

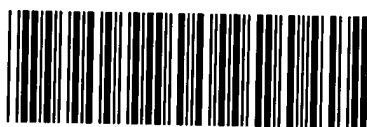
# Report and Financial Statements Blenheim Palace Heritage Foundation

(A company limited by guarantee)

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Year ending 31 March 2020  
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 2020

### 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

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

### Solicitor

Withers LLP

20 Old Bailey

London

EC4M 7AN

### Bankers

Barclays Bank PLC

6th Floor, One Snowhill

Snowhill Queensway

Birmingham

B4 6GN

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020

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 2020 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 2019).

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 (2019: 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 2020 (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. In addition, for the year ending 31 March 2021 we have received £547k of grant funding from the Government Culture Recovery Fund to support us in the restoration of the Grand Bridge. 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 2020 (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, Yves Klein and this year, Maurizio Cattelan. 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.

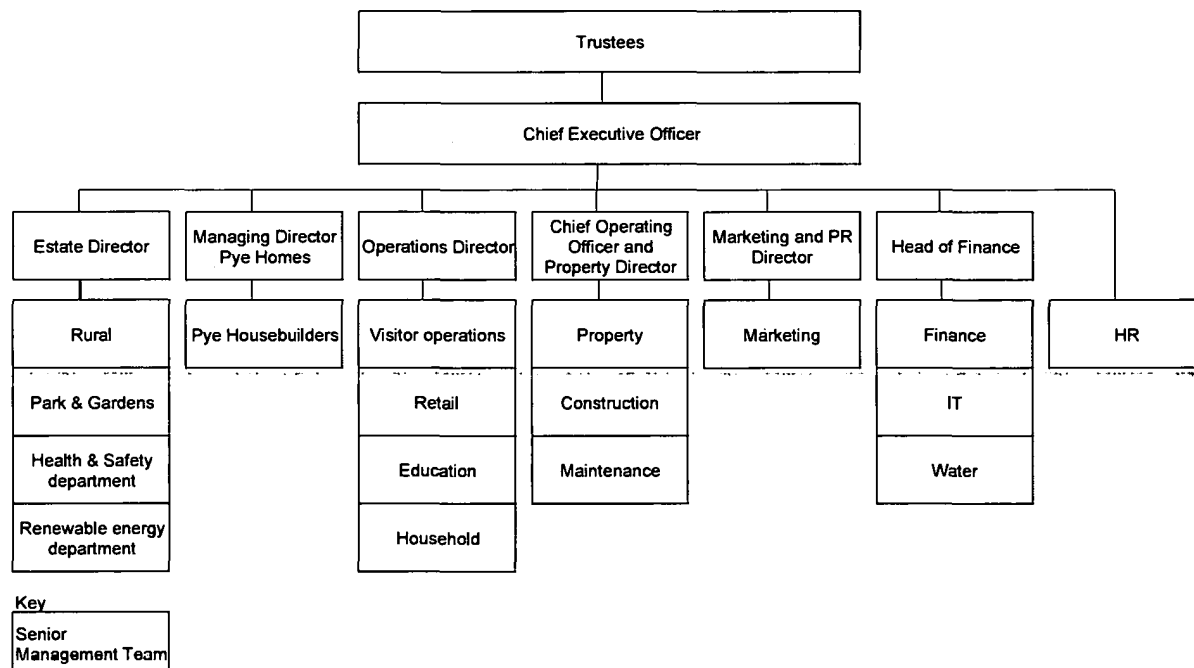
# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020

(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 charity, 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 2020

### (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:

#### *Pandemic*

In common with all visitor attractions, the charity has experienced a significant decrease in visitor numbers and income since the outbreak of the COVID-19 pandemic and the implementation of measures to control the spread of the virus. In the period since the pandemic was declared, the trustees have approved measures that ensure our continued operation and allow us, as far as is possible, to continue to deliver against our strategic objectives. Please see the 'Financial Review' and 'Plans for Future Periods' sections of the Strategic Report for details of our response to the current pandemic, much of which will enable us to facilitate social distancing should such requirements continue in future years.

Whilst the pandemic has not yet ended, its most significant impact has been on our operations in the year ending 31 March 2021 and we are hopeful of returning to more normal levels of visitor numbers and income for the year ending 31 March 2022. We are especially hopeful that the recent development of a vaccine will enable us to return to something approaching our normal level of visitors.

#### *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*

Whilst we have little direct trade with EU countries, visitor attractions are very exposed to the state of the consumer economy and we await the outcome of the Brexit negotiations with interest. 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.



# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020 (continued)

### *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 £29,953 has been spent on fire compartmentalisation in the year ended 31 March 2020 (2019: £30,823).

### *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 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 2020 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 2019 for the third year running, Economic Impact for year end March 2020 has now been published and will be reported on in the next financial year. Blenheim's total gross value added (GVA, being the total contribution to gross domestic product (GDP)) is £100m (2018: £88m). The surge in growth is due to construction and property development spend, growth in visitor numbers and the Christmas at Blenheim Event. This is split between direct operations by Blenheim of £85m (2018: £74m) and indirect contribution through catering and event partners of £16m (2018: £14m)

Within the £85m, visitors to Blenheim have £47m GVA (2018: £41m), £13m GVA (2018: £12m) is made by expenditure of goods and services by Blenheim and £14m (2018: £13m) is the direct contribution of Blenheim.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020 (continued)

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

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

In the year to 31 March 2020, 18 apprentices were employed across the Estate in a diverse range of positions (2019: 10).

