



ENGLISH  
HERITAGE

2012

**ANNUAL REPORT  
AND ACCOUNTS**

2013

# ENGLISH HERITAGE ANNUAL REPORT AND ACCOUNTS

Presented to Parliament pursuant to Paragraph 13(4)  
of Schedule 3 to the National Heritage Act 1983.

Ordered by the House of Commons to be printed on  
10 July 2013.

# 2012/2013

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ISBN: 9780102983067

Printed in the UK for The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID 2555938 07/13

Printed on paper containing 100% recycled fibre content.

Product code: 51823

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# Introduction

Heritage has been in the public spotlight over the past year. During the Olympics and Paralympics and the celebration of the Queen's Golden Jubilee, images of England's heritage were beamed around the world. The torch procession lit up our history from Stonehenge to Hadrian's Wall and the opening ceremony showed how much we owe to our industrial heritage. As 2013 progresses we continue to celebrate the centenary of the 1913 Ancient Monuments Act, giving us a special opportunity to capture the national imagination whilst recognising the anniversary of the protection of heritage as we know it.

While we are confident of public support for English Heritage's work, we have also had major challenges, not least the wettest of summers and the gloomiest of economic climates. Just as we completed the restructuring resulting from the 32% cut in our Grant in Aid arising from the 2010 Spending Review, we received a further 2% cut as a result of the Autumn Statement and Budget. Nevertheless, we have been able to continue the vital but sometimes less visible work English Heritage does in areas like Lancaster and Stoke, and from Boston to Berwick, celebrated in a new publication in our Constructive Conservation series, *Sustainable Growth for Historic Places*. They are all conservation-led projects where English Heritage's positive and constructive approach to managing change has enabled the historic buildings to be kept in use.

We succeeded in generating a higher proportion of our income than ever before through commercial activities, despite a drop in visitor numbers. However, this has not been sufficient to enable us to increase what we spend on conservation of the National Heritage Collection and as a consequence, the bill to deal with the priority conservation defects at our sites continues to increase. This remains a major priority for the future.

So much good work has been accomplished this year against the odds, as well as contending with major changes in English Heritage itself. English Heritage's staff have responded with professionalism and generosity. None of what we have achieved this year could have been achieved without the inspiring, engaging and expert work of English Heritage staff in supporting England's heritage.



**Baroness Andrews OBE**  
Chair

# Chief Executive's Report

For a number of reasons, 2012/13 was a momentous year for English Heritage. Last July, work to realise the long-held vision to return Stonehenge to a more tranquil setting and improve its visitor facilities started. The restoration of the landscape, together with new exhibition galleries, will finally give our greatest and most famous monument the treatment it deserves. That same month, athlete Michael Johnson raised aloft the Olympic torch in front of the ancient stones for all the world to see. English Heritage's Chair praised the impact of the Olympics on heritage in an Olympic legacy debate in January, promising that English Heritage would be taking advantage of the culture of volunteerism seen throughout the event.

This year is the centenary of the Ancient Monuments Act of 1913, a landmark moment for both England's heritage and English Heritage, as the origins of our functions stretch back to the Act. In January, we unveiled a programme to mark this important anniversary at London's youngest Grade I listed building, Lloyd's, in the City of London. A key part of the programme, the BBC television series, *Heritage! The Battle for Britain's Past*, was broadcast in March to great acclaim.

We received a further cut to our Grant in Aid in the Autumn Statement, just after we had concluded our extensive restructuring and another following the Budget in March. You can read more about the change to the focus of our new National Planning and Conservation Department on the next page. While the total cut of 2% is substantial, the steps we have taken to reduce non-pay expenditure obviate the need for further structural change and should result in a balanced budget in 2013/14.

## National Heritage Protection Plan

The National Heritage Protection Plan (NHPP) continues to gain momentum, with more than 300 projects underway and increasing high-level recognition. In November Ed Vaizey MP, Minister for Culture, Communications and Creative Industries, described the Plan as "effectively the business plan for the historic environment". It plays a critical role in the new approach to listing introduced in November, which places greater emphasis on strategic designations arising out of the NHPP. Key partners including the Church of England, the Society for the Protection of Ancient Buildings, the Institute for Archaeologists, the Institute of Historic Building Conservation, the Federation of Archaeological Managers and Employers, and the Council for British Archaeology are all now developing their own NHPP action plans, ensuring the Plan will become a sector-wide venture.

Through the priorities identified in the Plan we are deepening our links with the Arts and Humanities Research Council. Nine Collaborative Doctoral Partnerships promoting research into key areas of the NHPP will run between October 2013 and October 2018 in partnership with a range of universities.

The quality of our own applied research and expertise continues to be second to none. Laser scanning of the stones at Stonehenge has provided wholly new insights into the monument. Our Gathering Time project on radiocarbon dates has allowed us to dramatically re-write the story of the establishment of farming in Britain and its published report won Best Archaeological Book in the 2012 British Archaeological Awards. A grant of €2.54 million from the European Research Council to Cardiff University and English Heritage will build on this work nationally and in Europe. Equally innovative was our Carscapes project that has redefined thinking about the heritage of the motor car in England and its impact on townscapes and the wider landscape. This work resulted in an extremely well-received book, published on our behalf by Yale University Press, as well as 13 important new listings.

A significant designation project this year involved working with Network Rail and their advisers in advance of the electrification of the Great Western Main Line. Every railway structure and building along the London to Bristol line was assessed and a statement of significance prepared. This resulted in 38 new listings, the upgrading of seven existing listings and four amendments, and provided Network Rail with certainty as to their heritage status.

We have completed our guidance on the assessment of heritage assets for national designation and published a well-received set of 45 Selection Guides on topics ranging from battlefields to modern

# Chief Executive's Report

housing. The number of users of the National Heritage List for England has increased sharply. Visits have nearly doubled this year to just under 600,000.

On 5 December English Heritage launched a new online resource which explores how changing attitudes to disability over the past thousand years can be mapped through historic buildings. Visitors to the Disability in Time and Place site ([english-heritage.org.uk/disabilityhistory](http://english-heritage.org.uk/disabilityhistory)) are able to explore this fascinating relationship with new research and interpretation of building information available on the National Heritage List for England, alongside photography from the English Heritage Archive and testimony from disabled people.

To complement this web resource, English Heritage has updated and improved its popular guidance on accessibility in historic buildings, bringing it into line with the spirit of the Equality Act 2010.

In other publications news, the Survey of London published its 48th volume this year, an authoritative account of the built heritage of Woolwich. The joint English Heritage, British Property Federation and Royal Institution of Chartered Surveyors' publication, *Heritage Works*, a toolkit for the use of historic buildings in regeneration, has been updated. The financial year ended with the publication of *Constructive Conservation: Sustainable Growth for Historic Places*, the fifth in our series illustrating 'Constructive Conservation' in practice. Its 36 case studies illustrate the different ways in which conservation-led schemes can help to deliver economic benefits.

On 1 November the new structure for our National Planning and Conservation Department came into effect, comprising nine local offices and a central directors' office. Each local office now has three teams: Development Management, to add value to the decision-making process in the historic environment through our expertise, national perspective and strategic engagement; Heritage at Risk, to lead and facilitate projects that reduce risks to significant heritage assets through effective targeting of our resources; and Historic Places, to work with local communities to get the best out of heritage assets and to enhance local areas. In addition, English Heritage's technical conservation teams moved into the department, bringing their expertise closer to the delivery teams.

Our experts have been monitoring the condition of the unique theatre and canteen buildings at the Harperley Prisoner of War Camp in County Durham. A very rare surviving example of a Second World War Prisoner of War Camp which was used by both German and Italian Prisoners of War, Harperley is the only scheduled monument of its kind in England. By next year we expect to have completed nearly £400,000 worth of urgent conservation repair works to protect these important buildings from further deterioration.

English Heritage gave grants this year worth £19.57 million. One offer was for £574,000 for repairs to and the reinstatement of the roof at Pentney Priory Gatehouse in Norfolk, a long-standing scheduled monument at risk. The work will see the Gatehouse come off the *Heritage at Risk Register* and allow it to be used once more. The majority of our grants go to private owners, a lifeline because until earlier this year they were not eligible for Heritage Lottery funding. One such grant has gone to dairy farmers in Derbyshire delighted to have the 17th century tower house Stydd Hall on their modest farm. No other sources of funding would support a case like theirs so our grant of £149,000 for urgent repairs will secure the future of the building and allow public access. Another significant rescue is the work being done at Middleport Pottery in Burslem, Stoke on Trent, where we have offered £657,000 towards comprehensive repairs to this still-functioning ceramics factory, now in charitable ownership.

We have placed greater emphasis this year on industrial heritage – it was the focus of the *Heritage at Risk Register* in 2011 – so English Heritage is pleased to support the Industrial Heritage Support Officer role being hosted by Ironbridge Museums. The support officer will work with several preserved industrial sites across England to help them secure their monuments and buildings for the future. Funding for war memorials has been secured and increased through an agreement with the Wolfson Foundation. Available funding for the jointly-funded grant scheme, administered by the War Memorials Trust, is doubling to £200,000 per year for the next two years, starting in April 2013.

# Chief Executive's Report

In 2011 English Heritage commenced its Heritage Crime Programme to cultivate awareness of the effects of crime on the historic environment and to improve prevention and enforcement. This year the programme really started to bear fruit: heritage crime has had frequent media coverage and an increasing number of local and police authorities recognise it as part of their work. There have also been a string of high-profile convictions, including an individual fined for causing extensive damage to the Priddy Circles in Somerset, one of England's most important Neolithic ceremonial complexes, and custodial sentences totalling over 20 years for a gang involved in stealing lead from churches across the East Midlands.

Economic vitality is key to heritage conservation and heritage makes an important contribution to the economy. This was the first year of operation of the National Planning Policy Framework (NPPF) that defines sustainable development and thereby sets out how heritage conservation should be achieved in a vibrant economy. So far most decisions appear to recognise the balanced nature of the definition, but the effects of the policy have yet to be fully understood. We have been working with the Historic Environment Forum, whose members include owners and those with business interests, on guidance to support the NPPF so that its operation is as consistent and effective as it can be.

Efficient management of heritage assets is vital to their successful conservation as well as good for the economy. We were therefore delighted to see reforms to the heritage protection system that we had long promoted finally pass through Parliament. Heritage partnership agreements, certificates of lawful proposed works, local and national class consent orders, more precise listed building entries and merging conservation area consent into planning permission will all make heritage protection better by allowing effort to be focused on what really matters.

We published an Improvement Plan for Planning Services this year to ensure our involvement in planning decisions is as helpful and transparent as possible. We will be reporting performance against the Plan annually.

Unfortunately not all decisions strike the right balance between sustainable development objectives and this year we felt obliged to challenge a Planning Inspector's decision on a wind farm in East Northamptonshire affecting the Elizabethan manor of Lyveden New Bield. We were pleased that the judge agreed with our view that the decision lacked proper consideration for the heritage impact.

## National Heritage Collection

The 2012 season was a difficult one due to the poor weather, the second wettest on record. English Heritage properties are predominantly outdoor attractions, so suffer particularly badly. Visitors to our staffed sites fell this year from 5.5 million to 5.1 million. While disappointing, our expanded winter events programme has gone a long way to mitigate the effects of the dismal summer. We held 541 event days in 2012. Our member events programme ran at 86% capacity compared to 49% in 2011/12 and included 150 free tours compared to 105 the previous year.

