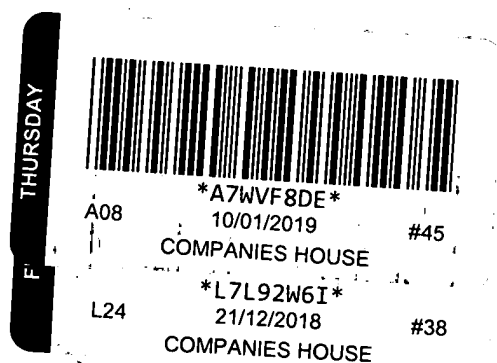


Report and Financial Statements Blenheim Palace Heritage Foundation

(A company limited by guarantee)

Year ending 31 March 2018
Charity number 1166164
Company number: 09430048



Blenheim Palace Heritage Foundation

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Blenheim Palace Heritage Foundation

Legal and administration details for the year ended 31 March 2018

Charity number

1166164

Company number

09430048

Trustees/Directors

Lord Edward Spencer-Churchill

Alexander Muir

Christopher Groves

Dominic Hare

Secretary

Stephen Spare

Key Management Personnel (Blenheim Palace Heritage Foundation)

Senior Management Team:

Chief Executive Officer – Dominic Hare

Chief Operating Officer and Property Director – Roger File

Operations Director – Heather Carter

Head of Finance – Stephen Spare

Head of HR – Sarah Morris (resigned 26/10/2018)

Head of Marketing and PR – Stephanie Duncan

Head of Estates – Roy Cox

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, 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

Grant Thornton UK LLP

Chartered Accountants & Statutory Auditor

3140 Rowan Place

John Smith Drive

Oxford Business Park South

Oxfordshire

OX4 2WB

Bankers

Barclays Bank PLC

Apex Plaza Building

Reading

RG1 1AX

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 March 2018 which are prepared in accordance with the requirements for a directors' report and accounts for Companies Act 2006 purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The information with respect to the trustees, directors, officers and advisors set out on page 17 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 (2017: 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.

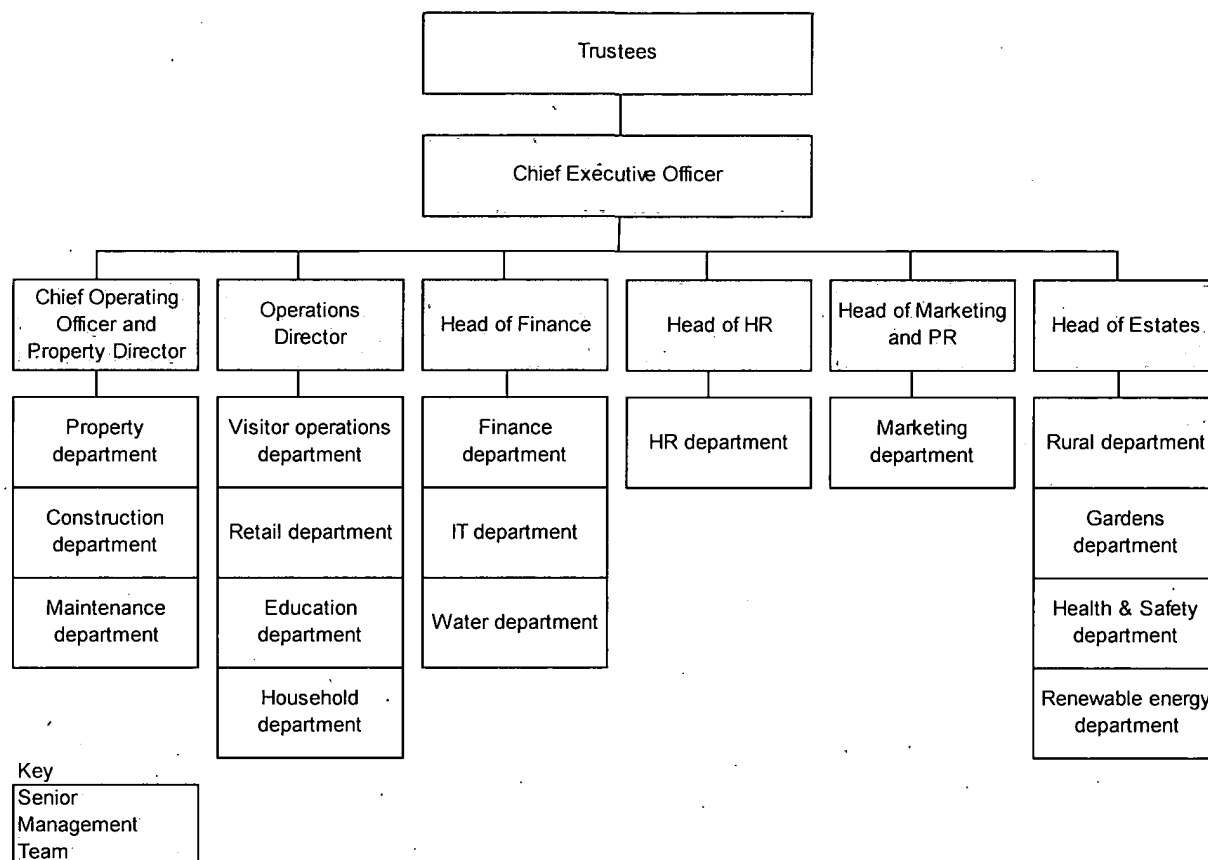
Trustees are briefed on their legal obligations under charity and company law, the Charity Commission on public benefit, content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and financial performance. Trustees are made aware of the indemnity 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 2018 (continued)

Organisation

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



Pay policy for senior staff

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

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

Lord Edward Spencer-Churchill approves the pay reviews for the statutory directors of the 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 2018 (continued)

Risk management

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

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

UK economic downturn

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

Brexit

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

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

Damage to Palace by fire or other disaster

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

Related parties and co-operation with other organisations

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

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

Our purposes and activities

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

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

Strategies and activities for achieving objectives and providing a public benefit

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

Preservation and Restoration of the Palace and park

The vision that shapes our annual activities remains the restoration and preservation of Blenheim. 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 designated funding raised.