### 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. All 300 homes now have planning secured.

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

Our paying visitor number at the end of March 2020 was over 690,000 (2019: 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 have seen a significantly positive impact on our energy conservation within our new renewable energy provider. We have seen recycling achievements across the estate, included participating in the "too good to go" initiative.

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 20% of our direct energy consumption through these investments. We are working with energy consultants to help us exceed our current onsite renewable energy generation to bring us up above 100%.

### 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 and are working towards achieving 1 star rating by 2021.

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 2020 we have spent £3.6m (2019 £3.2m) on preservation and restoration work (note 6). We aim to spend an average of £4m each year on conservation and restoration. We were about to commence the largest restoration project yet, with the dredge of Queen Pool and beginning the renovation of Grand Bridge, spring/summer of 2020 however we had had to put this project on hold due to the COVID-19 pandemic. The renovation of grand bridge has been rescheduled for spring/summer 2021, aided by a grant of £547,200 from the Government's Culture Recovery Fund.

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

Public awareness of this goal continues to be strong and we receive generous offers to borrow or purchase items. Some of these are for Winston Churchill's paintings, a number of which were on display from February. We were thrilled when we received an anonymous donation of several remarkable items including a John Piper watercolour of Hensington Gates, some rare maps and

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020

### (continued)

prints, original handwritten letters and photographs and books. These have been carefully stored within the Blenheim Palace archives.

It is an honour to have on loan one of Winston Churchill's painting Easels and a very finely decorated cigar box which can be seen in the Winston Churchill Exhibition in the Palace.

#### 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.

Acquiring local property developer Pye Homes has been key to securing these vital funds through the development of homes and communities. Through property development, £6 million has already been granted towards this goal through our successful property developments. This will, however, all be required to fund the vital Great Lake dredge and Grand Bridge restoration, which has now been delayed to Spring 2021 due to the COVID-19 pandemic.

Blenheim will benefit from new home developments at Park View in Woodstock where a further £22.6 million is due to be received over the next few years. In addition, Blenheim will receive a further share of receipts from the Hanborough Gate development in Long Hanborough which are initially received from Blenheim Supporting Limited. The current year's accounts include a donation of £2,620k (note 3) from Blenheim Supporting Limited, which was funded by the year's housing profits, it is expected that similar donations will be made annually whilst Hanborough Gate is built out.

#### 10. Double charitable contributions to the community

Our charitable contributions during the year ended 31 March 2019, as assessed in the economic impact report (see goal 1), through (direct and indirect) charitable donations raised or made by Blenheim were £3.5m (2018: £1.6m). 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.

### **Achievements and performance**

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

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

#### ***Restoration and preservation work***

During the year, just under £3.6m (2019: just over £3.2m) was spent on restoration, repairs and maintenance. Projects include preparation for the Lake Dredge and Grand Bridge Repairs, Chapel Crypt renovation, Bladon Bridge Repairs, West Colonnade and West Quadrant Stone Repairs.

In future years, annual conservation and restoration spend is set to increase. Spring 2020 was to see the largest restoration project yet, dredging of the Queen Pool and the beginning of the renovation of Grand Bridge, however this has been deferred to Spring 2021 as a result of the COVID-19 pandemic.

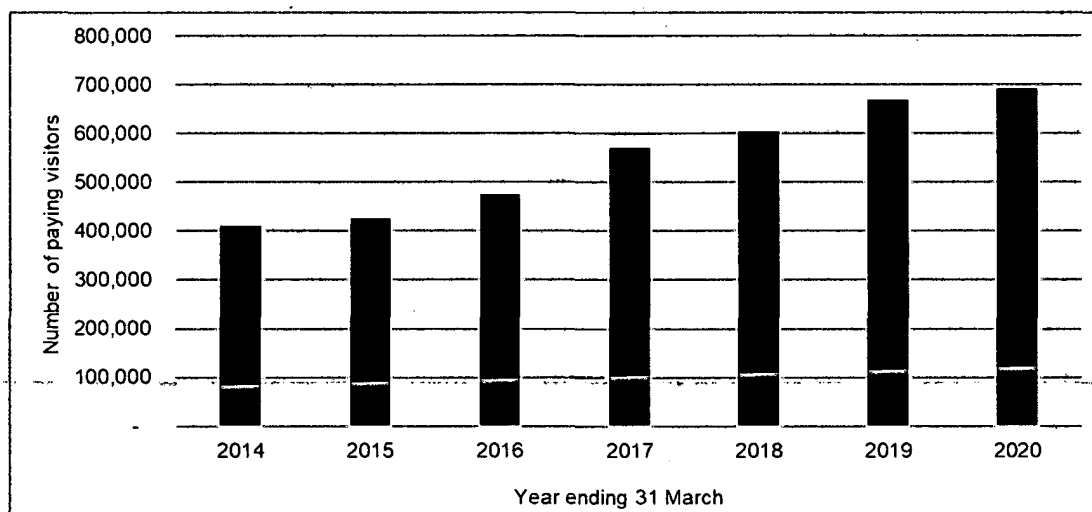
In addition to the £40m spend of restoration (goal 7) we will create an endowment portfolio of £45m dedicated to the conservation and enhancement of our World Heritage Site over the next ten years (goal 9). The endowment portfolio seeks to conserve and protect the Palace and park for future generations.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020 (continued)

### Visitor numbers

Paying visitor numbers for the financial year ending March 2020 have been compared with the previous six 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).

### 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.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020 (continued)

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.