During 2012 we refreshed the English Heritage consumer brand which defines what we offer at the over 400 historic buildings, monuments, sites and collections in our care. Under the new brand positioning, 'Step into England's Story', we hope to achieve greater differentiation and prominence in the market to inspire and engage large numbers of existing and potential visitors and supporters.

Paintings from the National Heritage Collection toured American museums this year for the first time. While Kenwood House has been closed for conservation and re-presentation, 50 masterpieces from the Iveagh Bequest, including major works by Gainsborough, Rembrandt, Turner and Van Dyck, have been on display at the major art museums in New York, Houston, Milwaukee and Seattle. The tour has generated £203,000 for the Caring for Kenwood project and has been exceptionally well received. Kenwood House will reopen in the autumn.

In June 2012 we launched the Britain from Above website ([britainfromabove.org.uk](http://britainfromabove.org.uk)), making 25,000 images from the Aerofilms Collection freely available to the public following a programme of



# Chief Executive's Report

preservation work. Community events and workshops to support new users in getting online have proved popular, with over 25,000 users registered so that they can zoom in to the images and add their own content. By the end of March, the site had received over 575,000 unique visits and over 10.5 million page views. Supported by the Heritage Lottery Fund and the Foyle Foundation, further images will be added from the Collection as they are conserved and digitised.

In 2012/13 English Heritage secured £5.4 million through fundraising, including major gifts for the Caring for Kenwood and Childhood at Osborne projects. This year's legacy income of £3.2 million was the highest raised since we began legacy fundraising in 2002.

The number of people regularly volunteering with us rose to 1,026, a 23.6% increase on the previous year. Volunteers are contributing to the Stonehenge Environmental Improvements Programme, constructing the replica Neolithic houses which will form a key component of the visitor experience. The estimated value of time provided by volunteers in 2012/13 was £440,000.

The Stonehenge Environmental Improvements Programme is the largest capital project ever undertaken by English Heritage. It also represents our largest fundraising campaign which has provided over 70% of the £27 million programme cost and includes significant contributions from the Heritage Lottery Fund, the Garfield Weston Foundation, the Linbury Trust and the Wolfson Foundation.

We completed smaller but important projects this year at Osborne Bay on the Isle of Wight, where Queen Victoria's private beach was opened to visitors for the first time and at Wrest Park in Bedfordshire, where the former dairy was opened as a sculpture gallery and the parterre restored.

The National Heritage Collection presents huge conservation and maintenance challenges. Our conservation budget has been frozen for a decade, resulting in a £64 million repair bill – the sum needed to address the urgent and priority 1 and 2 works as identified by our Asset Management Plan.

## Improving our service and efficiency

A cost saving in the region of £300,000 per annum has been achieved by giving up Isambard House in Swindon. All our Swindon staff are now under one roof in the adjacent Engine House.

We have continued our efforts to counter fraud and bolster our internal processes this year. The Counter Fraud Strategy introduced last year has been rolled out, the fraud response plan refreshed and fraud guidance issued. Fraud awareness has increased, demonstrated by several potential frauds being prevented by staff vigilance with no losses incurred.

English Heritage conducted an all-staff survey in autumn 2012. Overall, the results were positive and consistent with the previous survey held in 2010, with high scores for satisfaction and engagement. This was particularly pleasing given the major restructuring and redundancy programme we have had to undergo. The survey also indicated that interventions taken in response to previous surveys have had a positive impact. At a more detailed level, responses varied depending on length of service and grade level. Consequently, the varied actions to address these findings have been determined and are being pursued mainly at a departmental level.



**Dr Simon Thurley**  
Chief Executive

# Management Agreement Progress Report

Management Agreement Priorities	Progress
<p>Promote sustainable development</p>	<p>The National Planning Policy Framework (the NPPF) sets out the definition of sustainable development. We have published briefing on the decision-making and plan-making implications of the NPPF. We held 11 free training events around the country promoting its use, attracting around 600 participants from the private and public sector. We created an e-learning package for it that has received over 2,600 visits.</p> <p>We have worked with the Department for Communities and Local Government (CLG) and those bodies interested in and affected by heritage conservation in drawing up practitioner guidance to support the implementation of the NPPF. This work continues.</p> <p>English Heritage has supported the Department for Culture, Media and Sport (DCMS) and CLG in the genesis of the heritage protection reforms in the Enterprise and Regulatory Reform Act 2013 (the ERR Act) that provide better, more efficient heritage protection. We will be supporting the implementation of those reforms, which cover:</p> <ul style="list-style-type: none"> <li>• better defined designation;</li> <li>• heritage partnership agreements;</li> <li>• replacement of conservation area consent with planning permission;</li> <li>• certificates of lawful works;</li> <li>• making certificates of immunity from listing more readily available; and</li> <li>• local and national class consent orders.</li> </ul> <p>We are working to a plan agreed with the Department for Business, Innovation and Skills to improve our contribution to timely and clear planning decisions.</p> <p>The National Planning and Conservation Department has completed the restructuring of its services to ensure it can best facilitate sustainable development, taking account of neighbourhood planning, the NPPF, the new opportunities presented by the ERR Act, changes in public service resources and the economic climate.</p> <p>We have provided advice and guidance to communities who are taking advantage of the neighbourhood planning powers now available to them on how best to achieve sustainable development outcomes.</p> <p>We continue to provide efficient and cogent casework advice, engaging in pre-application advice wherever possible. We deliver training to heritage and planning professionals, elected members and wider audiences in the private, public and voluntary sectors to help ensure good decisions are made when managing change to the historic environment.</p>

# Management Agreement Progress Report

Management Agreement Priorities	
<p>Focus activities in areas where English Heritage provides a distinctive service and reduce any areas of overlap with other bodies</p>	<p>The Heritage Lottery Fund (HLF) launched its Grants for Places of Worship programme (GPOW) in December 2012. The new programme is fully funded and administered by HLF with technical advice supplied by English Heritage architects and surveyors. GPOW replaces the joint EH/HLF Repair Grants for Places of Worship scheme which had run since 2002. English Heritage will continue to administer the remaining grant offers under that scheme until they are completed, in line with a Service Level Agreement signed in January 2012.</p> <p>The National Planning and Conservation Department has examined the needs of the historic environment, the functions of other bodies that may satisfy those needs and the most efficient way in which English Heritage can continue to provide a distinctive and necessary service in light of changes in the planning framework and public sector resources. Restructuring to best facilitate that role is now complete.</p> <p>The National Heritage Protection Plan (NHPP) has now completed its first two years of operation. The discrete activities under the Plan and progress reports against them are all now detailed online, inviting feedback and engagement. The independently chaired advisory board continues to provide sounding and assistance with the Plan's development. A number of partner organisations are developing action plans to support the NHPP as it begins to realise its potential as a sector-wide initiative.</p> <p>Having carried out an assessment of local authority capacity to manage the historic environment, English Heritage is now engaged with the Local Government Association on new service delivery models to deliver better outcomes.</p> <p>English Heritage continues to grant-fund the Heritage Open Days following its transfer to a consortium of the National Trust, Heritage Alliance and Civic Voice. The current funding arrangement expires in March 2015. English Heritage has met them to discuss their thinking about future business models. They are actively looking at alternative options.</p>
<p>Total funding for planning advice, grants for heritage at risk and the conservation and maintenance of sites in English Heritage's care are protected and have a cut of no more than 15% in real terms</p>	<p>English Heritage's savings plan for the SR10 period is on track to achieve this target as against the 2010/11 budget baseline. However the next two years will be challenging.</p>
<p>Administration is cut by 50% in real terms by the end of the Spending Round period</p>	<p>Administration spend is within the control total set out in English Heritage's Grant in Aid allocation letter.</p>

# Management Agreement Progress Report

Management Agreement Priorities	Progress
Self-generated income is increased	The ratio of charitable giving to Grant in Aid rose from 17.5% to 27.1% this year. The ratio of earned income to Grant in Aid rose from 29.7% to 34.7% and earned income rose from £52.1m to £53.4m. This was below forecast due to the extraordinarily wet summer that adversely affected visitor numbers for many tourist attraction businesses. If visitor numbers are restored to normal levels in the coming year, income growth is expected to improve accordingly.
English Heritage works in partnership on philanthropy to help reinforce the financial resilience of the sector and to strengthen its own fundraising capacity	English Heritage has provided support to The Heritage Alliance to help the sector nurture philanthropic giving. Unrestricted philanthropic income (not project-related) has increased this year to £3.8m from £1.4m in 2011/12. Project-related philanthropic income requirements for the year have been exceeded by £350,000. English Heritage is supported in its fundraising by the work of the English Heritage Foundation, an independent charity.
Continued financial contribution to the joint research and survey programme (CASE and Taking Part)	English Heritage continues to contribute to these programmes from its Grant in Aid.
Assist DCMS in its implementation of the Penfold recommendations and increase the efficiency of the designation system	As mentioned above, English Heritage supported the implementation of many of these reforms in the ERR Act 2013. English Heritage has a training programme prepared to assist with their implementation and will support Government in the regulations and guidance needed to complete the relevant processes. We continue to work on non-statutory reforms, such as new methods of dealing with heritage at risk. A designation strategy for focusing resources on the heritage assets most at risk has been agreed with DCMS and is being implemented.
Agree and implement a plan to increase the financial sustainability of the National Collection	Despite worse than expected commercial performance at our historic sites this year due to the extraordinary long period of wet weather, we remain confident that we will reach our targets for increased operating surplus (excluding maintenance costs) and overall deficit reduction (including maintenance costs) by 2015. However, there are insufficient resources to address the priority conservation defects in the fabric of the historic sites in the National Heritage Collection and the scale of the deficit is increasing year-on-year. Discussions with Government continue on how to address the long-term sustainability of the business model.

# Management Agreement Progress Report

Key Areas of Activity Relating to Other Government Departments	Progress
CLG: the ongoing reform of the planning and heritage protection system, regeneration and the provision of new housing in historic areas as well as community and local government issues.	English Heritage has actively engaged with the Department in pursuing more efficient means of achieving heritage protection through sustainable development. We have worked together on the reforms under the ERR Act 2013, the guidance supporting the NPPF and the many other proposed changes to the planning regime as relevant.
Defra: the emerging Rural Development Programme and the contribution of rural heritage to the sustainability of rural communities, economic development and tourism. Also, issues around climate change, including the National Adaptation Plan, flooding and coastal erosion risk management.	English Heritage has signed a Memorandum of Understanding with the Department describing roles and ways of working over the coming years, including our shared priorities (currently the contribution that heritage can make to tourism and economic growth in rural areas and supporting the aims of the National Heritage Protection Plan). We have been fully involved in Defra's RDPE Programme Monitoring Committee and the ongoing ex-ante evaluation (via the RDP Working Group), and are contributing to the development of the next Rural Development Programme (from 2015 onwards) and the New Environmental Land Management Scheme due to be launched in 2016. In parallel with ongoing work on the National Adaptation Plan, English Heritage's Historic Environment Intelligence team and our new Climate Change Network are also reviewing our reporting on adaptation under the Climate Change Act 2008.