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 donations from related entities, specifically through the profits of our housing developments. The aim of the projects is to secure the future of Blenheim Palace for future generations to explore and discover.

Historic and architectural interest and natural beauty

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

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

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

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

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

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

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

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

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

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

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

Arts, culture 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 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 and this year, Jenny Holzer. 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 2018 (continued)

Blenheim ten year strategy

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

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

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

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

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

During the year ended March 2018 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 2017. Blenheim's total gross value added (GVA, being the total contribution to gross domestic product (GDP)) is £90m. This is split between direct operations by Blenheim of £72m and indirect contribution through catering and event partners of £17m.

Within the £72m, visitors to Blenheim have £34m GVA, £13m GVA is made by expenditure of goods and services by Blenheim and £12m is the direct contribution of Blenheim, with the visitor business generating £5m of this £12m.

The full report can be found at blenheimpalace.com/economicimpact

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

We employ seven apprentices and we have begun drawing up a set of qualifications and training goals which staff will be encouraged to work towards.

3. Build high quality, affordable homes for 300 families

Blenheim Estate is working with the West Oxfordshire District Council to redefine and widen the definition of affordable housing provided by Blenheim. This will be of huge benefit to the local area, as the Estate aims to retain ownership and to offer housing more directly to meet the local needs.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

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

Our paying visitor number at the end of March 2018 was over 600,000 which in turn has had a positive effect to our contribution to the local economy.

5. Become a net generator of green energy

We have two biomass boilers within the Blenheim grounds and generate hydro electricity from our dam. We also generate solar energy. In turn we have renewably generated about 15% of our direct energy consumption through these investments. We aim to reduce our carbon footprint by considering the location of our suppliers and we are switching to electric vehicles where possible.

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

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 2018 we have spent £2.2m on restoration work (note 28). We aim to spend an average of £4m each year on conservation and restoration. Within the next three years we will take on our largest restoration project yet, with the dredge of Queen's Pool and renovation of Grand Bridge.

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

We have reviewed our archives to trace items that have been sold in the past with the view to get them back to Blenheim. We are in discussions for a new collection.

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

Blenheim Estate has secured the development in Long Hanborough, of which most of the proceeds will be designated to the charity endowment. 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.

10. Double charitable contributions to the community

£1.1m direct and indirect charitable donations have been raised or made by Blenheim. This includes holding events such as the Bloodwise Blenheim Triathlon and Blenheim Half Marathon which give the opportunity for fundraising. Blenheim has directly contributed to the local area through donations of money and time.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

Achievements and performance

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

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

Restoration and preservation work

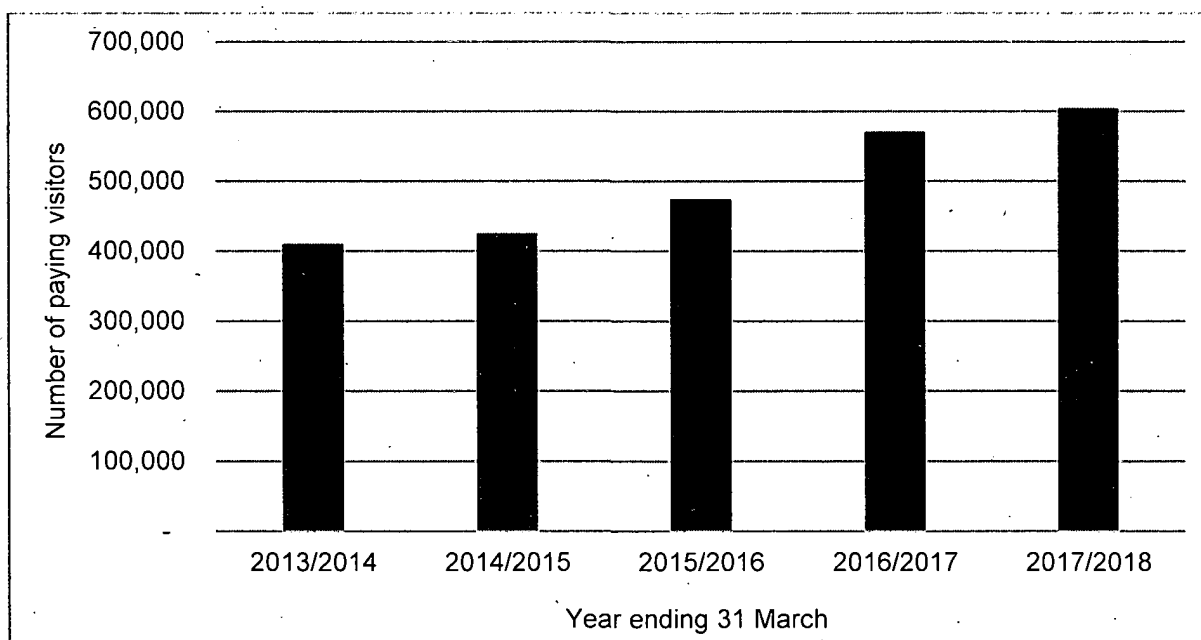
During the year, just under £2.2m was spent on restoration, repairs and maintenance. Projects include compartmentalisation of the Palace to reduce fire risk and the water terraces and south front masonry.

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

In addition to the £40m spend of restoration (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 sees to conserve and protect the Palace and park for future generations.

Visitor numbers

Paying visitor numbers for the financial year ending March 2018 have been compared with the previous four years. These numbers include all paying visitors to the Palace, park and gardens.