### 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 an employee policy for fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020 (continued)

### 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 retail and water businesses and both enhance the visitor experience and Blenheim Palace brand. Its trade was impacted by the pandemic from January 2020, initially through a reduction in visitors from overseas and eventually through full closure of the Palace, park and gardens during the first national lock down.

Love Water Limited continued to grow sales through the year ended 31 March 2020 since then many of its customers have been impacted by the COVID-19 pandemic. It is expected to return a loss for the year ending 31 March 2021 and then it is expected to recover from year ending 31 March 2022.

### Income

The group has three main sources of income:

Income generated from charitable activities; predominately admission income. This is 52% (£8.8m) of all income including donations (2019: 47% and £8.4m). 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 30% (£5.1m) of total income (2019: 31% and £5.5m).

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 and grants received accounts for 18% (£3.0m) (2019: 22% and £3.9m) 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 which totalled £3.6m for the year (2019: £3.2m).

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020 (continued)

### 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

Although mindful of the uncertain world in which we operate, we are confident of our cash flows and that we are a going concern. We have conducted a thorough reforecast of all our businesses in order to ensure that our cash flow is secure. Across the wider Estate, we have made full use of the Government furlough scheme, deferring major projects and freezing all but essential capital expenditure.

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 reserves at 31 March 2020 were £7.9m (2019: £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 include the dredge of Queen Pool and the beginning the renovation of Grand Bridge, which has been delayed for 1 year due to the COVID-19 pandemic.

### Plans for future periods

Despite the impact of the pandemic, the trustees and management team are still committed to 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.

Since 31 March 2020, the charity has been awarded £2.44m of COVID recovery grants. This income is to be used for restoration of the Grand Bridge and to ensure the visitor attraction remains safe, secure and accessible. This will be achieved through initiatives including a new catering kitchen at Park Farm, a new CRM system, increased external seating space and a new Winston Churchill exhibition. The grant funding is to be spent by the end of March 2021 and positions us well to attract visitors going forward and funds some projects that would otherwise have been postponed for the foreseeable future.

After considerable uncertainty the Christmas light trail began on 4 December 2020. Visitor numbers are recovering (November was 66% of last year, even with the Palace closed during the second lockdown) though we are restricted in terms of visitor numbers through the Palace and into other

# Blenheim Palace Heritage Foundation

## Report of the Trustees for the year ended 31 March 2020 (continued)

enclosed spaces including retail. During the autumn we have offered a voluntary redundancy program with 19 staff members having taken it up. Staff costs have been controlled throughout the pandemic through full use of the Government furlough scheme and reduced use of seasonal staff.

### 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 28 January 2021 and signed on their behalf by:



..... (Trustee and Director)  
28 January 2021



# Blenheim Palace Heritage Foundation

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

### Qualified 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 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Statement of Cash Flows and Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of matters described in the basis of qualified opinion paragraph, 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 2020 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 qualified opinion

With respect to stock having a carrying value of £574,000 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 March 2020, due to Government restrictions resulting from the Coronavirus pandemic. Owing to the nature of the company's records and difficulties in performing alternative procedures such as roll back adjustments due to amount of time having elapsed, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the stock balance to be required, the strategic report would also need to be amended.

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 qualified 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.

# Blenheim Palace Heritage Foundation

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

### 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. 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.

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the stock quantities of £574,000 held at 31 March 2020. We have concluded that where the other information refers to the stock balance or related balances such as expenditure, it may be materially misstated for the same reason.

### Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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

Except for the matter described in the basis for qualified opinion section of our report, 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.

Arising solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept

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;

- 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.

# Blenheim Palace Heritage Foundation

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

### 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.

### 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 LLP

Kyla Bellingall (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham  
Date 29 January 2021

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 2020  
(including consolidated income and expenditure account)

	Note	General Fund (Unrestricted) £000	Restricted Funds (Restricted) £000	Total Funds 2020 £000	Total Funds 2019 £000
<b>Income:</b>					
Donations and legacies	3	2,622	404	3,026	3,857
<i>Income from charitable activities:</i>					
Operation of the Palace and park	4	8,787	-	8,787	8,370
<i>Income from other trading activities:</i>					
Commercial trading operations	5	5,126	-	5,126	5,537
<b>Total income</b>		<b>16,535</b>	<b>404</b>	<b>16,939</b>	<b>17,764</b>
<b>Expenditure</b>					
<i>Costs of raising funds:</i>					
Commercial trading operations		5,759	-	5,759	4,160
<i>Expenditure on charitable activities:</i>					
Operation of the Palace and park	6	8,827	-	8,827	7,680
Preservation and maintenance	6	2,482	1,107	3,589	3,223
<b>Total expenditure</b>		<b>17,068</b>	<b>1,107</b>	<b>18,175</b>	<b>15,063</b>
<b>Net (expenditure)/income and net movement in funds for the year</b>		<b>(533)</b>	<b>(703)</b>	<b>(1,236)</b>	<b>2,701</b>
<b>Reconciliation of funds</b>					
Total funds brought forward	22	8,457	703	9,160	6,459
<b>Total funds carried forward</b>		<b>7,924</b>	<b>-</b>	<b>7,924</b>	<b>9,160</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 2020