Management Agreement Key Performance Measures	2012/13	2011/12
<b>4.1 Key Performance Indicators</b>		
<b>English Heritage will contribute to DCMS's indicators on philanthropy:</b>		
Total amount of charitable giving (donations and sponsorship) to English Heritage	£27.5m	£21.5m
Ratio of charitable giving to Grant in Aid for English Heritage	27.13%	17.5%
<b>4.2 Additional Performance Indicators</b>		
<b>Promoting Sustainable Development:</b>		
Number and percentage of sites removed each year from the baseline 2011 <i>Heritage at Risk Register</i> for positive reasons	341 (6%)	297 (6.5%)
Number of proposals advised upon pre-application	2,968	N/A
Number of people trained in the application of the National Planning Policy Framework to sustainable development in the historic environment	600	N/A
Number of English Heritage guidance notes revised to take account of the National Planning Policy Framework	2	N/A
Percentage of requests for EH advice processed within agreed deadlines	96%	94.7%
<b>Net surplus from opening the National Heritage Collection to the public</b>	<b>£3.5m</b>	<b>£5.20m</b>
<b>Number of volunteers</b>	<b>1,026</b>	<b>830</b>

# Key Performance Indicators

<b>Aim 1 – Identify and Protect our Most Important Heritage</b>		<b>2012/13</b>	<b>2011/12</b>
CKPI 01	Number of new designations	<b>455</b>	495
CKPI 02	Percentage of designation outcomes that are reactive/ strategic	<b>64% reactive/ 36% strategic</b>	63% reactive/ 37% strategic
CKPI 03	Number of new list descriptions for existing designated assets	<b>263</b>	991
CKPI 04	Number of requests for English Heritage advice processed	<b>20,434</b>	20,358
CKPI 05	Percentage of requests for English Heritage advice processed within the agreed deadline	<b>96%</b>	94.7%
CKPI 06	Percentage spend on priority defects	<b>37.8%</b>	29.3%
CKPI 07	Total number of heritage assets on the <i>Heritage at Risk Register</i>	<b>5,831</b>	5,657
CKPI 08	Value of grants given	<b>£19.57m</b>	£31.37m

<b>Aim 2 – Champion England’s Heritage</b>		<b>2012/13</b>	<b>2011/12</b>
CKPI 09	Stakeholder survey	<b>N/A<sup>1</sup></b>	No survey data

<sup>1</sup> A survey was conducted in 2012 ([english-heritage.org.uk/stakeholderresearch](http://english-heritage.org.uk/stakeholderresearch)) but there was no single overarching statistic. We hope to develop one for the future.

<b>Aim 3 – Support Owners, Local Authorities and Voluntary Organisations to look after England’s Heritage</b>		<b>2012/13</b>	<b>2011/12</b>
CKPI 10	Number of users of English Heritage online resources	<b>12.02m</b>	9.94m
CKPI 11	Number of people trained	<b>2,685</b>	1,136 (estimated)
CKPI 12	Number of unique visitors to the HELM website <sup>2</sup>	<b>175,595 page views from 64,715 visitors</b>	203,547 page views from 76,734 visitors
CKPI 13	Number of pieces of advice and guidance published online	<b>52</b>	76

<sup>2</sup> The 2011/12 figure has been revised because this data is now calculated in a different, far more reliable way. The HELM website is now managed as part of the main English Heritage website so this KPI is to be discontinued and replaced by another that monitors the number of page views of the professional section of the English Heritage website.

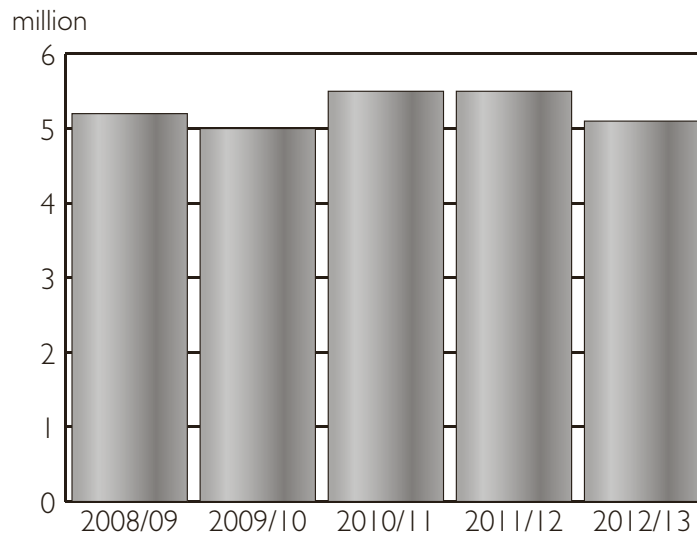
# Key Performance Indicators

<b>Aim 4 – Help People Appreciate and Enjoy England’s National Story</b>		<b>2012/13</b>	<b>2011/12</b>
CKPI 14	Number of visitors to staffed sites	<b>5.10m</b>	5.53m (restated)
CKPI 15	Number of educational visits to historic properties, collections and tailored learning activities and resources	<b>624,698</b>	637,984
CKPI 16	Number of volunteers	<b>1,026</b>	830
CKPI 17	Number of members	<b>1.16m</b>	1.12m
CKPI 18	Visitor experience (out of 10)	<b>8.9</b>	8.8
CKPI 19	Net surplus from opening the National Heritage Collection to the public	<b>£3.5m</b>	£5.2m

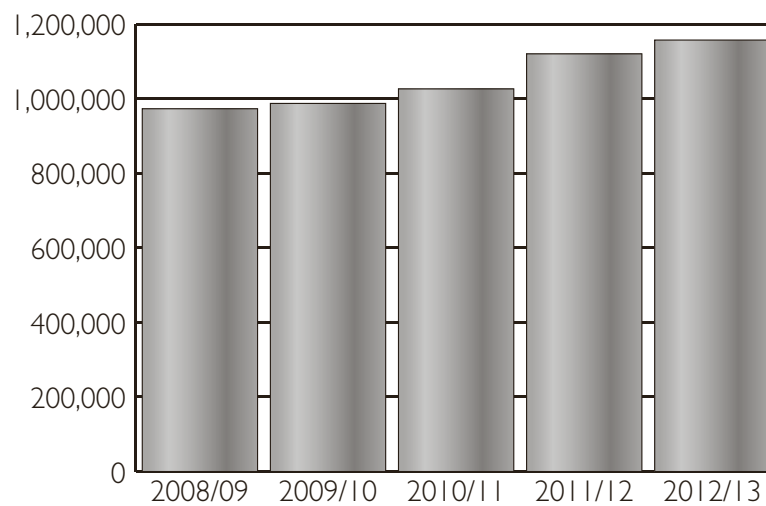
<b>Aim 5 – Achieve Excellence, Openness and Efficiency in all we do</b>		<b>2012/13</b>	<b>2011/12</b>
CKPI 20	Amount raised through fundraising by English Heritage Development Department	<b>£5.4m</b>	£7.92m
CKPI 21	Earned income as a proportion of total income	<b>34.7%</b>	29.7%
CKPI 22	Ratio of charitable giving to Grant in Aid	<b>27.13%</b>	17.5%
CKPI 23	Amount of Grant in Aid to the National Heritage Collection	<b>£19.6m</b>	£20.84m

# The Year in Numbers

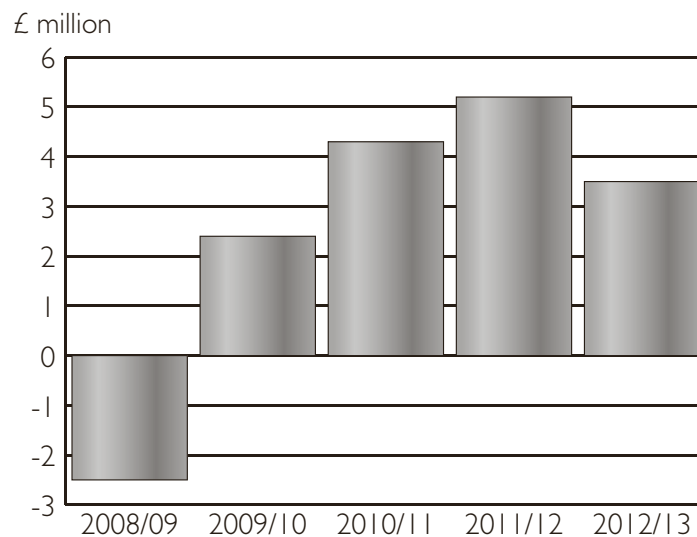
## Visitors to Staffed Properties



## Members



## Net Surplus from Opening the National Heritage Collection to the Public

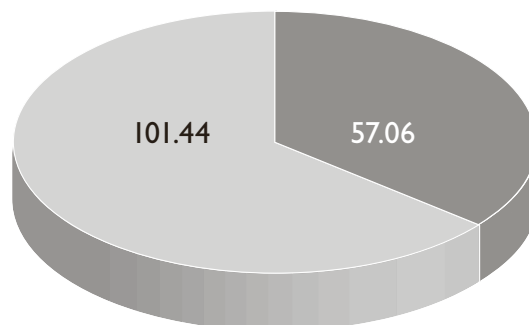




# The Year in Numbers

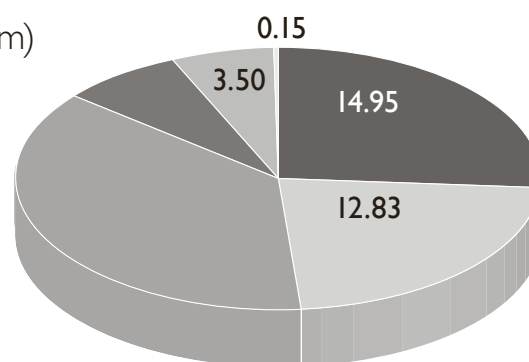
## Total Income and Grant in Aid (£m)

■ Total Non-GIA Income	57.06
■ Grant in Aid	101.44
<b>Total</b>	<b><u>158.50</u></b>



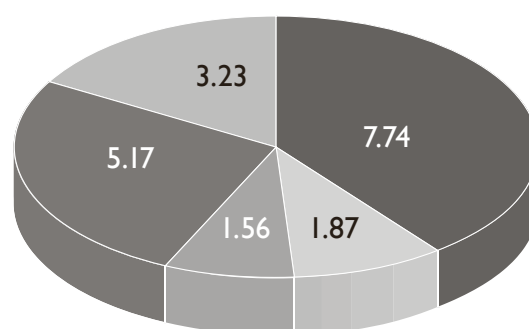
## Earned, Operating and Investment Income (£m)

■ Admission Income	14.95
■ Retail and Catering Income	12.83
■ Membership Income	21.21
■ Other Earned Income	4.42
■ Donations, Grants and Other Operating Income	3.50
■ Interest	0.15
<b>Total</b>	<b><u>57.06</u></b>



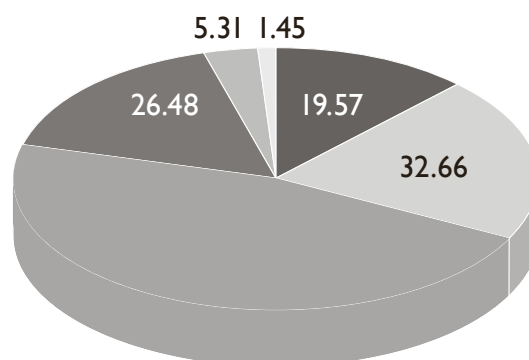
## Grant Expenditure (£m)

■ Buildings and Monuments	7.74
■ Conservation Areas	1.87
■ Other Places of Worship	1.56
■ Historic Environment	5.17
■ Other	3.23
<b>Total</b>	<b><u>19.57</u></b>



## Total Expenditure (£m)

■ Grants	19.57
■ Heritage Protection & Planning	32.66
■ National Collections	74.22
■ Corporate & Support Services	26.48
■ Depreciation & Amortisation	5.31
■ Restructuring	1.45
<b>Total</b>	<b><u>159.69</u></b>



