctuates year on year. Year ended 31 March 2019 saw higher remuneration based on past performance.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

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

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 (CEO) in his capacity as director and for his role as CEO. The charity's governing document gives authority to pay the 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.

Three trustees (2018: Two) were reimbursed for expenses for travel and business expenses. Total reimbursement was £5k (2018: £2k). No charity trustee received payment for professional or other services supplied to the charity in their capacity as trustee (2018: none).

The key management of the group and the charity (with the exception of Love Water Limited's Director and PYE Managing Director) are paid by the wholly owned subsidiary Blenheim Visitors Limited which acts as a payroll bureau and recharges salaries across the Estate. Love Water Limited's Director is paid directly by Love Water and costs are included within the consolidated group. The PYE Managing Director is paid by a related entity and no costs are recharged to the charity group.

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 Finance, Head of Human Resources (resigned October 2018), Marketing and PR Director, Estates Director and PYE Managing Director. Key management of Blenheim Visitors Limited's wholly owned subsidiary, Love Water Limited, are the two Directors.

The salary cost to 31 March 2019 (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 £786k (2018: £779k).

The salary cost for the whole Estate to 31 March 2019 (including employer pension costs and social security, after charges to related entities) of the key management personnel was £1,079k (2018: £930k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 11 Staff Numbers

The wholly owned trading subsidiary Blenheim Visitors Limited 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 399 and is broken down by department as follows:

	2019 Number	2018 Number
Operations	252	215
Retail and water	68	58
Admin and support	40	33
Game	18	23
Construction	5	5
Hospitality Sales	6	5
Property	4	3
Other	6	7
	<hr/> 399	<hr/> 349

Retail and water staff are not a cost of the charity, but it's wholly owned subsidiary, Blenheim Visitors Limited. Construction employees are recharged to Blenheim Estate Contractors Limited. Hospitality sales employees are recharged to Barrough Hospitality Limited. Property employees are recharged across our property entities. Game employees are recharged to Blenheim Palace Game LLP. Other employees are recharged to other entities within the Estate.

### 12 Related party transactions

#### Members, trustees, directors and key management

The current four members of Blenheim Palace Heritage Foundation are trustees of the controlling company The Marlborough 2003 Settlement.

Blenheim Palace Heritage Foundation trustees Christopher Groves, Alexander Pepys Muir and Edward Albert Charles Spencer Churchill are trustees of the wider Blenheim Estate it being the whole of Blenheim and all its related entities.

Dominic Hare, CEO, trustee and director of the charity and subsidiary is a director of other Blenheim related entities (see listing of related party transactions below) and is a trustee of Experience Oxfordshire. Sales made to Experience Oxfordshire from the group in the year totalled £28k (2018: £32k). Blenheim Palace Heritage Foundation paid Experience Oxfordshire in the year to 31 March 2019 £19k (2018: £13k) for Ambassador Level Partnership, Oxford Pass contribution and other marketing and advertising spend it shares.

Dominic Hare and Lord Edward Spencer Churchill are directors of Blenheim Art Foundation. Blenheim Art Foundation put on an exhibition at Blenheim Palace each year which is free to visitors. The visitor business within the charity sees the benefit of increased visitor numbers and in return Blenheim Art Foundation receive a proportion of the increased visitor income. The exhibition held in the year ending 31 March 2019 was the Yves Klein exhibition (2018: Jenny Holzer). The profit share due to Blenheim Art Foundation from the charity for the exhibition was £103k (2018: £87k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 12 Related party transactions (continued)

Lord Edward Spencer Churchill, Trustee and family member, held an event at the Palace in July 2018 of which he was charged £23k from the charity for use of the Palace (2018: nil).

Christopher Groves is a Partner at Withers LLP. Withers LLP are the Estate's primary legal advisors. Any legal advice provided directly to the charity or subsidiaries are through a separate team and conflicts of interest are reviewed for each engagement. Fees paid to Withers by the group in the year to 31 March 2019 were £44k (2018: £67k).

Roger File is part of key management and is a director of the wholly owned subsidiary, Blenheim Visitors Limited. Roger File is a Governor for Abingdon and Witney College which provide training programmes for Blenheim's apprentices.