Company number 09430048

	Note	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
<b>Fixed assets</b>					
Intangible assets	14	494	1,340	238	374
Tangible assets	15	2,306	1,921	1,355	1,401
Chattels	16	920	1,067	920	1,067
Investments	17	78	78	78	78
<b>Total Fixed Assets</b>		<b>3,798</b>	<b>4,406</b>	<b>2,591</b>	<b>2,920</b>
<b>Current assets</b>					
Stock	18	574	531	-	-
Debtors	19	7,656	13,370	7,281	10,303
Cash at bank and in hand		2,089	432	1,928	205
<b>Total Current Assets</b>		<b>10,319</b>	<b>14,333</b>	<b>9,209</b>	<b>10,508</b>
<b>Liabilities</b>					
Creditors falling due within one year	20	6,193	9,579	2,356	4,070
<b>Net Current assets</b>		<b>4,126</b>	<b>4,754</b>	<b>6,853</b>	<b>6,438</b>
<b>Total assets less current liabilities</b>		<b>7,924</b>	<b>9,160</b>	<b>9,444</b>	<b>9,358</b>
<b>Net assets</b>		<b>7,924</b>	<b>9,160</b>	<b>9,444</b>	<b>9,358</b>
<b>The funds of the charity:</b>					
Unrestricted income funds:					
general fund	22	7,924	8,457	8,481	8,655
Restricted income fund	22	-	703	963	703
<b>Total charity funds</b>		<b>7,924</b>	<b>9,160</b>	<b>9,444</b>	<b>9,358</b>

Parent charity income for the year ended 31 March 2020 was £13,040k (2019: £14,197k). Parent charity net income for the year ended 31 March 2020 was £86k (2019: £2,871k).

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 23 to 49 form part of these accounts.

The financial statements were approved by the Board on 28 January 2021 and were signed on its behalf by:

Signed  .....

Name Dominic Hare .....

# Blenheim Palace Heritage Foundation

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

for year ending 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
<b>Cash provided by/(used in) operating activities</b>	24	<b>2,230</b>	<b>(2,857)</b>	<b>(366)</b>	<b>(1,209)</b>
<b>Cash flows from investing activities</b>					
Interest income	5	65	13	65	13
Purchase of chattels	16	(38)	(1,067)	(38)	(1,067)
Purchase of tangible fixed assets	15	(913)	(548)	(346)	(302)
Sale of tangible fixed assets	15	-	121	-	121
Sale of chattels	16	185	-	185	-
Loan to Blenheim Finance Limited	12	2,223	(2,255)	2,223	(2,255)
<b>Cash (used in) investing activities</b>		<b>1,522</b>	<b>(3,736)</b>	<b>2,089</b>	<b>(3,490)</b>
<b>Cash flows from financing activities</b>					
Drawdown of borrowing	12	905	1,185	-	-
Repayment of borrowing	12	(3,000)	(200)	-	-
<b>Cash (used in)/provided by financing activities</b>		<b>(2,095)</b>	<b>985</b>	<b>-</b>	<b>-</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>1,657</b>	<b>(5,608)</b>	<b>1,723</b>	<b>(4,699)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>432</b>	<b>6,040</b>	<b>205</b>	<b>4,904</b>
<b>Total cash and cash equivalents at the end of the year</b>		<b>2,089</b>	<b>432</b>	<b>1,928</b>	<b>205</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### 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 2019) - (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 financial statements have been prepared on a going concern basis.

The Government's decisions on social distancing are expected to continue to impact income generating activities across the Group and, in response, the Trustees and Senior Management Team are monitoring all aspects of the Group's activities and have implemented operational changes to mitigate the financial impact of COVID-19. Actions have included a full reforecast of the financial position and cashflows for the 12 months to December 2021 across the Group. The Trustees and Senior Management Team have stress tested the cash position on an anticipated worse case basis for that period and believe the Group will have sufficient working capital and cashflows to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements and, critically, the duration of the impact and likely timescales for the phased full return of income generating activity.

In the context of the wider Blenheim Estate, a new revolving credit facility has been secured from its existing lender Barclays in May 2020 and we continue to review our cash requirements on a monthly basis. We are satisfied that we have strong cash reserves and have no concerns with regards to going concern.

#### 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.

The 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 2020

### (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 21).

##### 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 it is received.

##### 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. 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.



# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (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.

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.

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 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 is amortised on a straight line basis to the Statement of Financial Activities over its useful economic life of between five and ten years. Goodwill has been recognised within Blenheim Visitors Limited, the charity's wholly owned subsidiary, on acquisition of Blenheim Visitors Partnership. Goodwill relating to the visitor part of the business was transferred to the charity on 1 January 2017. Goodwill has been recognised upon consolidation in relation to the subsidiary Love Water Limited.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020 (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 the Statement of Financial Activities 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) Chattels

Chattels are measured at cost less accumulated impairment.

#### 1.13) 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.

# **Blenheim Palace Heritage Foundation**

## **Notes to the Financial Statements for year ending 31 March 2020**

### **(continued)**

#### **1 Accounting Policies (continued)**

##### **1.14) Debtors**

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

##### **1.15) Cash at bank and in hand**

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

##### **1.16) Financial instruments**

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties 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.

##### **1.17) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (continued)

#### 1 Accounting Policies (continued)

##### 1.18) 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 2020

### (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 the Statement of Financial Activities, 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 2020

### (continued)

#### **1 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.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (continued)

#### 3 Income from donations and grants

	2020	2019
	£000	£000
Donations		
Grants	110	111
Other donations	2,916	3,746
	<b>3,026</b>	<b>3,857</b>

The income from donations and grants was £3,026k (2019: £3,857k) of which £2,622k was unrestricted (2019: £3,283k) and £404k restricted (2019: £574k).