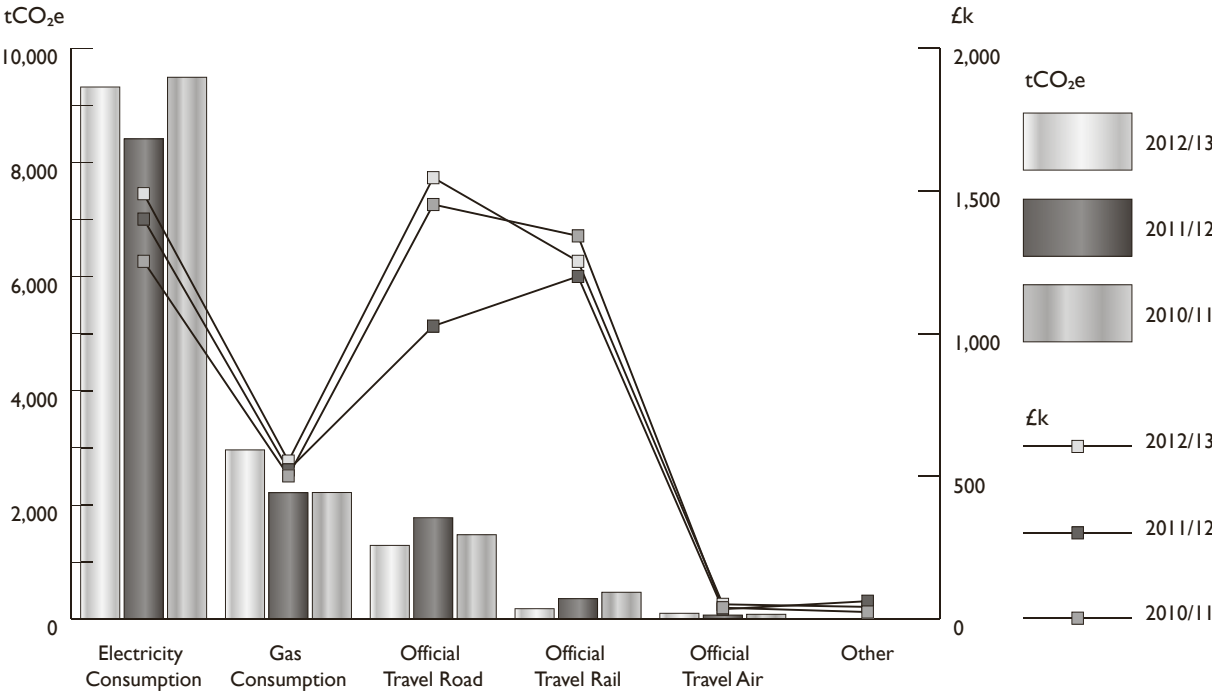
# Sustainability Report

## Greenhouse Gas Emissions

	2012/2013	2011/2012 <sup>2</sup>	2010/2011 <sup>2</sup>
<b>Non-Financial Indicators (tCO<sub>2</sub>e: tonnes of CO<sub>2</sub> equivalent)<sup>1</sup></b>			
Total Gross Emissions for Scopes 1 & 2	10,839	10,456	11,267
Total Net Emissions for Scopes 1 & 2 (i.e. less reductions – e.g. green tariffs)	10,839	10,456	11,267
Gross Emissions Scope 3 Business Travel	1,594	2,220	2,047
Other Scope 3 Emissions Measured	1,450	1,362	1,451
<b>Related Energy Consumption (kWh: kilowatthour)</b>			
Electricity: Non-Renewable	15,807,451	15,602,043	15,386,767
Electricity: Renewable	-	-	-
Gas	8,908,677	7,966,231	10,917,724
LPG	262,184	173,320	209,028
Other	3,482,639	2,927,507	3,102,075
<b>Financial Indicators</b>			
Expenditure on Energy	£2,045k	£1,925k	£1,756k
CRC License Expenditure (2010 onwards)	£0k	£0k	£0k
CRC Income from Recycling Payments	£0k	£0k	£0k
Expenditure on Accredited Offsets (e.g. GCOF)	£0k	£0k	£0k
Expenditure on Official Business Travel	£2,896k	£2,326k	£2,861k

- 1 The scopes and conversion rates are set out in the 2012 Guidelines to Defra/DECC's Greenhouse Gas Protocol *Conversion Factors for Company Reporting*.
- 2 The data for 2010/11 and 2011/12 has been restated following a reconciliation to take account of an adjustment to conversion factors calculations for data associated with electricity, gas and business travel.

### Greenhouse Gas Emissions in Tonnes and by Cost



The majority of data used to produce the Greenhouse Gas Emissions (GHG) is real data but, where it has not been possible to collect this, estimations have been extrapolated from the actual data.

The installation of smart meters across all energy types continues to prove a success in providing English Heritage with a mechanism for controlling and managing energy usage. This is and will be vital to counter rising costs associated with price increases. The slight increase in GHG this year can be attributed to the harsh winter.

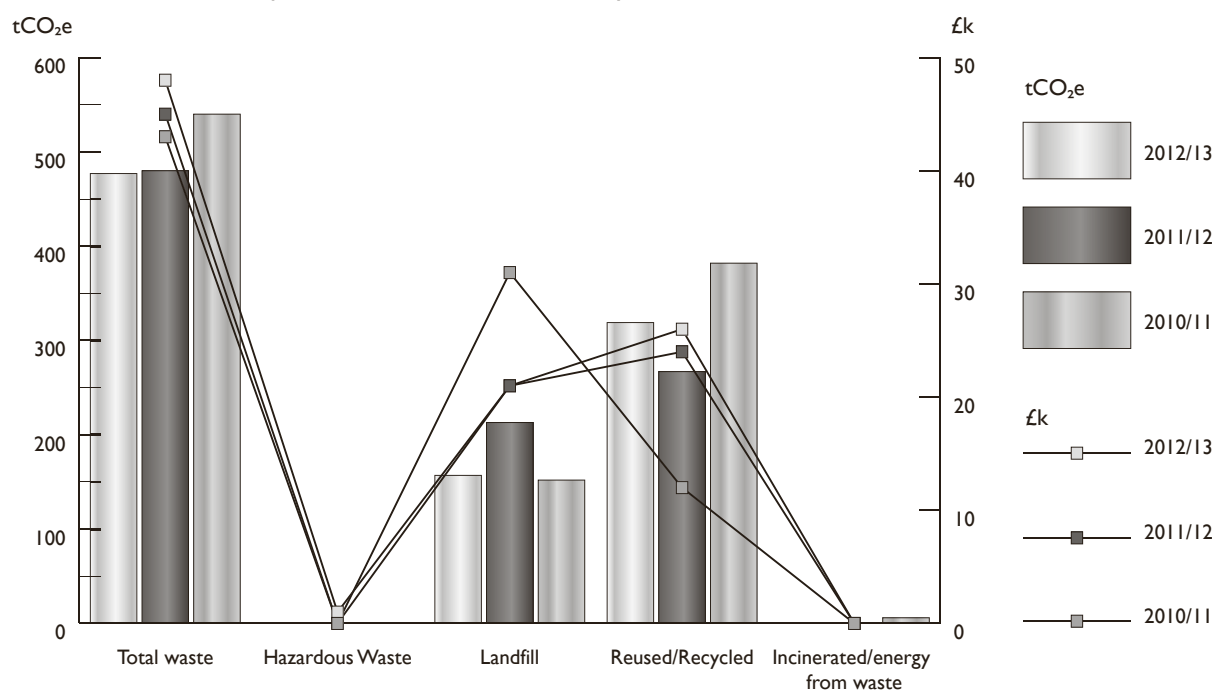
As a result of English Heritage's major restructuring, the emissions associated with business travel have remained low and in some instances reduced. Unfortunately this reduction is not reflected in expenditure; the costs have increased as a result of higher fuel costs.

# Sustainability Report

## Waste

		2012/2013	2011/2012	2010/2011
Non-Financial Indicators (tonnes)				
Total waste		477	480	540
Hazardous waste	Total	1	0	0
	Landfill	157	213	152
Non hazardous waste	Reused/Recycled	319	267	382
	Incinerated/energy from waste	0	0	6
Financial Indicators				
Total disposal cost		£48k	£45k	£43k
Hazardous waste - Total disposal cost		£1k	£0k	£0k
Non hazardous waste - Total disposal cost	Landfill	£21k	£21k	£31k
	Reused/Recycled	£26k	£24k	£12k
	Incinerated/energy from waste	£0k	£0k	£0k

### Waste Volumes and Disposable Routes in Tonnes and by Cost



The volume of waste continues to drop, with a positive shift from landfill to recycling. This will be the final year which includes any specific information relating to construction industry waste due to changes in reporting regulations.

## Water - Finite Resource Consumption

		2012/2013	2011/2012	2010/2011
Non-Financial Indicators (m <sup>3</sup> )				
Water Consumption	Supplied	100,741	128,136	124,854
	Abstracted	0	0	0
Financial Indicators				
Water Supply Costs		£221k	£226k	£232k

Following the extension of the smart metering programme to include water, improved management information of water usage has contributed to a significant drop in water usage. Work will continue to identify excessive or erratic usage and leaks and will also enable us to benchmark consumption and target poor performance.

# Management Commentary

## Introduction

The Historic Buildings and Monuments Commission for England is a body corporate established on 1 April 1984 by the National Heritage Act 1983. It is an Executive Non-Departmental Public Body sponsored by the Department for Culture, Media and Sport (DCMS). 'English Heritage' is its common name. English Heritage is the Government's statutory adviser on the historic environment and our role is to help people understand, value, care for and enjoy England's historic environment. Our aims are set out in our Corporate Plan for 2011-15.

Our strategic direction is overseen by a board of up to 17 commissioners appointed by the Secretary of State for Culture, Media and Sport. The commission delegates operational management to a chief executive appointed by them. The chief executive also serves as accounting officer on behalf of DCMS. The chief executive is supported by an executive board comprising the executive directors of English Heritage's four operational groups: Heritage Protection and Planning, National Advice and Information, National Collections, and Resources.

This year English Heritage signed a Management Agreement with DCMS for the period 2012 to 2015. It replaces the Funding Agreement, setting out English Heritage's priorities and performance measures that, alongside our Corporate Plan, provide the context and framework for our work. Our 2012/13 progress against the Management Agreement starts on page six of this report. HM Treasury and the departments for Communities and Local Government (CLG) and the Environment, Food and Rural Affairs (Defra) are invited to attend twice-yearly review meetings with DCMS and English Heritage to ensure our work towards their priorities is recognised and understood. A Memorandum of Understanding between English Heritage and Defra was signed this year that describes roles and ways of working, including our shared priorities, to protect and enhance the natural and historic environment of England.

Our relationship with local authorities is very important. As part of our role as a statutory consultee in the planning system, we provide advice and guidance on planning applications, local and neighbourhood plans, policy statements and other public initiatives. We also provide training and advice for local authority members and officers, mainly through the Historic Environment Local Management ([helm.org.uk](http://helm.org.uk)) portal.

The heritage sector comprises some large organisations and hundreds of smaller voluntary and local groups as well as some commercial operators. Over 90 are members of The Heritage Alliance which administers the Historic Environment Forum, with funding from English Heritage. The Forum strengthens advocacy work and communications and co-ordinates initiatives such as the annual audit of the historic environment, *Heritage Counts*, on behalf of the sector.