Employees closely related to key management and directors of the Blenheim Visitors Limited include the IT Assistant, Estate Assistant and Office Assistant.

### Related entities

The charity and the wholly owned subsidiary, Blenheim Visitors Limited, has transactions with a number of related entities within the Blenheim Estate. Not infrequently invoices are received into the charity or the subsidiary which relate in part or total to related parties, once settled the relevant costs recharged to the related party. Less frequently related parties pay invoices on behalf of the charity or subsidiary and recharged. These transactions are not disclosed in detail within this related party note, though they are included within the year end balances. Blenheim Visitors Limited also acts as the payroll bureau for the "group" and incurs central costs.

Love Water Limited distributes Blenheim Visitors Limited water. Sales made in the year to Love Water Limited from Blenheim Visitors Limited was £91k. (2018: £82k)

Love Water Limited owed Blenheim Visitors Limited £1,391k at 31 March 2019 (2018: £1,264k). Interest of £57k was charged in the year to 31 March 2019 (2018: £54k).

Love Water's Director, Nick Swan, owed Love Water Limited £10k at 31 March 2019 (2018: £10k). Interest charged in the year to 31 March 2019 was £0.3k (2018: £0.6k).

Blenheim Finance Limited is the wider Estate's funding facility. During the year ended 31 March 2019, Blenheim Visitors Limited borrowed £1,185k (2018: £400k) from Blenheim Finance Limited and repaid £200k (2018: £1,070k). Interest of £150k (2018: £300k) was charged. The balance outstanding at 31 March 2019 was £4,152k (2018: £3,004k).

Towards the end of the year the charity loaned Blenheim Finance Limited £2,255k (2018: £Nil) at the year end in return for a competitive interest rate of c5%. Interest of £13k was earned during the year (2018: £nil).

For the year ended 31 March 2019 the charity received £1,163k donation from Blenheim Supporting Limited (via Blenheim Agency Limited) (2018: £1,661k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 12 Related party transactions (continued)

The following management charges are levied annually to related parties:

	Charity £000
<b>Barrough Hospitality Limited</b>	
Professional fee recharge	100
Consumer marketing recharge	100
Salary costs	124
<b>Blenheim Parliamentary 1994 (via Agency)</b>	
Management fee	95
<b>Vanbrugh Unit Trust</b>	
Maintenance staff call out and stand by costs	180
<b>Vanbrugh Management Limited</b>	
IT cost	48
Salary costs	240
<b>Godolphin Partnership</b>	
Heat and light	37
Project costs	130
<b>Blenheim Industrial Properties Limited</b>	
Landscape Maintenance Services	18

### Non-recurring related party transactions

In addition to the annual charges levied above, Blenheim Finance Limited was charged £170k from the Charity for Senior Management Team time in finance transactions (2018: £40k). Barrough Hospitality was charged an additional £20k in recharges for support services.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 12 Related party transactions (continued)

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

Amounts owed to the Charity and the Group at 31 March 2019

	<b>Group 2019 Debtor £000</b>	<b>Group 2018 Debtor £000</b>	<b>Charity 2019 Debtor £000</b>	<b>Charity 2018 Debtor £000</b>
Blenheim Game	-	24	-	-
Vanbrugh Unit Trust	105	17	105	17
Blenheim Industrial Properties Limited	3	3	3	3
Blenheim Estates Contractors Limited	-	-	-	-
Vanbrugh Management Limited	245	25	245	25
Blenheim Farm Partnership	58	67	57	67
Blenheim Agency Limited	3,435	660	179	14
Blenheim Finance Limited	2,455	60	2,455	60
Blenheim Art Foundation	5	5	-	-
Barrough Hospitality Limited	611	52	554	33
Blenheim Supporting Limited	13	-	13	-
Blenheim Visitors Limited	-	-	841	176
Blenheim Palace 1984 Maintenance Fund	6	-	6	-
Blenheim Parliamentary 1994 Settlement	65	-	63	-
Blenheim Palace Game LLP	16	-	14	-
Duke of Marlborough 1981 Settlement	5	-	5	-
Blenheim Estate Homes Limited	1	-	1	-
	<b>7,023</b>	<b>913</b>	<b>4,541</b>	<b>395</b>