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

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

Recruitment, Advertising and Selection

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

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

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

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

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

Training and Promotion

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

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

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

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

Employee Engagement

At peak, the Estate has around 450 employees (many of them are seasonal or part time). As part of our 10 goals, we have invested time and money into developing activities and benefits that incentivise our staff. Employees also receive a monthly update from the CEO which includes the performance, operationally and numerically. Employees have the opportunity to feed back to the senior management team directly or through heads of department.

Financial review

As part of the strategic goals, Blenheim Palace Heritage Foundation was founded in 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.

This is the first full year of charity day to day visitor activity within the statements. In the prior year, on 1st January 2017, Blenheim Visitors Limited became the wholly owned subsidiary of the charity at no cost. Remaining activity within the wholly owned subsidiary, and as consolidated in the statutory accounts, is the retail and water business.

The charity has now a full year of visitor income and expenditure, with the prior year only seeing three months of visitor income and expenditure and three months consolidated income and expenditure from the retail and water business. The last three months of the financial year sees a lot of essential restoration and maintenance work, as these are quieter months for visitor numbers, therefore the results for the prior year within these accounts do not show the full picture of annual performance. The Consolidated Statement of Financial Activities is set out on page 19. For a full year like for like comparison see note 28.

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

Incoming resources

The charity has three main sources of income:

Income generated from charitable activities; predominately admission income. This is 49% of all income including donations (37% in 2017).

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 34% of total income (32% in 2017).

Restoration funding is received from 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. Also within restoration funding is grant funding received for the park and funding to contribute the costs of being a World Heritage Site. Total restoration funding received accounts for 17% (31% of 2017) of total income.

Resources expended

Income is applied in pursuance of the objectives. The largest proportion of expenditure is the cost of our people who make our objectives achievable, from operations ensuring a positive visitor experience to supporting functions (note 7).

Another substantial cost is the restoration, preservation, maintenance and repair work of which just under £2.2m was spent in the year.

Investment powers and policy

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

Reserves policy and going concern

Sufficient reserves are required to cover unplanned emergency repairs and other emergency events, 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 in addition to the designated funds.

A designated fund shows the planned £40m preservation and restoration strategy, as at 31 March 2018 the fund was £5.1m (2017: £4.2m).

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

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

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

Post balance sheet events

See note 27.

Plans for future periods

The trustees and management team have committed an ambitious 10 year plan to protect and share Blenheim's prosperity for generations to come. This strategy is adopted across the whole Blenheim estate, of which the charity plays a vital part.

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

Trustees' Responsibilities Statement

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

Blenheim Palace Heritage Foundation

Report of the Trustees for the year ended 31 March 2018 (continued)

The trustees confirm that:

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

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

By order of the board of trustees



DOMINIC HARE (Trustee and Director)

20/12/2018

Blenheim Palace Heritage Foundation

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

We have audited the financial statements of Blenheim Palace Heritage Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated and Parent Charitable Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Blenheim Palace Heritage Foundation

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

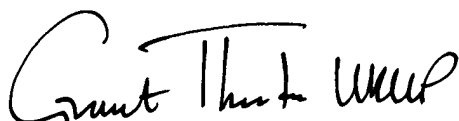
Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Mark Bishop, FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
Date: 21 DECEMBER 2018

Blenheim Palace Heritage Foundation

Consolidated Statement of Financial Activities

(including consolidated income and expenditure account)
for year ending 31 March 2018

	Note	General Fund (Unrestricted) £	Designated Funds (Unrestricted) £	Restricted Funds (Restricted) £	Total Funds 2018 £	Total Funds 2017 £
Income:						
Donations and legacies	4	227,150	1,661,098	716,024	2,604,272	6,361,776
<i>Income from charitable activities:</i>						
Operation of the Palace and park	5	7,816,826	-	-	7,816,826	956,775
<i>Income from other trading activities:</i>						
Commercial trading operations	6	5,076,819	-	-	5,076,819	1,217,133
Total income		13,120,795	1,661,098	716,024	15,497,917	8,535,684
Expenditure						
<i>Costs of raising funds:</i>						
Commercial trading operations		3,974,447	-	-	3,974,447	1,679,550
<i>Expenditure on charitable activities:</i>						
Operation of the Palace and park	7	7,389,688	-	-	7,389,688	1,533,220
Preservation and maintenance	7	1,111,894	784,489	254,865	2,151,248	923,603
Total expenditure		12,476,029	784,489	254,865	13,515,383	4,136,373
Net income and net movement in funds for the year		644,766	876,609	461,159	1,982,534	4,399,311
Reconciliation of funds						
Total funds brought forward		234,469	4,238,813	3,254	4,476,536	77,225
Transfer of funds		(3,052)	-	3,052	-	-
Total funds carried forward		876,183	5,115,422	467,465	6,459,070	4,476,536

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

All income and expenditure derive from continuing activities.

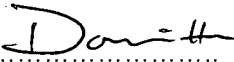
Blenheim Palace Heritage Foundation

Consolidated and Parent Charitable Company Balance Sheets for year ending 31 March 2018

	Note	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Fixed assets					
Intangible assets	15	1,551,039	1,765,690	510,650	646,823
Tangible assets	16	1,961,682	1,725,958	1,593,696	1,328,248
Investments	17	77,500	77,500	77,500	77,500
Total Fixed Assets		3,590,221	3,569,148	2,181,846	2,052,571
Current assets					
Stock	18	543,925	501,634	-	-
Debtors	19	2,782,946	6,860,384	1,671,633	2,390,483
Cash at bank and in hand		6,039,799	598,875	4,903,891	266,629
Total Current Assets		9,366,670	7,960,893	6,575,524	2,657,112
Liabilities					
Creditors falling due within one year	20	6,497,821	7,053,505	2,270,395	1,582,222
Net Current assets		2,868,849	907,388	4,305,129	1,074,890
Total assets less current liabilities		6,459,070	4,476,536	6,486,975	3,127,461
Net assets		6,459,070	4,476,536	6,486,975	3,127,461
The funds of the charity:					
Unrestricted income funds:					
General fund	23	876,183	234,469	904,088	(1,114,606)
Restoration designated fund	23	5,115,422	4,238,813	5,115,422	4,238,813
Restricted income fund	23	467,465	3,254	467,465	3,254
Total charity funds		6,459,070	4,476,536	6,486,975	3,127,461

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

The notes at pages 22 to 49 form part of these accounts.