## Trends and factors underlying English Heritage's performance during 2012/13

The year saw the completion of the major restructures necessitated by the cuts in English Heritage's revenue funding resulting from the 2010 Spending Review. This included a comprehensive restructure of our National Planning and Conservation Department. We reduced our grants budget by a further £6.2 million compared with the previous year, as a result of the 2010 Spending Review.

We were successful in attracting £5.4 million in third party funding to support our capital programme. In addition, despite the negative impact on our commercial activities of the very poor weather throughout the summer season causing a shortfall on income against forecast, we were able to manage spend accordingly and keep within budget overall.

2012/13 was the second year of the Government-imposed pay freeze. Aside from the impact on staff morale, the potential impact of uncompetitive pay rates on our ability to recruit is a cause of concern. This is being monitored carefully.

Pressure on budgets meant that again we had to hold spending on the conservation of the National Heritage Collection at existing levels. As a result, the rising bill for dealing with the priority conservation defects in our historic properties is a very serious and growing concern, both in terms of the direct impact on the condition of our sites and the potential longer term impact on the sites' attractiveness to visitors and members.

# Management Commentary

## Trends and factors likely to affect English Heritage's future performance

Two reductions totalling £1.8 million (2%) in our Grant in Aid allocation for 2013/14 were announced, first, following the Chancellor's Autumn Statement and then as a consequence of the March 2013 Budget. This will be managed via reductions in non-pay expenditure in areas such as IT developments, staff training and travel. In addition, we have again run our 'voluntary options' scheme internally. This gives staff the opportunity, with management agreement, to buy additional leave or move to reduced hours. Our Grant in Aid allocation for 2014/15 has also been reduced, by a total of £2.6 million. Decisions about how to address the budgetary gap arising from this will be taken during the coming year. The contributions we receive from our commercial activities - admissions, membership, retail and catering - and from fundraising become even more vital.

2013 is the centenary of the Ancient Monuments Act which established for the first time the State's duty to protect the physical remains of its history and which effectively established the National Heritage Collection. This important milestone will be marked with exhibitions, a book, a BBC Four series and with the completion of major capital projects at Kenwood House and Stonehenge. These events will bring English Heritage to the attention of new audiences and help generate the visitor numbers needed to support our activities.

On 26 June 2013, as part of the Spending Round Settlement for 2015/16, the Government announced that it will work with English Heritage to consult on establishing a charity to care for the National Heritage Collection on a self-financing basis, supported by a Government investment of £80 million. More details on these changes can be found on our website at [english-heritage.org.uk](http://english-heritage.org.uk).

## Chief Executive's Statement

I have a duty to report on certain of English Heritage's policies and progress. These are set out here.

**Equality:** In line with the Equality Act 2010, English Heritage will publish a single Equality Scheme later in the year covering our priorities for promoting equality in relation to all the protected characteristics. It replaces our previous disability and gender equality schemes and includes the results of the review of the English Heritage race equality strategy.

**Disability:** English Heritage aims to increase participation by people with disabilities. At the end of March 2013 self-reporting by the staff who responded identified that 2.1% have a disability and 97.9% declared that they do not. 7.2% did not provide the information. However, our anonymous staff survey carried out in 2012 indicated that 8.7% of our employees considered themselves to have a disability.

**Gender:** The English Heritage Gender Group monitors progress against an action plan each year. At the end of March 2013 the gender profile of English Heritage staff was 61.7% female and 38.3% male.

**Race:** The English Heritage Race Equality Action Group monitors progress against an action plan each year. At the end of March 2013 self-reporting by staff identified that 97.7% of those who responded are from White ethnic groups and 2.3% are from non-White groups. 4.5% did not provide the information.

**Sexual Orientation:** English Heritage recently started to ask staff about their sexual orientation so that our equality and diversity performance in relation to this characteristic can be monitored. Almost a third of employees have chosen to disclose this so far and of those, 5.9% identify themselves as gay, lesbian, bisexual or other, whilst 94.1% identify as heterosexual. Our anonymous staff survey carried out in 2012 indicated that around 7% of our employees are gay, lesbian, bisexual or other.

**Sickness absence:** The Average Working Days Lost (AWDL) per person for English Heritage is 4.0 for the financial year 2012/13 compared with 4.8 for 2011/12.

**Sustainability:** English Heritage's progress against its sustainability indicators can be found in the Sustainability Report that starts on page 14.

**Safety management:** In 2012/13 there were 477 reported accidents of which 38 were reportable to the Health and Safety Executive under statutory reporting regulations. This compares with a total of 482 of which 42 were statutorily reportable in the previous year.

# Management Commentary

**Biodiversity, National Parks and Areas of Outstanding Natural Beauty (AONB):** English Heritage has duties to promote National Park and AONB purposes and biodiversity. During 2012/13 we have continued work on the protected landscapes monitoring strategy project with Natural England and as mentioned in the introduction above, we signed a Memorandum of Understanding with Defra this year.

**Information and data security:** English Heritage's progress in this area is reported within the Governance Statement which starts on page 26 of this report.

## Open Government and Freedom of Information

English Heritage recognises the important role that access to information legislation (primarily the Freedom of Information Act 2000 and Environmental Information Regulations 2004) plays in serving the public interest by promoting open discussion of public affairs and enhancing accountability. English Heritage makes a large volume of information available via its website ([english-heritage.org.uk](http://english-heritage.org.uk)) including agendas and the public minutes and papers of Commission, Executive Board, advisory committees and panels. In line with best practice we also have an online Information Disclosure Log which contains summaries of all of the information requests we receive and a selection of the responses that we have provided to them. In 2012/13 we processed 422 requests for information under access to information legislation, a four percent increase on last year. The majority concerned designation casework, such as the consideration of buildings for listing, and planning related matters.



**Dr Simon Thurley**  
Chief Executive

# Directors' Report

## Background Information

'English Heritage' is the name of the consolidation of the Historic Buildings and Monuments Commission for England (HBMCE), English Heritage Trading Limited and the Iveagh Bequest. Further details of English Heritage's organisational structure and background are included in the Management Commentary in the Annual Report.

## Commissioners and Executive Board Members

The persons who served as Commissioners between 1 April 2012 and 18 June 2013 and details of Executive Board members are detailed in the Remuneration Report.

## Responsibilities of Commissioners

The key responsibilities of Commissioners are to ensure that the statutory responsibilities of English Heritage are undertaken; to provide expert advice and guidance on heritage matters; to establish the overall strategic direction of English Heritage; to oversee and monitor the planned performance against strategic objectives and targets; to ensure the highest standards of probity are used in the administration of funds and to maximise the economical, efficient and effective use of resources for the public good; to ensure the highest standards of corporate governance and to ensure the Commission acts within all statutory and regulatory requirements; to ensure, through the Chief Executive, that the Commission, as employer, acts in accordance with all relevant legislation and best practice; and to ensure that English Heritage conducts its dealings with the community in an open, responsive and accountable manner.

## Register of Interests

English Heritage maintains a record of declarations of interest made by Commissioners. A copy of the Register of Interests is available from the Commission Secretariat Manager, English Heritage, 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.

## Result for the Year

English Heritage received £101,437,000 (2012: £121,193,000) Grant in Aid funding from the Department for Culture, Media and Sport (note 29) to fund revenue spend and capital programmes. Other income totalled £57,056,000 (2012: £54,198,000) of which £53,405,000 (2012: £52,107,000) was earned income from commercial activities, with an increase in membership income in the year (note 2). Other operating income of £3,504,000 (2012: £1,861,000) increased in the year due to the receipt of lottery funding for two major improvement projects at Stonehenge and Kenwood House (note 3).

The net expenditure for the year ended 31 March 2013, after the transfer from the Development and Restricted Funds of £89,000 (2012: £775,000 transfer from the Development and Restricted Funds) and revenue to capital transfer of £1,825,000 (2012: £1,083,000), was £104,372,000 (2012: £118,727,000). The reduction in total expenditure resulted from the culmination of a restructuring programme with a resultant £2,562,000 reduction in payroll costs (note 13b), various other efficiency savings and the reduction of the grants programme by £11,807,000 from financial year 2011/12 (note 5).

The operating surplus achieved as a result of operating sites opening to the public and related activities was £3,500,000 (2012: £5,200,000).

## Post Balance Sheet Events

Post balance sheet events are disclosed in note 37. The Annual Report and Accounts were authorised for issue by the Accounting Officer on the date the Comptroller and Auditor General certified the accounts.

## Charitable Donations

English Heritage did not make any charitable donations exceeding £500 (2012: nil) during the financial year ended 31 March 2013.

# Directors' Report

## Communication with Employees

English Heritage recognises the importance of effective communication in order to keep all employees informed, motivated and engaged. The communication channels include regular management briefings on key initiatives, weekly staff updates, the corporate intranet, the English Heritage Staff Conference (held at Warwick University in July 2012) and presentations made to staff by the Chief Executive, which are also filmed and published on the intranet.

English Heritage works with three recognised trade unions to develop appropriate employment policies, procedures and terms and conditions for all employees. Twice a year, our Executive Board meet with representatives from the recognised trade unions at the full Whitley Council meeting which is chaired by the Chief Executive.

## Confederation of British Industry Better Payment Practice Code

English Heritage is a member of the Confederation of British Industry scheme and has established a payment policy which complies with the principles of the Confederation of British Industry Better Payment Practice Code. The code requires that invoices should be paid by their due date or within 30 days of receipt, whichever is later.

Invoices received but not paid at 31 March 2013 equated to 19 creditor days (2012: 14 days).

## Audit Arrangements

The Comptroller and Auditor General has been auditor of HBMCE since 1 April 2004 and English Heritage Trading Limited from 1 April 2008. Saffery Champness have been independent examiners of the Iveagh Bequest since 1997.

## Disclosure of Relevant Audit Information

As Accounting Officer, I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the National Audit Office is aware of that information. So far as I am aware, there is no relevant audit information of which the National Audit Office is unaware.



**Dr Simon Thurley**  
Chief Executive  
18 June 2013



# Remuneration Report

## Remuneration and Human Resources Committee

The objective of the Remuneration and Human Resources Committee is to review and advise on English Heritage's Human Resources Strategy to ensure that it is contributing effectively to the success of the organisation.

It is also the objective of the Committee to review the reward and remuneration of English Heritage's staff so as to:

- demonstrate that reward and remuneration is considered by a committee that has no personal interest in the outcome of its advice and that gives due regard to the interests of the public and the financial health of the organisation; and
- ensure that staff are fairly rewarded for their individual contributions to the organisation's overall performance within Department for Culture, Media and Sport and HM Treasury delegated limits.

In carrying out the above, the Committee provides advice and oversight external to English Heritage management, necessary to demonstrate public accountability.

The Committee is scheduled to meet at least three times each year. It comprises no fewer than five members, who are appointed by the Chair of Commission. At least three members must be Commissioners and one of these positions is taken by the Chair of the Commission. One of the other Commissioners chairs the Committee. The Chair of the Committee during 2012/13 was Professor Ronald Hutton.

## Executive Board Remuneration Policy

Other than the Chief Executive's which is determined by the Secretary of State, the remuneration of the Executive Board is determined by the Remuneration and Human Resources Committee. Pay ranges have been established for each post by reference to the relevant external market data and changes to base pay are considered annually by the Committee in that context.

## Executive Board Service Contracts

Executive Board members are employed on continuous contracts and are required to give three months' notice of termination of employment by resignation. The Chief Executive is also on a continuous contract and is required to give six months' notice of termination of employment by resignation. Early terminations of contract by English Heritage are dealt with in accordance with the rules of the Civil Service Compensation Scheme.