Amounts owed by the Charity and the Group at 31 March 2019

	<b>Group 2019 Creditor £000</b>	<b>Group 2018 Creditor £000</b>	<b>Charity 2019 Creditor £000</b>	<b>Charity 2018 Creditor £000</b>
Blenheim Estates Contractors Limited	(42)	-	(32)	-
Blenheim Parliamentary 1994 Settlement	-	(2)	-	-
Godolphin Partnership	(481)	(56)	(481)	(56)
Blenheim Agency Limited	(1,255)	(292)	(1,255)	(292)
Blenheim Finance Limited	(4,152)	(3,004)	-	-
Blenheim Estates Properties Limited	(2)	-	(2)	-
Blenheim 1994 Settlement SPV Limited	(124)	-	(124)	-
The Blenheim Foundation	(8)	(6)	(8)	(3)
	<b>(6,064)</b>	<b>(3,360)</b>	<b>(1,902)</b>	<b>(351)</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 13 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.

### 14 Intangible assets

	Group Goodwill £000	Charity Goodwill £000
<b>Cost</b>		
Balance as at 01/04/2018	2,297	763
<b>Balance as at 31/03/2019</b>	<b>2,297</b>	<b>763</b>
<b>Accumulated depreciation</b>		
Balance as at 01/04/2018	746	252
Amortisation charge	211	137
<b>Balance as at 31/03/2019</b>	<b>957</b>	<b>389</b>
<b>Net book value</b>		
<b>Balance as at 31/03/2019</b>	<b>1,340</b>	<b>374</b>
Balance as at 01/04/2018	1,551	511

### 15 Tangible Fixed Assets

#### Group

	Freehold Land and buildings £000	Plant and Machinery £000	Motor Vehicles £000	Fixtures and Fittings £000	Total £000
<b>Cost</b>					
Balance as at 01/04/2018	-	2,623	809	2,207	5,639
Addition	157	110	170	111	548
Disposal	-	(130)	(28)	-	(158)
<b>Balance as at 31/03/2019</b>	<b>157</b>	<b>2,603</b>	<b>951</b>	<b>2,318</b>	<b>6,029</b>
<b>Accumulated Depreciation</b>					
Balance as at 01/04/2018	-	1,934	607	1,136	3,677
Charge	-	172	98	198	468
Disposal	-	(9)	(28)	-	(37)
<b>Balance as at 31/03/2019</b>	<b>-</b>	<b>2,097</b>	<b>677</b>	<b>1,334</b>	<b>4,108</b>
<b>Net Book Value</b>					
<b>Balance as at 31/03/2019</b>	<b>157</b>	<b>506</b>	<b>274</b>	<b>984</b>	<b>1,921</b>
Balance as at 01/04/2018	-	689	202	1,071	1,962

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 15 Tangible Fixed Assets (continued)

#### Charity

	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
Cost	£000	£000	£000	£000
Balance as at 01/04/2018	1,781	757	1,928	4,466
Addition	19	170	113	302
Disposal	(130)	(11)	-	(141)
<b>Balance as at 31/03/2019</b>	<b>1,670</b>	<b>916</b>	<b>2,041</b>	<b>4,627</b>
<b>Accumulated Depreciation</b>				
Balance as at 01/04/2018	1,433	560	879	2,872
Charge	84	96	194	374
Disposal	(9)	(11)	-	(20)
<b>Balance as at 31/03/2019</b>	<b>1,508</b>	<b>645</b>	<b>1,073</b>	<b>3,226</b>
<b>Net Book Value</b>				
<b>Balance as at 31/03/2019</b>	<b>162</b>	<b>271</b>	<b>968</b>	<b>1,401</b>
Balance as at 01/04/2018	348	197	1,049	1,594

### 16 Chattels

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Chattels	1,067	-	1,067	-

Chattels purchased include re-acquiring lost art works, Consuelo by Helleu portrait and a Boldini portrait of Gladys Deacon among other works.

### 17 Investments

The charity holds 1 share of £1 in its wholly owned trading subsidiary company Blenheim Visitors Limited 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 5.