Signed 

Name Dominic Hale

Chair of trustees on behalf of the trustees

Approved by the trustees on 20/12/2018

Blenheim Palace Heritage Foundation

Statement of Cash Flows and Consolidated Statement of Cash Flows for year ending 31 March 2018

	Note	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Cash used in operating activities	25	6,778,857	2,137,079	5,247,347	270,184
Cash flows from investing activities					
Purchase of tangible fixed assets	16	(667,450)	(42,218)	(610,085)	(3,555)
Sale of tangible fixed assets	16	-	4,014	-	-
Cash provided by (used in) investing activities		(667,450)	(38,204)	(610,085)	(3,555)
Cash flows from financing activities					
Drawdown of borrowing	13	400,000	200,000	-	-
Repayment of borrowing	13	(1,070,483)	(1,700,000)	-	-
Cash used in financing activities		(670,483)	(1,500,000)	-	-
Increase/(decrease) in cash and cash equivalents in the year		5,440,924	598,875	4,637,262	266,629
Cash and cash equivalents at the beginning of the year		598,875	-	266,629	-
Total cash and cash equivalents at the end of the year		6,039,799	598,875	4,903,891	266,629

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

1 Accounting Policies

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

1.1) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

1.2) Reconciliation with previous Generally Accepted Accounting Practice

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

1.3) Preparation of the accounts on a going concern basis

The charity reported a cash inflow of £4,637,262 for the year and £5,440,924 on a group basis. The trustees are of a view that the charity is a going concern. The senior management team and trustees have carried out a detail review and budgeting process for the charity and subsidiary for years up to 18/19 financial year as at the date of approval for the accounts. The senior management team and trustees are satisfied that the charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

1.4) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Blenheim Visitors Limited, and its wholly owned subsidiary, Love Water Limited, 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.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

1 Accounting Policies (continued)

1.5) Income

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

Admissions income

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

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 the restoration cost is incurred.

Grant Income

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

Legacy Income

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

1.6) Fund accounting

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

1 Accounting Policies (continued)

1.7) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

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

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

1.8) Allocation of support costs

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

1.9) Operating leases

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

1.10) Intangible fixed assets

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

1 Accounting Policies (continued)

1.11) Tangible fixed assets

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

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

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

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

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

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

1.12) Investments

Investments are measured at cost less accumulated impairment.

1.13) Stock

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

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

1.14) Debtors

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

1 Accounting Policies (continued)

1.15) Cash at bank and in hand

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

1.16) Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of 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 2018 (continued)

1 Accounting Policies (continued)

1.18) Reserves

As noted in the Financial Review of the Trustees Report, 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 in addition to the designated funds.

A designated fund shows the planned £40m preservation and restoration strategy, as at 31 March 2018 the fund was £5.1m (2017: £4.2m).

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

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

1.19) Operating leases: the Group as lessee

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

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

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

1.20) 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.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

1 Accounting Policies (continued)

1.19 Pensions (continued)

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'.

1.20 Provisions for liabilities

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

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

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

1 Accounting Policies (continued)

1.21) Current and deferred taxation

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

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Charitable Company Balance Sheet date, except that:

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

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

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

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

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

Stocks

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

1 Accounting Policies (continued)

1.21) Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Provisions

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

Deferred tax assets

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

Defined benefit pension

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

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

Intangible assets

Management applies judgment when assessing the value of goodwill acquired on a business combination, held in the Consolidated and Group Balance Sheet as intangibles, at both the year end date and the date of the business combination. The goodwill represents the excess consideration over the fair value of the net assets acquired. Judgment was applied when determining the fair value of the net assets and takes into account the most reliable evidence available at the valuation date. Judgment is also applied in determining the useful economic life, based on the period over which value is expected to be derived from the long-term contracts.

2 Legal status of the charity

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

3 Financial Performance of the charity

The summary financial performance of the charity alone is:

	2018	2017
	£	£
Income	11,626,129	5,521,682
Gift aid from subsidiary company	1,700,000	-
	13,326,129	5,521,682
Commercial trading operations	(311,119)	(14,623)
Expenditure on charitable activities	(9,655,496)	(2,456,823)
	3,359,514	3,050,236
Net income		
Total funds brought forward	3,127,461	77,225
Total funds carried forward	6,486,975	3,127,461
Represented by:		
Restricted income funds	467,465	3,254
Unrestricted income funds - general fund	904,088	(1,114,606)
Unrestricted income funds - designated fund	5,115,422	4,238,813
	6,486,975	3,127,461

The charity only commenced day to day activity on 1 January 2017 after the visitors business was transferred from Blenheim Visitors Limited. Blenheim Visitors Limited became a wholly owned subsidiary on this date. The wholly owned subsidiary gift aids profits from distributable reserves.

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

4 Income from donations and grants

	2018	2017
	£	£
Donations		
Grants	110,024	213,125
Other donations	2,494,248	6,148,651
	<u>2,604,272</u>	<u>6,361,776</u>

The income from donations and grants was £2,604,272 (2017: £6,361,776) of which £271,150 was unrestricted (2017: £1,813,338) and £716,024 restricted (2017: £309,625).

Within other donations, £1,661,098 (£2017: £4,238,813) was received from Blenheim Supporting Limited, a related entity which donates its profits to the charity each year (note 13).