Within other donations, £2,620k (2019: £1,163k) was received from Blenheim Supporting Limited, a related entity which donates its profits to the charity each year (note 12). £nil was donated from development land sales within the Blenheim estate (2019: £2,019k).

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 £144k for restoration and conservation of the Palace
- Maintenance Fund distribution of £150k for restoration and conservation of the Palace

#### 4 Income from charitable activities

	Unrestricted Funds	Unrestricted Funds
	2020	2019
	£000	£000
<b>Operation of the Palace and Park</b>		
Income from admission and tour charges	8,095	7,829
Gift aid recovered on donated admissions for annual passes	692	541
<b>Total income from charitable activities</b>	<b>8,787</b>	<b>8,370</b>

#### 5 Income earned from other trading activities

	2020	2019
	£000	£000
Income from the sale of Christmas trees	22	23
Income from Palace functions and park events	736	1,221
Income from filming	2	327
Other income	167	99
Income from subsidiary	4,199	3,867
	<b>5,126</b>	<b>5,537</b>

Within other income is £65k (2019: £13k) 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 2020 (continued)

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

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

	BVL 2020 £000	BVL 2019 £000	LWL 2020 £000	LWL 2019 £000
Turnover	3,124	2,923	1,151	1,044
Cost of sales and administration costs	(3,277)	(2,642)	(1,148)	(1,044)
Interest receivable	61	57	-	-
Interest payable	(137)	(150)	(61)	(57)
Taxation	8	-	(106)	-
Net (loss)/profit	<b>(221)</b>	<b>188</b>	<b>(164)</b>	<b>(57)</b>
Retained in subsidiary	<b>(221)</b>	<b>188</b>	<b>(164)</b>	<b>(57)</b>

	BVL 2020 £000	BVL 2019 £000	LWL 2020 £000	LWL 2019 £000
The assets and liabilities of the subsidiaries are:				
Fixed assets	959	612	248	238
Current assets	2,668	5,766	250	273
Current liabilities	(3,800)	(6,029)	(1,842)	(1,692)
Total net (liabilities)/assets	<b>(173)</b>	<b>349</b>	<b>(1,344)</b>	<b>(1,181)</b>
Aggregate share capital and reserves	<b>(173)</b>	<b>349</b>	<b>(1,344)</b>	<b>(1,181)</b>

Blenheim Visitors Limited made a charitable donation of £300k in relation to the year ended 31 March 2019 in December 2019. No such transaction is expected for the year ended 31 March 2020.

### 6 Analysis of expenditure on charitable activities

	Operation of the Palace and park £000	Preservation and maintenance £000	2020 Total £000	2019 Total £000
Admissions expenses	884	-	884	708
Maintenance of the garden and park	-	695	695	937
Central premises costs	1,253	-	1,253	1,132
Bank charges	107	-	107	186
Depreciation	392	-	392	374
Amortisation	136	-	136	137
Repair expenditure	103	175	278	226
Restoration	-	2,124	2,124	1,794
Rural park maintenance	-	-	-	20
Higher Level Stewardship	-	279	279	25
Governance costs (see note 8)	448	-	448	204
Support costs (see note 8)	5,505	316	5,821	5,160
<b>Total</b>	<b>8,828</b>	<b>3,589</b>	<b>12,417</b>	<b>10,903</b>

Expenditure on charitable activities was £12,417k (2019: £10,903k) of which £11,309k was unrestricted (2019: £10,545k) and £1,107k was restricted (2019: £358k).



# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (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	(8,828)	(3,589)	(12,417)
Admission charges	8,095	-	8,095
Gift aid recovered on donated admissions	692	-	692
	<b>(41)</b>	<b>(3,589)</b>	<b>(3,630)</b>
Donations	-	2,914	2,914
Direct grant support	-	110	110
<b>Net cost funded from other income</b>	<b>(41)</b>	<b>(565)</b>	<b>(606)</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	4,431	211	4,642
Production and marketing	614	-	614
Audit fees	-	45	45
Other non audit services	-	8	8
Health and Safety	7	-	7
Legal & Professional	-	184	184
Other Administrative	769	-	769
<b>Total</b>	<b>5,821</b>	<b>448</b>	<b>6,269</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 2020

### (continued)

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

	2020 £000	2019 £000
<b>This is stated after charging:</b>		
Operating leases – equipment	25	29
Amortisation & Impairment	846	211
Depreciation	528	468
<b>Auditor's remuneration:</b>		
Audit fees (charity and subsidiary)	45	41
Non-audit Fees (charity and subsidiary)	8	7

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

	2020 £000	2019 £000
Salaries and wages	3,805	3,341
Social security costs	300	261
Pension costs	537	593
	<b>4,642</b>	<b>4,195</b>

Ex gratia payments made in Charity group in the year to 31 March 2020 totalled £Nil (2019: 33k).

Some employees benefit from accommodation. Total staff accommodation cost for the Charity in the year to 31 March 2020 were £297k (2019: £185k).

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:

	2020	2019
£60,000-£70,000	1	3
£70,001-£80,000	-	3
£80,001-£90,000	2	2
£90,001-£100,000	-	1
£100,001-£110,000	1	-

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

	2020	2019
£60,000-£70,000	1	2
£70,001-£80,000	2	2
£80,001-£90,000	3	3
£110,001-£120,000	1	1
£180,001-£190,000	-	1
£200,001-£210,000	1	1
£230,001-£240,000	1	-

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (continued)

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

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 2020 saw higher remuneration based on past performance.

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.