The charity has an investment in the Godolphin Partnership which runs the 'Untold Story' exhibition within the Palace was transferred to the charity on 01/01/2017 at £78k.



# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

18 Stock	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Retail stock	342	392	-	-
Bottled water	189	152	-	-
	<b>531</b>	<b>544</b>	-	-

19 Debtors	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Trade debtors	627	982	282	625
Amounts owed from related entities (note 12)	7,023	913	4,541	395
Other debtors	5,436	554	5,331	452
Prepayments and accrued income	214	264	149	200
Deferred tax	70	70	-	-
	<b>13,370</b>	<b>2,783</b>	<b>10,303</b>	<b>1,672</b>

### 20 Creditors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Trade creditors	1,467	1,355	1,127	1,128
Amounts owed to related entities (note 12)	6,064	3,360	1,902	351
Other creditors and accruals	1,414	920	834	334
Deferred income (note 21)	207	460	207	460
VAT	289	272	-	-
Taxation and social security costs	138	132	-	-
	<b>9,579</b>	<b>6,499</b>	<b>4,070</b>	<b>2,273</b>

### 21 Deferred income

Deferred income comprises advanced ticket sales and corporate event fees.

	Group £000	Charity £000
Balance as at 1 April 2018	460	460
Amount released to income earned from charitable activities	(460)	(460)
Amount deferred in year for advanced ticket sales	79	79
Amount deferred in year in relation to events	128	128
Balance as at 31 March 2019	<b>207</b>	<b>207</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 22 Analysis of charitable funds

#### Analysis of movements in unrestricted funds

	1 April 2018 £000	Income £000	Expenditure £000	Transfers £000	31 March 2019 £000
General fund	5,992	17,190	(14,705)	(20)	8,457
<b>Total</b>	<b>5,992</b>	<b>17,190</b>	<b>(14,705)</b>	<b>(20)</b>	<b>8,457</b>

#### Analysis of movements in unrestricted funds - previous year

	1 April 2017 £000	Income £000	Expenditure £000	Transfers £000	31 March 2018 £000
Restated General fund	4,475	14,782	(13,262)	(3)	5,992
Restated Designated funds	-	-	-	-	-
<b>Total</b>	<b>4,475</b>	<b>14,782</b>	<b>(13,262)</b>	<b>(3)</b>	<b>5,992</b>

Name of unrestricted fund	Description, nature and purposes of the fund
General fund	The 'free reserves' of the charity.
Designated funds	Prior year figures for the designated fund have been restated to reflect the legal form of the fund. It was the intention to designate the funds receipted from related entities for restoration, but they were not formally designated. The prior year fund of £5,115k has been restated as general fund.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 22 Analysis of charitable funds (continued)

#### Analysis of movements in restricted funds

	1 April 2018 £000	Income £000	Expenditure £000	Transfers £000	31 March 2019 £000
World Heritage Site Management	-	-	(1)	1	-
Blenheim Foundation Restoration	-	313	(332)	19	-
Higher Level Stewardship Maintenance Fund	84	110	(25)	-	169
distribution	380	150	-	-	530
Park planting	3	1	-	-	4
<b>Total</b>	<b>467</b>	<b>574</b>	<b>(358)</b>	<b>20</b>	<b>703</b>

#### Analysis of movements in restricted funds - previous year

	1 April 2017 £000	Income £000	Expenditure £000	Transfers £000	31 March 2018 £000
World Heritage Site Management	3	(3)	(1)	1	-
Blenheim Foundation Restoration	-	226	(228)	2	-
Higher Level Stewardship Maintenance Fund	-	110	(26)	-	84
distribution	-	380	-	-	380
Park planting	-	3	-	-	3
<b>Total</b>	<b>3</b>	<b>716</b>	<b>(255)</b>	<b>3</b>	<b>467</b>

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	Blenheim Foundation Restoration Projects
• Higher Level Stewardship	Conservation of the land and Palace grounds
• Maintenance Fund distribution	Restoration and conservation of the Palace
• Park planting	Tree planting within Management Plan

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 23 Analysis of group net assets between funds