Funds donated from this related entity have been designated for specific restoration and preservation projects to be undertaken within the next decade, see note 23.

The restricted fund includes grants and donations from:

- Higher Level Stewardship of £110,000 for conservation of the land and Palace grounds
- Blenheim Foundation Restoration of £22,600 for restoration and conservation of the Palace
- World Heritage Site Management over accrual in prior year of £3,000 for conservation of the land and Palace grounds
- Maintenance Fund distribution of £380,000 for restoration and conservation of the Palace
- Park planting of £3,024 for tree planting within Management Plan

5 Income from charitable activities

	Unrestricted Funds 2018 £	Unrestricted Funds 2017 £
Operation of the Palace and Park		
Income from admission and tour charges	7,381,497	885,482
Gift aid recovered on donated admissions for annual passes	435,329	71,293
Total income from charitable activities	<u>7,816,826</u>	<u>956,775</u>

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

6 Income earned from other activities

	2018	2017
	£	£
Income from the sale of Christmas trees	35,550	-
Income from Palace functions and park events	1,078,076	-
Other income	91,404	16,469
Income from subsidiary	3,871,789	1,200,664
	<u>5,076,819</u>	<u>1,217,133</u>

Commercial trading operations

The wholly owned trading subsidiary Blenheim Visitors Limited is incorporated in the United Kingdom (company number 05957291). Blenheim Visitors Limited became the wholly owned subsidiary of the charity on 01/01/2017 and it transferred its net assets in relation to the visitor business on after becoming a wholly owned subsidiary. Love Water is a wholly owned subsidiary of Blenheim Visitors Limited. A summary of the trading results of the Blenheim Visitors Limited group is shown for the period 01/01/2017-31/03/2017 below. The trade of Blenheim Visitors Limited group is seasonal.

The summary financial performance of the subsidiary (including its wholly owned subsidiary) alone is:

	2018	2017
	£	£
Turnover	3,871,789	1,200,664
Cost of sales and administration costs	(3,663,328)	(1,664,927)
Net profit	<u>208,461</u>	<u>(464,264)</u>
Retained in subsidiary	<u>208,461</u>	<u>(464,264)</u>

The assets and liabilities of the subsidiary are:

	2018	2017
	£	£
Fixed assets	1,408,375	1,516,577
Current assets	2,967,122	5,303,780
Current liabilities	(4,227,426)	(5,471,283)
Total net assets	<u>148,071</u>	<u>1,349,074</u>
Aggregate share capital and reserves	<u>148,071</u>	<u>1,349,074</u>

The subsidiary gift aided £1.7m against the year ending 31 March 2017 in December 2018 once it had built up distributable reserves.

It is expected that the subsidiary will be able to distribute all profits made to 31 March 2018.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

7 Analysis of expenditure on charitable activities

	Operation of the Palace and park £	Preservation and maintenance £	2018 Total £	2017 Total £
Admissions expenses	715,347	-	715,347	82,197
Maintenance of the garden and park	-	976,074	976,074	296,868
Central premises costs	910,352	-	910,352	240,498
Bank charges	135,830	-	135,830	12,608
Depreciation	344,638	-	344,638	74,460
Amortisation	136,173	-	136,173	34,043
Repair expenditure	136,185	99,875	236,060	81,123
Restoration	-	1,019,860	1,019,860	316,535
Rural park maintenance	-	28,895	28,895	2,656
Higher Level Stewardship	-	25,559	25,559	222,954
World Heritage Site Management	-	985	985	9,746
Governance costs (see note 9)	136,170	-	136,170	129,427
Support costs (see note 9)	4,874,993	-	4,874,993	953,708
Total	7,389,688	2,151,248	9,540,936	2,456,823

Expenditure on charitable activities was £9,540,936 (2017: £2,456,823) of which £8,501,582 was unrestricted (2017: £2,150,452) and £254,865 was restricted (2017: £306,371).

8 Summary analysis of expenditure and related income for charitable activities

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

	Operation of the Palace and Park £	Preservation and Maintenance £	Total £
Costs	(7,389,688)	(2,151,248)	(9,540,936)
Admission charges	7,381,497	-	7,381,497
Gift aid recovered on donated admissions	435,329	-	435,329
	427,138	(2,151,248)	(1,724,110)
Donations	-	2,267,098	2,267,098
Direct grant support	-	110,024	110,024
Net cost funded from other income	427,138	225,874	653,012

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

9 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 three key charitable activities undertaken (see note 7) in the year.

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

	General support £	Governance £	Total £
Salaries, wages and related costs	3,991,531	-	3,991,531
Production and marketing	518,997	-	518,997
Audit fees	-	50,000	50,000
Other non audit services	-	5,954	5,954
Health and Safety	9,139	-	9,139
Legal & Professional	-	80,216	80,216
Other Administrative	355,326	-	355,326
Total	4,874,993	136,170	5,011,163

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

10 Net income/(expenditure) for the year

	2018 £	2017 £
This is stated after charging:		
Operating leases – equipment	24,440	7,421
Amortisation	136,173	34,043
Depreciation	344,638	74,460
Audit fees	50,000	48,000
Other non audit services	5,954	4,495

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

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

	2018	2017
	£	£
Salaries and wages	3,194,914	672,592
Social security costs	270,718	56,991
Pension costs	525,899	77,365
	3,991,531	806,948

In 2017, the visitor business was transferred to the charity on 01/01/2017. The table below has a full year comparative for 2017.

	2018	2017
	£	£
Salaries and wages	3,194,914	3,413,223
Social security costs	270,718	289,216
Pension costs	525,899	358,227
	3,991,531	4,060,666

Some employees benefit from accommodation. Total staff accommodation for the year to 31 March 2018 were £160,039 in 2018 (2017: total for 3 months £32,229 prior to January 2017 the accommodation costs were paid out of Blenheim Visitors Limited).