One trustee (2019: Three) was reimbursed for expenses for travel and business expenses. Total reimbursement was £162 (2019: £5k). No charity trustee received payment for professional or other services supplied to the charity in their capacity as trustee (2019: 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, 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 2020 (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 £574k (2019: £786k).

The salary cost for the whole Estate to 31 March 2020 (including employer pension costs and social security, after charges to related entities) of the key management personnel excluding Managing Director of Pye Homes was £1,060k (2019: £1,079k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (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 416 and is broken down by department as follows:

	2020 Number	2019 Number
Operations	257	252
Retail, warehouse and water	69	68
Admin and support	46	40
Game	22	18
Construction	5	5
Hospitality Sales	5	6
Property	5	4
Other	7	6
	<u>416</u>	<u>399</u>

Retail, warehouse 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.

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 £26k (2019: £28k). Blenheim Palace Heritage Foundation paid Experience Oxfordshire in the year to 31 March 2020 £12k (2019: £19k) 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 2020 was the Maurizio Cattelan exhibition (2019: Yves Klein). The fee due to Blenheim Art Foundation from the charity for the exhibition was £140k (2019: £103k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (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 the use of the Palace. No similar event took place in the year ended 31 March 2020.

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 2020 were £99k (2019: £44k).

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 Estate Assistant who received remuneration of £2,564 in the year (2019: £nil).

#### 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 £72k (2019: £91k).

Love Water Limited owed Blenheim Visitors Limited £1,445k at 31 March 2020 (2019: £1,391k). Interest of £61k was charged in the year to 31 March 2020 (2019: £57k).

Love Water Limited's director, Nick Swan, owed Love Water Limited £10k at 31 March 2020 (2019: £10k). Interest charged in the year to 31 March 2020 was £nil (2019: £0.3k).

Blenheim Finance Limited is the wider Estate's funding facility. During the year ended 31 March 2020, Blenheim Visitors Limited borrowed £905k (2019: £1,185k) from Blenheim Finance Limited and repaid £3,000k (2019: £200k). Interest of £129k (2019: £150k) was charged. The balance outstanding at 31 March 2020 was £2,180k (2019: £4,152k).

At year end the charity was owed £2k by Blenheim Finance Limited (2019: £2,225k). A competitive interest rate of c5% is charged on this balance and interest of £65k was earned during the year (2019: £13k).

For the year ended 31 March 2020 the charity received £2,620k donation from Blenheim Supporting Limited (via Blenheim Agency Limited) (2019: £1,163k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (continued)

#### 12 Related party transactions (continued)

The Blenheim Foundation, a charity set up by Lady Henrietta to support significant restoration works donate for restoration projects (note 3). During the year, The Blenheim Foundation also purchased the Victor Churchill asset for £185k, acquired by the charity last year (note 16).

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	85
<b>Blenheim Parliamentary 1994 (via Agency)</b>	
Management fee	95
<b>Vanbrugh Unit Trust</b>	
Maintenance staff call out and stand by costs	190
<b>Vanbrugh Management Limited</b>	
IT cost	48
Salary costs	240
<b>Godolphin Partnership</b>	
Heat and light	36
Project costs	166
<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 £238k from the Charity for Senior Management Team time in finance transactions (2019: £170k).

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

(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 2020

	<b>Group 2020 Debtor £000</b>	<b>Group 2019 Debtor £000</b>	<b>Charity 2020 Debtor £000</b>	<b>Charity 2019 Debtor £000</b>
Blenheim Game	20	-	15	-
Vanbrugh Unit Trust	182	105	131	105
Blenheim Industrial Properties Limited	4	3	4	3
Blenheim Estates Contractors Limited	28	-	-	-
Vanbrugh Management Limited	-	245	-	245
Blenheim Farm Partnership	13	58	-	57
Blenheim Agency Limited	1,079	3,435	1,047	179
Blenheim Finance Limited	2	2,455	2	2,455
Blenheim Art Foundation	21	5	-	-
Barrough Hospitality Limited	189	611	159	554
Blenheim Supporting Limited	-	13	-	13
Blenheim Visitors Limited	-	-	329	841
Blenheim Estates Properties Limited	1	-	1	-
Blenheim Palace 1984 Maintenance Fund	-	6	-	6
Blenheim Parliamentary 1994 Settlement	9	65	9	63
Blenheim Palace Game LLP	149	16	26	14
Blenheim 1994 Settlement SPV Limited	33	-	33	-
Duke of Marlborough 1981 Settlement	-	5	-	5
Blenheim Estate Homes Limited	-	1	-	1
	<b>1,730</b>	<b>7,023</b>	<b>1,756</b>	<b>4,541</b>

Amounts owed by the Charity and the Group at 31 March 2020

	<b>Group 2020 Creditor £000</b>	<b>Group 2019 Creditor £000</b>	<b>Charity 2020 Creditor £000</b>	<b>Charity 2019 Creditor £000</b>
Blenheim Estates Contractors Limited	(2)	(42)	(2)	(32)
Vanbrugh Management Limited	(60)	-	(60)	-
Godolphin Partnership	(267)	(481)	(267)	(481)
Blenheim Farm Partnership	(2)	-	(2)	-
Blenheim Agency Limited	(447)	(1,255)	-	(1,255)
Blenheim Finance Limited	(2,180)	(4,152)	-	-
Blenheim Estates Properties Limited	-	(2)	-	(2)
Blenheim 1994 Settlement SPV Limited	-	(124)	-	(124)
The Blenheim Foundation	(9)	(8)	(9)	(8)
	<b>(2,967)</b>	<b>(6,064)</b>	<b>(340)</b>	<b>(1,902)</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020 (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 01/04/2019	2,297	763
<b>Balance as at 31/03/2020</b>	<b>2,297</b>	<b>763</b>
<b>Accumulated amortisation</b>		
Balance as at 01/04/2019	957	389
Amortisation charge	210	136
Impairment charge	636	-
<b>Balance as at 31/03/2020</b>	<b>1,803</b>	<b>525</b>
<b>Net book value</b>		
Balance as at 31/03/2020	494	238
Balance as at 01/04/2019	1,340	374

Management have decided to impair the goodwill in relation to Love Water Limited on the basis of uncertainty regarding its recoverability.