The only Executive Board members with a contractual performance related pay arrangement are the Chief Executive and the Director of Resources. Their remuneration reflects the achievement of specific performance targets and objectives and are a maximum of 20 per cent of basic salary for the Chief Executive and 10 per cent of basic salary for the Director of Resources. Performance related pay is non-consolidated and non-pensionable.

Following the end of each financial year the Remuneration and Human Resources Committee assesses the Chief Executive's and the Director of Resources' performance against their annual targets and objectives and determines any performance related pay award.

# Remuneration Report

## Emoluments of the Commissioners

	Emoluments	
	2013 £'000	2012 £'000
<b>The Chair of Commission</b>		
Baroness Andrews OBE	46	46
<b>Commissioners</b>		
Ms Lynda Addison OBE	8	6
Ms Maria Adebowale (term of appointment ended 31 August 2011)	-	2
Mrs Joyce Bridges CBE (term of appointment ended 31 August 2011)	-	4
Mr Manish Chande (term of appointment ended 31 August 2011)	-	2
Professor Sir Barry Cunliffe CBE	8	8
Mr Peter Draper (appointed 1 September 2011)	4	2
Mr David Fursdon	4	4
Professor Ronald Hutton	4	5
Ms Jane Kennedy	4	4
Vice Admiral Sir Tim Laurence KCVO CB ADC (appointed 1 September 2011)	4	2
Mr Martin Moore (appointed 1 September 2011)	4	2
Mr Graham Morrison (appointed 1 September 2011)	4	2
Mr John Walker CBE	4	4
Mr Chris Wilkinson OBE RA (term of appointment ended 8 July 2011)	-	1
Ms Elizabeth Williamson (term of appointment ended 31 August 2011)	-	2
Baroness Young of Hornsey OBE (appointed 1 September 2011)	4	2

Commissioners' emoluments wholly related to basic fees in respect of their duties as Commissioners and as members of Advisory Committees and Panels. No Commissioner received any performance related fees. This position is non-pensionable.

All current Commissioners have been appointed for fixed terms of four years, the appointments are non-pensionable. Commissioners' emoluments are set by the Department for Culture, Media and Sport.

## Advisory Committee and Panel Members

English Heritage has a number of Advisory Committees and Panels which report directly to Commission. Advisory Committee and Panel Members who were not Commissioners received emoluments of £4,000 in total during the year (2012: £4,000).

## Emoluments of the Executive Board

	Emoluments		Total accrued pension at age 60 <sup>1</sup> 2013 £'000	Total lump sum at age 60 <sup>1</sup> 2013 £'000	Real annual increase in pension 2013 £'000	Real annual increase in lump sum 2013 £'000	CETV		Real annual increase in CETV £'000
	2013 £'000	2012 £'000					2013 £'000	2012 £'000	
<b>Simon Thurley</b> Chief Executive	161	163	42	127	3	8	735	651	44
<b>Keith Harrison</b> Director of Resources	130	132	16	-	3	-	198	150	28
<b>Edward Impey</b> Director of Heritage Protection and Planning	112	112	20	-	2	-	301	252	30
<b>Deborah Lamb</b> Director of National Advice and Information	101	101	44	-	3	-	656	581	35
<b>Mark Pemberton<sup>2</sup></b> Director of National Collections	127	128	59	178	-	1	1,374	1,298	2

### Notes

1 Balances as at 31 March 2013.

2 Emoluments for 2011/12 included back pay of £1,000 relating to 2010/11.

# Remuneration Report

## Pay Multiples

	2013 £'000	2012 £'000
Highest paid director's total remuneration	161	163
Median total remuneration	19	20
Ratio	8.25	8.25

## Emoluments

Emoluments include gross salary, performance related awards and any other allowance to the extent that they are subject to UK taxation. This report is based on payments made by English Heritage and thus recorded in these accounts. No benefits in kind were paid during the year (2012: nil).

## Performance Related Awards

The Chief Executive was the highest paid employee. His total emoluments for the year of £161,000 (2012: £163,000) comprise basic salary of £136,000 (2012: £136,000) and a performance related award of £25,000 (2012: £27,000).

The Director of Resources' emoluments for the year of £130,000 (2012: £132,000) comprise basic salary of £120,000 (2012: £120,000) and a performance related award of £10,000 (2012: £12,000). The remaining Executive Board members were not eligible for a performance related award.

## Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest paid director in English Heritage in the financial year 2012/13 was £161,000 (2012: £163,000). This was 8.25 (2012: 8.25) times the median remuneration of the workforce, which was £19,457 (2012: £19,755). The median salary within English Heritage is relatively low due to the large number of part-time staff. Salaries also reflect a regional pay structure. There has been no movement on the basic salary of the highest paid director nor the ratio of the median total remuneration to the highest paid director from 2011/12 to 2012/13 due to the two years pay freeze which came into effect in 2011/12. In 2012/13, nil (2011/12: nil) employees received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Civil Service Pensions

Pension benefits are provided through the Civil Service Pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a final salary scheme (Classic, Premium or Classic Plus) or a whole career scheme (Nuvos). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with pensions increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary related and range between 1.5% and 3.9% of pensionable earnings for Classic and 3.5% and 5.9% for Premium, Classic Plus and Nuvos. Increases to employee contributions will apply from 1 April 2013. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from 1 October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable

# Remuneration Report

earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

Further details about the Civil Service Pension arrangements can be found at the website [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions).

Employer's contributions into the Principal Civil Service Pension Scheme (PCSPS) in respect of the above Executive Board totalled £145,000 (2012: £145,000).

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement, when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued by the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The emoluments section of the Remuneration Report is audited.



**Dr Simon Thurley**  
Chief Executive  
18 June 2013

# Statement of Commissioners' and Chief Executive's Responsibilities

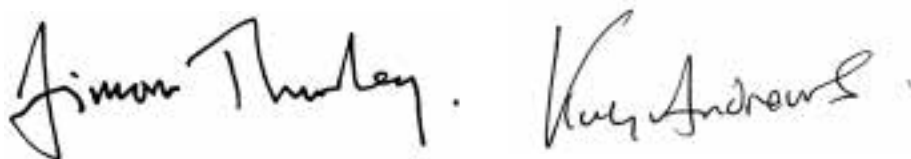
Under paragraph 12(2) of Schedule 3 of the National Heritage Act 1983, the Commissioners are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State with the consent of HM Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of English Heritage's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Commissioners are required to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures from these in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Commission will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport designated the Chief Executive of the Historic Buildings and Monuments Commission for England as the Accounting Officer for English Heritage. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out by HM Treasury and published in *Managing Public Money*.

A copy of the Accounts Direction is available from English Heritage, 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.



**Dr Simon Thurley**  
Chief Executive  
18 June 2013

**Baroness Andrews OBE**  
Chair  
18 June 2013

# Governance Statement

## Scope of Responsibilities

English Heritage is a part-publicly funded body with statutory purposes set out principally in the National Heritage Act 1983. It is classified by Government as a non-departmental public body. English Heritage has set out its corporate aims in a published plan for the period 2011-2015. It has a Management Agreement with Government that sets out a framework for the organisation's activities. It is governed by its Commission with a view to achieving its corporate and Management Agreement aims within its statutory purposes in a manner that is impartial, objective, efficient, open and accountable.

In particular, the governance arrangements seek to achieve legal and regulatory compliance, the highest standards of probity and ethics (including compliance with the 'Nolan principles'), proportionate risk management, compliance with Government policy and guidance on managing public money, information asset management and governance generally.

As Accounting Officer, I have responsibility for maintaining a sound system of governance whilst managing risks and safeguarding the public funds and departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in *Managing Public Money*.

## Governance Framework

Governance within English Heritage is exercised through:

- the Commission, the governing body comprising non-executive Commissioners as explained in the Directors' Report;
- an Executive Board, comprising four group directors and me, as the Accounting Officer. Each group director is personally accountable to me for the achievement of the aims and objectives of the organisation and the management of risks where the risks are wholly or partly the responsibility of their group. There are delegated authorities from the Chief Executive to group directors, and within each group, to make decisions and incur costs as specified in both the Management Agreement English Heritage has in place with DCMS and the Finance Manual; and
- the Audit and Risk Assurance Committee, which is an advisory committee of Commission with no executive authority. The name of the Committee was changed from Audit to Audit and Risk Assurance in May 2012. Terms of reference for the Committee stipulate a minimum of four members of whom at least one should be a Commissioner. For most of the year the Committee had three members, two of whom are Commissioners and one of these in the Chair, but towards the end of the year two new members were appointed, bringing the total up to five. All are appointed to the Committee by the Chair of Commission. The Committee's terms of reference include responsibility for advising on and monitoring the adequacy of risk management in English Heritage. The Committee receives half-yearly reports on corporate performance, including the management of risk and oversight of governance arrangements generally. The Committee carries out its work by testing and challenging the assurances I receive on the effectiveness of internal controls and risk management, the way in which these assurances are developed, and the management priorities on which they are based. The Committee may also seek contributions from others when it considers that its work can be enhanced by other specialist support. The Committee is also given the opportunity to comment on and challenge the assurances made in this statement. The Committee meets four times a year.

# Governance Statement

The membership of these boards is set out below with the attendance record for this year. Members have a broad range of experience in finance, risk management and governance generally. Details of individual experience can be found on the English Heritage website.

Commission	Meetings attended	Executive Board	Meetings attended	Audit and Risk Assurance Committee	Meetings attended
Baroness Andrews (Chair)	6/6	Dr Simon Thurley	15/15	Mitesh Dhanak	1/1
Lynda Addison	5/6	Keith Harrison	14/15	Simon Judge	1/1
Professor Sir Barry Cunliffe	5/6	Dr Edward Impey	14/15	Andy Karski	4/4
Peter Draper	6/6	Deborah Lamb	14/15	Martin Moore	4/4
David Fursdon	6/6	Mark Pemberton	15/15	John Walker	4/4
Professor Ronald Hutton	6/6				
Jane Kennedy	5/6				
Vice-Admiral Sir Tim Laurence	6/6				
Martin Moore	5/6				
Graham Morrison	5/6				
John Walker	6/6				
Baroness Young	5/6				

There are other advisory committees that advise staff and report to Commission: English Heritage Advisory Committee, London Advisory Committee, Designation Review Committee, Business Committee, Finance Committee and Remuneration and Human Resources Committee. Each has a distinct area of business and all except the Finance Committee have a mix of Commissioners and external expert advisers in their membership. Finance Committee is comprised wholly of Commissioners. In addition there are a number of advisory panels formed of external experts who advise staff on technical matters.

Declarations of potential conflicts of interest are sought from all Commissioners and members of Executive Board, the English Heritage Advisory Committee and the London Advisory Committee at least annually and a register maintained. Declarations are also sought at each meeting in relation to the business on the agenda of all the above boards, committees and panels. Where there is a material conflict the individual takes no part in the proceedings.

Accountability to Ministers is managed through the usual control mechanisms for Arm's Length Bodies. This year English Heritage has signed a Management Agreement with DCMS that replaces the previous Funding Agreement. English Heritage continues to report six-monthly on progress to a Management Agreement Monitoring Group comprising representatives of DCMS, the departments for Communities and Local Government and for the

# Governance Statement

Environment, Food and Rural Affairs and the Treasury. In addition I, as Accounting Officer, and the members of my Executive Board, have regular meetings with senior DCMS staff to discuss high level issues. Meetings with Ministers take place on specific issues as required.