	General Fund £000	Designated Funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	1,921	-	-	1,921
Intangible fixed assets	1,340	-	-	1,340
Investments	78	-	-	78
Chattels	1,067	-	-	1,067
Cash at bank and in hand	432	-	-	432
Other net current assets	3,619	-	703	4,322
<b>Total</b>	<b>8,457</b>	<b>-</b>	<b>703</b>	<b>9,160</b>

### Analysis of group net assets between funds (prior year)

	Restated General Fund £000	Restated Designated Funds £000	Restricted Funds £000	Total £000
Tangible fixed assets	1,962	-	-	1,962
Intangible fixed assets	1,551	-	-	1,551
Investments	78	-	-	78
Cash at bank and in hand	6,040	-	-	6,040
Other net current assets/(liabilities)	(3,639)	-	467	(3,172)
<b>Total</b>	<b>5,992</b>	<b>-</b>	<b>467</b>	<b>6,459</b>

Prior year figures for the designated fund have been restated to reflect the legal form of the fund. It was the intention to designate the funds receipted from related entities for restoration, but they were not formally designated. The prior year fund of £5,115k has been restated as general fund.

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

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Net movement in funds	2,701	1,983	2,871	3,360
Add back amortisation charge	211	215	137	136
Add back depreciation charge	468	432	374	345
Deduct interest income shown in investing activities	(13)	-	(13)	-
Decrease (increase) in stock	13	(42)	-	-
Decrease (increase) in debtors	(8,332)	4,077	(6,375)	719
Increase (decrease) in creditors	2,095	115	1,797	688
<b>Net cash (used in)/provided by operating activities</b>	<b>(2,857)</b>	<b>6,780</b>	<b>(1,209)</b>	<b>5,248</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 25 Pension commitments

The wholly owned subsidiary operates a defined contributions pension scheme and a defined benefits 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 £429k (2018: £388k).

Contributions totalling £44k (2018: £39k) 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 1 April 2018. The FRS102 results as at 31 March 2019 are based on the last full actuarial valuation with updated figures to reflect market conditions as at 1 April 2019.

#### Reconciliation of present value of plan liabilities:

	2019	2018
	£000	£000
At the beginning of the year	(7,595)	(7,790)
Interest cost	(195)	(192)
Actuarial (losses)/gains	(272)	164
Benefits paid	216	223
At the end of the year	<u>(7,846)</u>	<u>(7,595)</u>

#### Reconciliation of present value of plan assets:

	2019	2018
	£000	£000
At the beginning of the year	7,595	7,790
Return on assets excluding interest income	234	62
Interest income	195	192
Contributions	60	60
Benefits paid	(216)	(223)
Previously unrecognised surplus deducted	(22)	(286)
At the end of the year	<u>7,846</u>	<u>7,595</u>

#### Composition of plan assets:

	2019	2018
	£000	£000
Equities	4,083	3,787
Bonds	2,214	2,183
Property	1,042	1,006
Cash	42	51
Annuities	1,186	1,267
Total plan assets	<u>8,567</u>	<u>8,294</u>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2019 (continued)

### 25 Pension commitments (continued)

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.

	2019	2018
	£000	£000
Present value of plan assets	7,846	7,595
Present value of plan liabilities	(7,846)	(7,595)
Net pension scheme asset	-	-

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:

	2019	2018
	£000	£000
Opening fair value of scheme assets	8,294	8,203
Return on assets excluding interest income	234	62
Interest income	195	192
Contributions by employer	60	60
Benefits paid	(216)	(223)
	<b>8,567</b>	<b>8,294</b>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £NIL (2018 - £NIL).

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

	2019	2018
	%	%
Discount rate	2.3	2.6
Future pension increases	3.0	3.0
Mortality rates	1.0	1.0
RPI assumption	3.5	3.4
CPI assumption	2.5	2.4

Amounts for the current and previous period are as follows:

	2019	2018
	£000	£000
Defined benefit obligation	(7,846)	(7,595)
Unrecognised past service cost	8,567	8,294
Unrecognised surplus	<b>721</b>	<b>699</b>

### 26 Controlling party

The subscribers to the Memorandum, being the Trustees of the Marlborough 2003 Settlement, are the first members. Members and Trustees are disclosed on pages 3 and 4 of this report.