### 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 01/04/2019	157	2,603	951	2,318	6,029
Addition	451	110	172	180	913
<b>Balance as at 31/03/2020</b>	<b>608</b>	<b>2,713</b>	<b>1,123</b>	<b>2,498</b>	<b>6,942</b>
<b>Accumulated Depreciation</b>					
Balance as at 01/04/2019	-	2,097	677	1,334	4,108
Charge	30	183	128	187	528
<b>Balance as at 31/03/2020</b>	<b>30</b>	<b>2,280</b>	<b>805</b>	<b>1,521</b>	<b>4,636</b>
<b>Net Book Value</b>					
Balance as at 31/03/2020	578	433	318	977	2,306
Balance as at 01/04/2019	157	506	274	984	1,921



# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (continued)

#### 15 Tangible Fixed Assets (continued)

##### Charity

	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
Cost	£000	£000	£000	£000
Balance as at 01/04/2019	1,670	916	2,041	4,627
Addition	27	139	180	346
<b>Balance as at 31/03/2020</b>	<b>1,697</b>	<b>1,055</b>	<b>2,221</b>	<b>4,973</b>
<b>Accumulated Depreciation</b>				
Balance as at 01/04/2019	1,508	645	1,073	3,226
Charge	87	122	183	392
<b>Balance as at 31/03/2020</b>	<b>1,595</b>	<b>767</b>	<b>1,256</b>	<b>3,618</b>
<b>Net Book Value</b>				
<b>Balance as at 31/03/2020</b>	<b>102</b>	<b>288</b>	<b>965</b>	<b>1,355</b>
Balance as at 01/04/2019	162	271	968	1,401

#### 16 Chattels

	Group £000	Charity £000
Balance as at 01/04/2019	1,067	1,067
Addition	38	38
Disposal	(185)	(185)
<b>Balance as at 31/03/2020</b>	<b>920</b>	<b>920</b>

Chattels held or purchased in the year include re-acquired lost art works and newly established ones, including works by John Piper. There was one disposal during the year (2019: none) to a related charity, The Blenheim Foundation, of a Victor Churchill asset (note 12).

#### 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 2020 (continued)

<b>18 Stock</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Retail stock	360	342	-	-
Bottled water	214	189	-	-
	<b>574</b>	<b>531</b>	<b>-</b>	<b>-</b>

<b>19 Debtors</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	470	627	200	282
Amounts owed from related entities (note 12)	1,730	7,023	1,756	4,541
Other debtors	5,224	5,436	5,173	5,331
Prepayments and accrued income	232	214	152	149
Deferred tax	-	70	-	-
	<b>7,656</b>	<b>13,370</b>	<b>7,281</b>	<b>10,303</b>

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

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	1,205	1,467	865	1,127
Amounts owed to related entities (note 12)	2,967	6,064	340	1,902
Other creditors and accruals	1,466	1,414	1,109	834
Deferred income (note 21)	42	207	42	207
VAT	340	289	-	-
Taxation and social security costs	137	138	-	-
Deferred tax	36	-	-	-
	<b>6,193</b>	<b>9,579</b>	<b>2,356</b>	<b>4,070</b>

### 21 Deferred income

Deferred income comprises advanced ticket sales and corporate event fees

	<b>Group</b>	<b>Charity</b>
	<b>£000</b>	<b>£000</b>
Balance as at 1 April 2019	207	207
Amount released to income earned from charitable activities	(207)	(207)
Amount deferred in year for advanced ticket sales	59	59
Amount deferred in year in relation to events	(17)	(17)
Balance as at 31 March 2020	<b>42</b>	<b>42</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (continued)

#### 22 Analysis of charitable funds

##### Analysis of movements in unrestricted funds

	1 April 2019 £000	Income £000	Expenditure £000	Transfers £000	31 March 2020 £000
General fund	8,457	16,535	(17,068)	-	7,924
<b>Total</b>	<b>8,457</b>	<b>16,535</b>	<b>(17,068)</b>	<b>-</b>	<b>7,924</b>

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

	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>

Name of unrestricted fund	Description, nature and purposes of the fund
General fund	The 'free reserves' of the charity.