## The Purpose of the System of Governance

The overriding purpose of our governance system is to maximise the potential of the organisation and its resources to achieve its aims and objectives.

The governance system is designed to manage performance and control risk to a reasonable level rather than to eliminate all risk of failure. Our approach is to identify and prioritise the risks to the achievement of our aims, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically.

## The Method of Governance

The system of governance has continued in place in English Heritage for the financial year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts. It accords with Treasury guidance, including the *Corporate Governance Code of Good Practice 2011* in so far as it is applicable to Arm's Length Bodies, save in relation to the Code's recommendation for a separate nominations committee. Commission's Remuneration and Human Resources Committee reviews and advises on the organisation's Human Resources strategy and oversees the remuneration of senior staff. Nominations to Commission are the responsibility of Government.

Commission has set aims for the organisation which were published in the Corporate Plan for 2011 to 2015. Executive Board has agreed corporate targets under each of the aims and has a number of key performance indicators that it uses to measure performance against the aims and targets. The Board also maintains a corporate risk register that helps the organisation to focus its resources on the most significant risks that it is facing.

An assessment of performance against aims, targets and risks is carried out by Executive Board and the Audit and Risk Assurance Committee at half-year and year-end meetings. The Audit and Risk Assurance Committee is robust in its scrutiny of performance and risk management and, when appropriate, will ask for further information on key targets and high risk issues. Commission reviews the year-end performance and risk reporting.

Responsibility for achieving corporate aims and targets and managing risk lies with Executive Board. The constituent group directors agree departmental targets and risks with each of their department directors that will achieve the corporate objectives. Department directors then delegate responsibility for delivering those departmental targets and controlling the risks to their staff as appropriate. Reports against those departmental targets and risks on a half-year cycle provide the information for Executive Board's review of overall corporate performance against the Corporate Plan and risk register.

Annual Letters of Assurance from group directors to me as Accounting Officer provide an additional level of comfort that risk is being properly managed throughout the organisation.

Responsibility for performance and risk management policy and coordination lies with the Governance and Legal Director who provides advice to Executive Board, particularly on the integrity of the corporate and departmental targets and risks when viewed in light of the Corporate Plan.

Our governance staff keep up-to-date with best practice in governance and risk management by attending appropriate courses and researching governance structures and risk management in comparable institutions.

English Heritage maintains a risk management policy based on a risk appetite for taking only carefully calculated risks, where the potential benefits are judged to outweigh any negative impact that may occur if the risks were to materialise. Risk has been defined as 'the threat or possibility that an action or event will adversely or beneficially affect the organisation's ability to achieve its objectives'.

## Monitoring the Effectiveness of Governance

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of governance. My review of the effectiveness is informed by: the work of the internal auditors; the advice of staff who have responsibility for the development and maintenance of the performance and risk management system; comments made by the



# Governance Statement

external auditors in their management letter and other reports; the assurances gained from an annual programme of internal audit reviews and advice which is agreed by me, Executive Board and the Audit and Risk Assurance Committee; the assurances provided to me by each Executive Board member in their regular reports to me and the Executive Board generally; the performance reporting that stems from departmental performance reports that capture performance against targets and in controlling risks; and assurances gained from the work of specific committees, including Finance Committee and the Safety Council.

The results from my ongoing review of effectiveness are discussed with Executive Board and the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee provides assurances based on these reports to Commission.

Performance management, including risk control, is an ongoing process and will continue to be integral to strategic and operational planning, and to the delivery of the objectives and targets set out in our Management Agreement and Corporate Plan. Performance management procedures and practice will also continue to be reviewed and developed in order to ensure effective control, good management and accountability.

## Corporate Governance this Year

At the year-end Commission and Executive Board undertook reviews of their effectiveness, looking at all relevant matters including:

- Commission and the Executive Board's own processes and practices;
- the views of the Audit and Risk Assurance Committee, internal audit and other means of assurance;
- the formal performance and risk reporting from line management and the knowledge of directors from day-to-day management;
- the quality of data provided to the Board;
- the business of Commission and its committees; and
- any other body's views or survey data that expressed a view on the performance of English Heritage.

Commission and the Executive Board both concluded that their operations had been satisfactory and that the data provided to them had been adequate for sound decision-making and risk management.

The following are highlights from the Board's review of its own reports and activities and those of Commission and its committees.

The Board reviewed the effectiveness of its performance and risk management and reporting system in light of an internal audit review. The Board was satisfied that it was providing them with the picture of performance that they needed.

The Board also reviewed its risk appetite and issued a statement to all staff setting out the degree of risk English Heritage should tolerate in given circumstances. The statement was positively received by the Audit and Risk Assurance Committee and by staff.

This year was the second of four years of cuts in our Grant in Aid from Government. Additional cuts for the next two years were announced as a result of the Autumn Statement and the Budget. English Heritage continued to restructure the business in order to meet these significant changes in available resources.

Almost all the restructuring necessary to deal with planned cuts in Grant in Aid to the end of 2014/15 is now complete, with no significant internal control or performance failures being apparent. However, the Board is very mindful that many staff are in new roles within new structures and with new priorities having been set. This has a potential impact on risk management so the control of areas such as health and safety are being monitored carefully.

The extraordinarily wet weather in the past year and the consequent drop in income compared with the forecast from our historic sites has proved a key risk to manage in-year. The Board is very mindful that as Grant in Aid decreases, unpredictable fluctuations in income, such as that from bad weather, will affect our finances to a greater degree. Increased flexibility in financial management and resilience to such external factors is increasingly important in our risk management strategies.

# Governance Statement

The National Heritage Protection Plan completed its second year of operation this year. It is a key means of controlling the risk of a loss of control through the changes in structure. The Plan sets the priorities for a large part of English Heritage's work. It optimises use of our resources by prioritising by risk and effectiveness the projects that English Heritage will take forward to achieve the protection of the historic environment. It is subject to external oversight by an expert committee of interested parties and reports publicly on progress. This transparency provides a healthy opportunity to others to challenge the usefulness and efficacy of work. It enables others to understand and build on our activities.

Achievement of our aims is to a large degree reliant on existing heritage protection law and policy. There have been significant changes in law and policy this year, including the heritage protection reforms under the Enterprise and Regulatory Reform Act and the implementation of the National Planning Policy Framework and the Localism Act. These key risks have been monitored very closely by Commission and Executive Board and their control has personally engaged a number of individuals from both.

Achievement of our aims also very largely relies on the work of others, such as the many charitable bodies that promote heritage conservation and the local authorities with statutory obligations to manage consent regimes that protect it. The impact of reduced wealth in the country generally is undoubtedly having a significant effect on these bodies and therefore on the objectives of English Heritage. The Board is very mindful of the challenge of ensuring that the programmes and activities it pursues and the way in which it manages its risks take this into account so as to mitigate this impact.

Our corporate targets assume a level of income generation growth. A key element of that growth depends on the opening of a new visitor centre for Stonehenge. This year we have commenced work on site and progress is good. Making the most of the opportunity presented by these new facilities is a key priority for Commission and the Board.

The general economic picture has not improved. The Board is very mindful of the continuing need to build resilience into its financial and work programming.

English Heritage has continued to make progress towards compliance with the mandatory requirements of the Security Policy Framework. An Electronic Communications Policy and a Clear Desk and Screen Policy were introduced this year. English Heritage has suffered no significant losses of protectively marked data during 2012/13 and has not had to make any report on the loss of personal protected information to the Information Commissioner's office. Likewise English Heritage did not experience any reportable fraud during 2012/13.

## Conclusion

There have again been considerable challenges for the staff and senior management of English Heritage this year. The governance regime provides me with adequate assurance that the organisation continues to optimise its use of resources in achieving its objectives, whilst controlling risks to an appropriate degree. I believe the governance regime is fit for its purpose. My fellow Executive Board members and the Commission support this view.



**Dr Simon Thurley**

Chief Executive  
18 June 2013

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements of the Historic Buildings and Monuments Commission for England (HBMCE) and English Heritage Trading Limited (known collectively as 'English Heritage') for the year ended 31 March 2013 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Comprehensive Net Expenditure; the Consolidated Statement of Financial Position; the HBMCE Statement of Financial Position; the Consolidated Statement of Cash Flows; the HBMCE Statement of Cash Flows; the Consolidated Statement of Changes in Taxpayers' Equity; the HBMCE Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective Responsibilities of the Commissioners, Chief Executive and Auditor

As explained more fully in the Statement of Commissioners' and Chief Executive's Responsibilities, the Commissioners and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1983. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to HBMCE's and English Heritage's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by HBMCE and English Heritage; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Historic Buildings and Monuments Commission for England's and English Heritage's affairs as at 31 March 2013 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

## Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983; and
- the information given in the Management Commentary, the Directors' Report, the Sustainability Report and the Key Performance Indicators included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Matters on Which I Report by Exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Amyas C E Morse**

Comptroller and Auditor General  
28 June 2013

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Consolidated Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2013

	Note	2012-2013 £'000	2011-2012 £'000
<b>Income</b>			
Earned Income	2	53,405	52,107
Other Operating Income	3	3,504	1,861
Investment Income	4	147	230
<b>Total Income</b>		<b>57,056</b>	54,198
<b>Expenditure</b>			
Grants	5	19,568	31,375
Heritage Protection and Planning	6	32,659	35,337
National Collections	7	74,216	70,366
Corporate and Support Services	8	26,484	26,783
Depreciation, Amortisation and Impairment		5,314	6,222
<b>Total Expenditure</b>		<b>158,241</b>	170,083
<b>Net Expenditure for the Financial Year Before Exceptional Items</b>		<b>(101,185)</b>	(115,885)
Restructuring	9	(1,451)	(2,534)
<b>Net Expenditure for the Financial Year After Exceptional Items</b>		<b>(102,636)</b>	(118,419)
Transfer from/(to) the Development and Restricted Funds	30	89	775
Transfer from Revenue to Capital		(1,825)	(1,083)
<b>Net Expenditure for the Financial Year</b>		<b>(104,372)</b>	(118,727)
<b>Other Comprehensive Expenditure</b>			
Net Expenditure for the Year		(104,372)	(118,727)
Net Gain on Revaluation of Property, Plant and Equipment, Intangible Assets and Heritage Assets		8,744	1,225
Non-Government Capital Grant Funding and Donations		1,478	2,855
Net (Loss)/Gain in Revaluation of Investments	35c	(28)	(8)
<b>Total Comprehensive Expenditure for the Financial Year</b>		<b>(94,178)</b>	(114,655)

# Consolidated Statement of Financial Position as at 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Non-Current Assets</b>			
Intangible Assets	15	2,549	1,378
Property, Plant & Equipment	16	78,933	67,211
Heritage Assets	17	25,367	22,551
Financial Assets	20b	-	-
<b>Total Non-Current Assets</b>		<b>106,849</b>	91,140
<b>Current Assets</b>			
Assets Classified as Held For Sale	21	1,454	832
Inventories	22	3,159	3,269
Trade and Other Receivables	23	13,733	10,983
Cash and Cash Equivalents	31	6,629	13,793
<b>Total Current Assets</b>		<b>24,975</b>	28,877
<b>Total Assets</b>		<b>131,824</b>	120,017
<b>Current Liabilities</b>			
Trade and Other Payables	26	(47,001)	(37,204)
Provisions	28	(678)	(840)
Obligations Under Finance Leases	25	(566)	(566)
<b>Total Current Liabilities</b>		<b>(48,245)</b>	(38,610)
<b>Total Assets Less Current Liabilities</b>		<b>83,579</b>	81,407
<b>Non-Current Liabilities</b>			
Other Payables	27	(3,329)	(3,150)
Provisions	28	(812)	(1,220)
Obligations Under Finance Leases	25	(6,869)	(6,887)
<b>Total Non-Current Liabilities</b>		<b>(11,010)</b>	(11,257)
<b>Total Assets Less Liabilities</b>		<b>72,569</b>	70,150
<b>Taxpayers' Equity</b>			
Revaluation Reserve	29	30,731	24,476
General Reserves	29	40,249	40,212
Development And Restricted Funds	30	1,589	5,022
Iveagh Bequest Capital Fund	20b, 35c	-	440
<b>Total Taxpayers' Equity</b>		<b>72,569</b>	70,150