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

	2018	2017
£60,000-£70,000	2	3
£70,001-£80,000	2	-
£80,001-£90,000	1	1
£90,001-£100,000	1	1
£100,001-£110,000	-	1
£110,001-£120,000	1	-
£120,001-£130,000	-	2

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

Two trustees (2017: one) were reimbursed for expenses. Total reimbursement was £1,694 (2017: £81). No charity trustee received payment for professional or other services supplied to the charity in their capacity as trustee (2017: none).

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

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

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

The key management personnel of the parent charity and the group are the Senior Management Team which consists of the Chief Executive Officer, Chief Operating Officer, Operations Director, Head of Finance, Head of Human Resources, Head of Marketing and PR and Head of Estates. Key management of Blenheim Visitors Limited's wholly owned subsidiary, Love Water Limited are the two Directors.

The cost to the charity, after recharges to related entities, to 31 March 2018 (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 £779,087 (2017: £189,144). Included within this is remuneration paid to the trustee and director of the group and the charity in his capacity as CEO which was £137,273 (2017: £26,546) (including employer pension costs but after charges to other related entities).

The full year equivalent cost for the prior year comparative (including employer pension costs and social security) of the key management personnel in situ in the year to the wholly owned subsidiary and the charity was £835,725 (2017). Included within this is remuneration paid to the trustee and director of the group and the charity in his capacity as CEO which was £157,425 (2017) (including employer pension costs but after charges to other related entities).

12 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 349 as is broken down by department as follows:

	2018 Number	2017 Number
Operations	246	226
Admin and support	40	39
Retail and water	58	52
Construction	5	5
	<u>349</u>	<u>322</u>

Retail and water staff are not a cost of the charity, but it's wholly owned subsidiary, Blenheim Visitors Limited. Construction employees are recharged to Blenheim Estate Construction Limited.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

13 Related party transactions

Members, trustees, directors and key management

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

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

Dominic Hare, CEO, trustee and director of the charity and subsidiary is a director of other Blenheim related entities (see listing of related party transactions below) and is a trustee of Experience Oxfordshire Limited. Experience Oxfordshire sells group tickets for Blenheim as part of its 'Visit Oxfordshire' attractions.

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.

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.

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 and Office Assistant.

Related entities

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

During the year ended 31 March 2018, Blenheim Visitors Limited borrowed £400,000 (2017: £200,000) from Blenheim Finance Limited and repaid £1,070,483 (2017: £1,700,000). Interest of £299,672 (2017: £212,377) was charged. The balance outstanding at 31 March 2018 was £3,004,433 (2017: £3,354,586).

For the year ended 31 March 2018 the charity received £1,661,098 donation from Blenheim Supporting Limited (via Agency) (2017: £4,238,813).

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

13 Related party transactions (continued)

The following management charges are levied annually to related parties:

	Charity £
Barrough Hospitality Limited	
Professional fee recharge	99,996
Consumer marketing recharge	99,996
Salary costs	123,996
Blenheim Parliamentary 1994 (via Agency)	
Management fee	95,000
Vanbrugh Unit Trust	
Maintenance staff call out and stand by costs	180,000
Vanbrugh Management Limited	
IT cost	48,000
Salary costs	240,456
Godolphin Partnership	
Heat and light	37,140
Project costs	130,000
Blenheim Industrial Properties Limited	
Landscape Maintenance Services	18,000

Non-recurring related party transactions

During the year, Blenheim Palace 1984 Heritage Maintenance Fund Settlement gave Blenheim Palace Heritage Foundation Hordley Farm, valued at £210,000. Blenheim Palace Heritage Foundation sold the farm to Vanbrugh Unit Trust at value of £210,000. £210,000 is reflected within the maintenance fund restricted donation (note 4).

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

13 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

	Group 2018 Debtor £	Group 2017 Debtor £	Charity 2018 Debtor £	Charity 2017 Debtor £
Blenheim Game	23,872	40,850	-	-
Vanbrugh Unit Trust	17,265	-	17,265	-
Blenheim Industrial Properties Limited	3,361	8,978	3,361	-
Barrough Limited	-	157,789	-	-
Blenheim Estates Contractors Limited	312	232	312	-
Vanbrugh Management Limited	24,838	98,152	24,838	-
Blenheim Parliamentary 1994	-	12,148	-	-
Blenheim Farm Partnership	67,317	91,227	67,040	-
Maintenance Fund	-	26	-	-
Parliamentary 1984	-	25	-	-
Blenheim Agency Limited	659,974	2,615,599	13,695	-
Blenheim Finance Limited	60,000	-	60,000	-
Blenheim Art Foundation	4,626	19,733	406	-
Barrough Hospitality Limited	52,384	-	33,158	-
Blenheim Visitors Limited	-	-	175,976	-
Blenheim Estates Properties Limited	75	-	75	-
	914,024	3,044,759	396,126	-

Amounts owed by the Charity and the Group at 31 March

	Group 2018 Creditor £	Group 2017 Creditor £	Charity 2018 Creditor £	Charity 2017 Creditor £
Blenheim Game	(23)	-	(23)	-
Vanbrugh Unit Trust	(90)	(9,259)	-	-
Blenheim Parliamentary 1994 Settlement	(1,932)	-	(405)	-
Godolphin Partnership	(56,234)	(900,146)	(56,234)	-
Blenheim Agency Limited	(291,886)	-	(291,706)	-
Blenheim Finance Limited	(3,004,433)	(3,354,586)	-	-
The Blenheim Foundation	(5,743)	(3,100)	(2,643)	-
	(3,360,341)	(4,267,091)	(351,011)	-