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

(continued)

### 22 Analysis of charitable funds (continued)

#### Analysis of movements in restricted funds

	1 April 2019	Income	Expenditure	Transfers	31 March 2020
	£000	£000	£000	£000	£000
World Heritage Site Management	-	-	-	-	-
Blenheim Foundation Restoration	-	144	(144)	-	-
Higher Level Stewardship	169	110	(279)	-	-
Maintenance Fund distribution	530	150	(680)	-	-
Park planting	4	-	(4)	-	-
<b>Total</b>	<b>703</b>	<b>404</b>	<b>(1,107)</b>	<b>-</b>	<b>-</b>

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

	1 April 2018	Income	Expenditure	Transfers	31 March 2019
	£000	£000	£000	£000	£000
World Heritage Site Management	-	-	(1)	1	-
Blenheim Foundation Restoration	-	313	(332)	19	-
Higher Level Stewardship	84	110	(25)	-	169
Maintenance Fund 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>

#### Name of restricted fund

- World Heritage Site Management
- Blenheim Foundation Restoration
- Higher Level Stewardship
- Maintenance Fund distribution
- Park planting

#### Description, nature and purposes of the fund

- Conservation of the land and Palace grounds
- Blenheim Foundation Restoration Projects
- Conservation of the land and Palace grounds
- Restoration and conservation of the Palace
- Tree planting within Management Plan

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

(continued)

### 23 Analysis of group net assets between funds

	General Fund £000	Restricted Funds £000	Total £000
Tangible fixed assets	2,306	-	2,306
Intangible fixed assets	494	-	494
Investments	78	-	78
Chattels	920	-	920
Cash at bank and in hand	2,089	-	2,089
Other net current assets	2,037	-	2,037
<b>Total</b>	<b>7,924</b>	<b>-</b>	<b>7,924</b>

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

	General Fund £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>703</b>	<b>9,160</b>

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

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Net (expenditure)/income and net movement in funds for the year	(1,236)	2,701	86	2,871
Add back amortisation and impairment charge	846	211	136	137
Add back depreciation charge	528	468	392	374
Deduct interest income shown in investing activities	(65)	(13)	(65)	(13)
(Increase)/decrease in stock	(43)	13	-	-
Decrease/(increase) in debtors	3,491	(8,332)	799	(6,375)
(Decrease)/increase in creditors	(1,291)	2,095	(1,714)	1,797
<b>Net cash provided by/(used in) operating activities</b>	<b>2,230</b>	<b>(2,857)</b>	<b>(366)</b>	<b>(1,209)</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (continued)

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

Analysis of changes in net debt for the Group:

	1 April 2019	Cash flows	Other movement	31 March 2020
	£000	£000	£000	£000
Cash at bank and in hand	432	1,657	-	2,089
<b>Cash and cash equivalents</b>	<b>432</b>	<b>1,657</b>	<b>-</b>	<b>2,089</b>
Borrowings due within one year	(4,152)	2,095	(123)	(2,180)
<b>Total borrowings</b>	<b>(4,152)</b>	<b>2,095</b>	<b>(123)</b>	<b>(2,180)</b>
<b>Net Debt</b>	<b>(3,720)</b>	<b>3,752</b>	<b>(123)</b>	<b>(91)</b>

Analysis of changes in net debt for the Charity:

	1 April 2019	Cash flows	31 March 2020
	£000	£000	£000
Cash at bank and in hand	205	1,723	1,928
<b>Cash and cash equivalents</b>	<b>205</b>	<b>1,723</b>	<b>1,928</b>
<b>Net Debt</b>	<b>205</b>	<b>1,723</b>	<b>1,928</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020 (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 £379k (2019: £429k).

Contributions totalling £94k (2019: £44k) 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 2020 are based on the last full actuarial valuation with updated figures to reflect market conditions as at 1 April 2020.

Reconciliation of present value of plan liabilities:	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
At the beginning of the year	(7,846)	(7,595)
Interest cost	(177)	(195)
Actuarial gains/(losses)	112	(272)
Benefits paid	288	216
At the end of the year	<b>(7,623)</b>	<b>(7,846)</b>
Reconciliation of present value of plan assets:	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
At the beginning of the year	7,846	7,595
Return on assets excluding interest income	(760)	234
Interest income	177	195
Contributions	60	60
Benefits paid	(288)	(216)
Previously unrecognised surplus deducted	588	(22)
At the end of the year	<b>7,623</b>	<b>7,846</b>
Composition of plan assets:	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Equities	3,374	4,083
Bonds	2,109	2,214
Property	1,049	1,042
Cash	91	42
Annuities	1,133	1,186
Total plan assets	<b>7,756</b>	<b>8,567</b>

# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020

### (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.

	2020	2019
	£000	£000
Present value of plan assets	7,623	7,846
Present value of plan liabilities	(7,623)	(7,846)
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:	2020	2019
	£000	£000
Opening fair value of scheme assets	8,567	8,294
Return on assets excluding interest income	(760)	234
Interest income	177	195
Contributions by employer	60	60
Benefits paid	(288)	(216)
	<u>7,756</u>	<u>8,567</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £NIL (2019 - £NIL).

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate	2.3	2.3
Future pension increases	3.0	3.0
Mortality rates	1.0	1.0
RPI assumption	3.1	3.5
CPI assumption	2.1	2.5

Amounts for the current and previous period are as follows:

	2020	2019
	£000	£000
Defined benefit obligation	(7,623)	(7,846)
Unrecognised past service cost	7,756	8,567
Unrecognised surplus	<u>133</u>	<u>721</u>



# Blenheim Palace Heritage Foundation

## Notes to the Financial Statements for year ending 31 March 2020 (continued)

### **26 Post balance sheet events**

Since 31 March 2020, the COVID-19 pandemic and the Government's decisions on social distancing have continued to impact income generating activities across the Group, including periods when the Palace, park and gardens have been closed to the public. In November 2020, the Charity was awarded £2.45m of COVID recovery grants.

### **27 Ultimate parent undertaking**

The subscribers to the Memorandum, being the Trustees of the Marlborough 2003 Settlement, are the first members.