14 Corporation Taxation

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

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

15 Intangible assets

	Group Goodwill £	Charity Goodwill £
Cost		
Balance as at 01/04/2017	2,297,156	763,400
Balance as at 31/03/2018	2,297,156	763,400
Accumulated depreciation		
Balance as at 01/04/2017	531,466	116,577
Amortisation charge	214,651	136,173
Balance as at 31/03/2018	746,117	252,750
Net book value		
Balance as at 31/03/2018	1,551,039	510,650
Balance as at 01/04/2017	1,765,690	646,823

16 Tangible Fixed Assets

Group	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost				
Balance as at 01/04/2017	2,569,141	590,137	1,837,851	4,997,129
Addition	68,093	229,739	369,618	667,450
Disposal	(14,138)	(10,954)	-	(25,092)
Balance as at 31/03/2018	2,623,096	808,922	2,207,469	5,639,487
Accumulated Depreciation				
Balance as at 01/04/2017	1,771,168	543,001	957,002	3,271,171
Charge	176,784	74,938	180,003	431,725
Disposal	(14,138)	(10,953)	-	(25,091)
Balance as at 31/03/2018	1,933,814	606,986	1,137,005	3,677,805
Net Book Value				
Balance as at 31/03/2018	689,282	201,936	1,070,464	1,961,682
Balance as at 31/03/2017	797,973	47,136	880,849	1,725,958

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

16 Tangible Fixed Assets

Charity

	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
Cost	£	£	£	£
Balance at 01/04/2017	1,766,631	541,246	1,558,675	3,866,552
Addition	13,979	226,439	369,667	610,085
Disposal	-	(10,952)	-	(10,952)
Balance as at 31/03/2018	1,780,610	756,733	1,928,342	4,465,685
Accumulated Depreciation				
Balance at 01/04/2017	1,333,458	499,352	705,494	2,538,304
Charge	99,990	71,291	173,357	344,638
Disposal	-	(10,953)	-	(10,953)
Balance as at 31/03/2018	1,433,448	559,690	878,851	2,871,989
Net Book Value				
Balance as at 31/03/2018	347,162	197,043	1,049,491	1,593,696
Balance as at 31/03/2017	433,173	41,894	853,181	1,328,248

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 6.

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 £75,000.

18 Stock

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Retail stock	392,079	342,466	-	-
Bottled water	151,846	159,168	-	-
	543,925	501,634	-	-

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

19 Debtors	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Trade debtors	982,343	657,277	624,892	251,163
Other debtors	1,466,841	6,024,957	846,762	2,046,962
Prepayments and accrued income	263,762	178,150	199,979	92,358
Deferred tax	70,000	-	-	-
	2,782,946	6,860,384	1,671,633	2,390,483

20 Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Trade creditors	1,355,209	912,525	1,128,024	636,222
Other creditors and accruals	4,278,854	5,366,042	682,423	550,955
Deferred income (see note 21)	459,948	491,101	459,948	395,045
VAT	271,696	175,519	-	-
Social security costs	132,114	108,318	-	-
Corporation tax	-	-	-	-
	6,497,821	7,053,505	2,270,395	1,582,222

21 Deferred income

Deferred income comprises advanced ticket sales and corporate event fees

	Group £	Charity £
Balance as at 1 April 2017	491,101	395,045
Amount released to income earned from charitable activities	(491,101)	(395,045)
Amount deferred in year for advanced ticket sales	45,770	45,770
Amount deferred in year in relation to events	414,178	414,178
Balance as at 31 March 2018	459,948	459,948

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

22 Financial instruments	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
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Financial assets

Financial assets that are debt instruments measured at amortised cost

8,822,745	7,459,259	6,575,524	2,657,112
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Financial liabilities

Financial liabilities measured at amortised cost

6,497,821	7,053,505	2,270,395	1,582,222
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Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by related parties, accrued income and other debtors.

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

23 Analysis of charitable funds

Analysis of movements in unrestricted funds

	1 April 2017 £	Income £	Expenditure £	Transfers £	31 March 2018 £
General fund	234,469	13,120,795	(12,476,029)	(3,052)	876,183
Designated funds	4,238,813	1,661,098	(784,489)	-	5,115,422
Total	4,473,282	14,781,893	(13,260,518)	(3,052)	5,991,605

Analysis of movements in unrestricted funds - previous year

	1 April 2016 £	Income £	Expenditure £	Transfers £	31 March 2017 £
General fund	77,225	3,987,246	(3,830,002)	-	234,469
Designated funds	-	4,238,813	-	-	4,238,813
Total	77,225	8,226,059	(3,830,002)	-	4,473,282

Name of unrestricted fund	Description, nature and purposes of the fund
General fund	The 'free reserves' after allowing for all designated funds.
Designated funds	Designated fund for the £40m. vital restoration work planned for the next ten years and £45m endowment portfolio.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

23 Analysis of charitable funds (continued)

Analysis of movements in restricted funds

	1 April 2017 £	Income £	Expenditure £	Transfers £	31 March 2018 £
World Heritage Site Management	3,254	(3,000)	(985)	731	-
Blenheim Foundation Restoration	-	226,000	(228,321)	2,321	-
Higher Level Stewardship	-	110,000	(25,559)	-	84,441
Maintenance Fund distribution	-	380,000	-	-	380,000
Park planting	-	3,024	-	-	3,024
Total	3,254	716,024	(254,865)	3,052	467,465

Analysis of movements in restricted funds - previous year

	1 April 2016	Income	Expenditure	Transfers	31 March 2017
World Heritage Site Management	-	13,000	(9,746)	-	3,254
Blenheim Foundation Restoration	-	96,500	(96,500)	-	-
Higher Level Stewardship	-	200,125	(200,125)	-	-
Total	-	309,625	(306,371)	-	3,254

Name of restricted fund	Description, nature and purposes of the fund
• World Heritage Site Management	Conservation of the land and Palace grounds
• Blenheim Foundation Restoration	Blenheim Foundation Restoration Projects
• Higher Level Stewardship	Conservation of the land and Palace grounds
• Maintenance Fund distribution	Restoration and conservation of the Palace
• Park planting	Tree planting within Management Plan

24 Analysis of group net assets between funds

	General Fund £	Designated Funds £	Restricted Funds £	Total £
Tangible fixed assets	1,961,682	-	-	1,961,682
Intangible fixed assets	1,551,038	-	-	1,551,038
Investments	77,500	-	-	77,500
Cash at bank and in hand	924,377	5,115,422	-	6,039,799
Other net current assets/(liabilities)	(3,638,414)	-	467,465	(3,170,949)
Total	876,183	5,115,422	467,465	6,459,070

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

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

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Net movement in funds	1,982,534	4,399,311	3,359,513	3,050,236
Add back amortisation charge	214,652	278,886	136,173	34,043
Add back depreciation charge	431,725	99,448	344,638	74,460
Decrease (increase) in stock	(42,291)	(501,634)	-	-
Decrease (increase) in debtors	4,077,438	(6,781,719)	718,850	(2,311,818)
Increase (decrease) in creditors	114,799	8,552,065	688,173	1,580,782
First year consolidation of intangible assets	-	(2,044,576)	-	(680,866)
First year consolidation of tangible fixed assets	-	(1,787,202)	-	-
Intercompany transfer of tangible fixed assets	-	-	-	(1,399,153)
Intercompany transfer of investments	-	(77,500)	-	(77,500)
Net cash used in operating activities	6,778,857	2,137,079	5,247,347	270,184

26 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 £387,757 (2017: £91,205).

Contributions totalling £38,857 (2017: £37,978) were payable to the fund at the reporting period.

The wholly owned subsidiary operates a Defined Benefit Pension Scheme.

A full actuarial valuation was carried out as at 31 March 2018 and 31 March 2017.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
At the beginning of the year	(7,790,000)	(6,861,000)
Interest cost	(192,000)	(230,000)
Actuarial gains/(losses)	164,000	(913,000)
Benefits paid	223,000	214,000
At the end of the year	(7,595,000)	(7,790,000)

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018

(continued)

26 Pension commitments (continued)

Reconciliation of present value of plan assets:	2018	2017
	£	£
At the beginning of the year	7,790,000	6,861,000
Return on assets excluding interest income	62,000	791,000
Interest income	192,000	230,000
Contributions	60,000	60,000
Benefits paid	(223,000)	(214,000)
Previously unrecognised surplus deducted	(286,000)	62,000
At the end of the year	7,595,000	7,790,000

Composition of plan assets:	2018	2017
	£	£
Equities	6,976,000	4,381,000
Bonds	1,267,000	1,514,000
Property and cash	51,000	2,308,000
Total plan assets	8,294,000	8,203,000

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.

	2018	2017
	£	£
Present value of plan assets	7,595,000	7,790,000
Present value of plan liabilities	(7,595,000)	(7,790,000)
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:	2018	2017
	£	£
Opening fair value of scheme assets	8,203,000	7,336,000
Return on assets excluding interest income	62,000	791,000
Interest income	192,000	230,000
Contributions by employer	60,000	60,000
Benefits paid	(223,000)	(214,000)
	8,294,000	8,203,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £NIL (2017 - £NIL).

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

26 Pension commitments (continued)

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

	2018	2017
	£	£
	%	%
Discount rate	2.6	2.5
Future pension increases	3	3
Mortality rates	1	1
RPI assumption	3.4	3.5
CPI assumption	2.4	2.5

Amounts for the current and previous period are as follows:

	2018	2017
	£	£
Defined benefit obligation	(7,595,000)	(7,790,000)
Unrecognised past service cost	8,294,000	8,203,000
Unrecognised surplus	699,000	413,000

27 Post balance sheet events

At 31 March 2018, the Charity has a residual interest in one estate which was excluded from legacy accrued income in line with policy. On 21/05/2018, the Charity paid £4.7m in order to protect Heritage assets in situ at Blenheim Palace. The Trustees are confident that this payment will secure a future highly significant uplift in the net asset base of the Charity as well as significantly enhancing the heritage value of Blenheim Palace. Net asset value cannot yet be quantified but will be worth more than the payments made. No restrictions were placed on the funds used to make payment.

Blenheim Palace Heritage Foundation

Notes to the Financial Statements for year ending 31 March 2018 (continued)

28 Figure 1: Full year comparison (unaudited)

The visitor business was given to the charity on 01/01/2017 therefore the 2017 comparative only includes three months of activity within the consolidated results of the charity. Activity for nine months from 01/04/2016-31/12/2017 sits in Blenheim Visitors Limited, before it became a wholly owned subsidiary of the charity on 01/01/2017.

These 2017 comparatives in these accounts only show three months of consolidated activity. This note shows the full year comparison if it were a full year consolidation of activity

	Mar-18 £	Mar-17 £
Admissions income	7,686,760	6,683,631
Other trading income	5,204,148	5,166,313
Restoration funding	733,174	866,562
Blenheim supporting limited donation - designated restoration	1,871,098	4,238,813
Other operating income	2,737	2,411
Total income including donations	15,497,917	16,957,730
Cost of sales	(2,894,711)	(2,808,581)
Restoration, repairs and maintenance	(2,242,974)	(1,978,523)
Administration costs	(7,945,925)	(7,484,965)
Interest payable	(431,773)	(343,985)
Total expenses excluding tax	(13,515,383)	(12,616,054)
Total net incoming resources before tax	1,982,534	4,341,676
Corporation tax	-	(70,339)
Total net incoming resources after tax	1,982,534	4,271,337
Reconciliation to the SOFA:		
Total net incoming resources after tax (above)	1,982,534	4,271,337
Add:		
Blenheim Visitors Limited consolidated reserves b/f (transferred to the charity on becoming wholly owned subsidiary)	-	127,974
Total net incoming resources	1,982,534	4,399,311