The financial statements, which comprise the Statement of Comprehensive Net Expenditure, the Consolidated and HBMCE Statements of Financial Position, the Consolidated and HBMCE Statements of Cash Flows, the Consolidated and HBMCE Statements of Changes in Taxpayers' Equity and the related notes 1 to 37, were approved by the Commissioners of English Heritage and signed on their behalf on 18 June 2013 by:



Dr Simon Thurley  
Chief Executive  
18 June 2013



Baroness Andrews OBE  
Chair  
18 June 2013

# HBMCE Statement of Financial Position as at 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Non-Current Assets</b>			
Intangible Assets	15	2,549	1,378
Property, Plant & Equipment	16	78,933	67,211
Heritage Assets	17	25,367	22,551
Financial Assets	20a	2,028	2,028
<b>Total Non-Current Assets</b>		<b>108,877</b>	93,168
<b>Current Assets</b>			
Assets Classified as Held for Sale	21	1,454	392
Inventories	22	-	-
Trade and Other Receivables	23	15,861	12,246
Cash and Cash Equivalents	31	6,128	13,292
<b>Total Current Assets</b>		<b>23,443</b>	25,930
<b>Total Assets</b>		<b>132,320</b>	119,098
<b>Current Liabilities</b>			
Trade and Other Payables	26	(47,530)	(36,755)
Provisions	28	(678)	(840)
Obligations Under Finance Leases	25	(566)	(566)
<b>Total Current Liabilities</b>		<b>(48,774)</b>	(38,161)
<b>Total Assets Less Current Liabilities</b>		<b>83,546</b>	80,937
<b>Non-Current Liabilities</b>			
Other Payables	27	(3,296)	(3,120)
Provisions	28	(812)	(1,220)
Obligations Under Finance Leases	25	(6,869)	(6,887)
<b>Total Non-Current Liabilities</b>		<b>(10,977)</b>	(11,227)
<b>Total Assets Less Liabilities</b>		<b>72,569</b>	69,710
<b>Taxpayers' Equity</b>			
Revaluation Reserve	29	30,731	24,476
General Reserves	29	40,249	40,212
Development And Restricted Funds	30	1,589	5,022
<b>Total Taxpayers' Equity</b>		<b>72,569</b>	69,710

The financial statements, which comprise the Statement of Comprehensive Net Expenditure, the Consolidated and HBMCE Statements of Financial Position, the Consolidated and HBMCE Statements of Cash Flows, the Consolidated and HBMCE Statements of Changes in Taxpayers' Equity and the related notes 1 to 37, were approved by the Commissioners of English Heritage and signed on their behalf on 18 June 2013 by:



Dr Simon Thurley  
Chief Executive  
18 June 2013



Baroness Andrews OBE  
Chair  
18 June 2013

# Consolidated Statement of Cash Flows for the Year Ended 31 March 2013

	Note	2012-2013 £'000	2011-2012 £'000
<b>Cash Flows From Operating Activities</b>			
Net Expenditure after Interest		(102,636)	(118,419)
Investment Income	4	(147)	(230)
Depreciation and Amortisation		6,138	5,842
Impairments and Profits on Disposal of Property, Plant & Equipment		(1,164)	380
Release from Capital Reserves		(4,579)	453
Decrease/(Increase) in Inventories	22	110	(310)
Decrease/(Increase) in Trade and Other Receivables	23	(2,750)	237
(Decrease)/Increase in Trade and Other Payables		9,370	(2,666)
<b>Net Cash Outflow from Operating Activities</b>		<b>(95,658)</b>	(114,713)
<b>Cash Flows from Investing Activities</b>			
Interest Received		139	206
Dividends Received	35c	6	22
Purchase of Property, Plant & Equipment and Heritage Assets		(13,188)	(8,814)
Purchase of Intangible Assets		(661)	(433)
Proceeds/(Costs) on Disposal of Property, Plant & Equipment		761	-
<b>Net Cash Outflow from Investing Activities</b>		<b>(12,943)</b>	(9,019)
<b>Cash Flows from Financing Activities</b>			
Government Grant in Aid	29	101,437	121,193
<b>Net Cash Inflow from Financing Activities</b>		<b>101,437</b>	121,193
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(7,164)</b>	(2,539)
Cash and Cash Equivalents at the Beginning of the Year	31	13,793	16,332
<b>Cash and Cash Equivalents at the End of the Year</b>	31	<b>6,629</b>	13,793



# HBMCE Statement of Cash Flows for the Year Ended 31 March 2013

	Note	2012-2013 £'000	2011-2012 £'000
<b>Cash Flows from Operating Activities</b>			
Net Expenditure after Interest		(102,636)	(118,419)
Investment Income		(139)	(225)
Depreciation and Amortisation		6,138	5,842
Impairments and Profits on Disposal of Property, Plant & Equipment		(1,164)	380
Release from Capital Reserves		(4,579)	453
Decrease/(Increase) in Inventories	22	-	66
Decrease/(Increase) in Trade and Other Receivables	23	(3,615)	(84)
(Decrease)/Increase in Trade and Other Payables		10,345	(2,721)
<b>Net Cash Outflow from Operating Activities</b>		<b>(95,650)</b>	<b>(114,708)</b>
<b>Cash Flows from Investing Activities</b>			
Interest Received		131	201
Dividends Received	35c	6	22
Purchase of Property, Plant & Equipment and Heritage Assets		(13,188)	(8,814)
Purchase of Intangible Assets		(661)	(433)
Proceeds/(Costs) on Disposal of Property, Plant & Equipment		761	-
<b>Net Cash Outflow from Investing Activities</b>		<b>(12,951)</b>	<b>(9,024)</b>
<b>Cash Flows from Financing Activities</b>			
Government Grant in Aid	29	101,437	121,193
<b>Net Cash Inflow from Financing Activities</b>		<b>101,437</b>	<b>121,193</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(7,164)</b>	<b>(2,539)</b>
Cash and Cash Equivalents at the Beginning of the Year	31	13,292	15,831
<b>Cash and Cash Equivalents at the End of the Year</b>	31	<b>6,128</b>	<b>13,292</b>

# Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2013

	General Reserve £'000	Revaluation Reserve £'000	Development & Restricted Funds £'000 Note 30	Iveagh Bequest Capital Fund £'000 Note 35c	Total Reserves £'000
<b>Balance at 1 April 2011</b>	33,255	23,804	7,851	448	<b>65,358</b>
<b>Changes in Taxpayers' Equity for 2011/12</b>					
Net Gain on Revaluation of Non-Current Assets	335	1,927	-	-	<b>2,262</b>
Net Gain on Revaluation of Investments	-	-	-	(8)	<b>(8)</b>
Release of Reserves to Net Expenditure	11	(394)	-	-	<b>(383)</b>
Expenditure for the Year	(118,727)	-	(3,165)	-	<b>(121,892)</b>
Transfer Between Reserves	861	(861)	-	-	-
<b>Total Recognised Income and Expense for 2011/12</b>	<b>(84,265)</b>	<b>24,476</b>	<b>4,686</b>	<b>440</b>	<b>(54,663)</b>
Grant in Aid Received	121,193	-	-	-	<b>121,193</b>
Other Income	3,284	-	336	-	<b>3,620</b>
<b>Balance at 31 March 2012</b>	<b>40,212</b>	<b>24,476</b>	<b>5,022</b>	<b>440</b>	<b>70,150</b>
<b>Changes in Taxpayers' Equity for 2012/13</b>					
Net Gain on Revaluation of Non-Current Assets	1,356	8,302	-	-	<b>9,658</b>
Net Loss on Revaluation of Investments	-	-	-	(28)	<b>(28)</b>
Release of Reserves to Net Expenditure	-	-	-	-	-
Expenditure for the Year	(104,372)	-	(3,433)	(412)	<b>(108,217)</b>
Transfer Between Reserves	292	(292)	-	-	-
<b>Total Recognised Income and Expense for 2012/13</b>	<b>(62,512)</b>	<b>32,486</b>	<b>1,589</b>	<b>-</b>	<b>(28,437)</b>
Grant in Aid Received	101,437	-	-	-	<b>101,437</b>
Other Income/(Expenditure)	1,324	(1,755)	-	-	<b>(431)</b>
<b>Balance at 31 March 2013</b>	<b>40,249</b>	<b>30,731</b>	<b>1,589</b>	<b>-</b>	<b>72,569</b>

# HBMCE Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2013

	General Reserve £'000	Revaluation Reserve £'000	Development & Restricted Funds £'000 Note 30	Total Reserves £'000
<b>Balance at 1 April 2011</b>	33,255	23,804	7,851	<b>64,910</b>
<b>Changes in Taxpayers' Equity for 2011/12</b>				
Net Gain/(Loss) on Revaluation of Non-Current Assets	335	1,927	-	<b>2,262</b>
Release of Reserves to Net Expenditure	11	(394)	-	<b>(383)</b>
Expenditure for the Year	(118,727)	-	(3,165)	<b>(121,892)</b>
Transfer Between Reserves	861	(861)	-	-
<b>Total Recognised Income and Expense for 2011/12</b>	<b>(84,265)</b>	<b>24,476</b>	<b>4,686</b>	<b>(55,103)</b>
Grant in Aid Received	121,193	-	-	<b>121,193</b>
Other Income	3,284	-	336	<b>3,620</b>
<b>Balance at 31 March 2012</b>	<b>40,212</b>	<b>24,476</b>	<b>5,022</b>	<b>69,710</b>
<b>Changes in Taxpayers' Equity for 2012/13</b>				
Net Gain/(Loss) on Revaluation of Non-Current Assets	1,356	8,302	-	<b>9,658</b>
Release of Reserves to Net Expenditure	-	-	-	-
Expenditure for the Year	(104,372)	-	(3,433)	<b>(107,805)</b>
Transfer Between Reserves	292	(292)	-	-
<b>Total Recognised Income and Expense for 2012/13</b>	<b>(62,512)</b>	<b>32,486</b>	<b>1,589</b>	<b>(28,437)</b>
Grant in Aid Received	101,437	-	-	<b>101,437</b>
Other Income	1,324	(1,755)	-	<b>(431)</b>
<b>Balance at 31 March 2013</b>	<b>40,249</b>	<b>30,731</b>	<b>1,589</b>	<b>(72,569)</b>

# Notes to the Financial Statements

## I Statement of Accounting Policies

### a) Accounting Convention

The financial statements have been prepared in accordance with the 2012-2013 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of English Heritage for the purpose of giving a true and fair view has been selected. The particular policies adopted by English Heritage are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements have been prepared under the historical cost convention, modified for the revaluation of property, plant and machinery, IT equipment, furniture and fittings, intangible assets, heritage assets and inventories where material.

English Heritage Trading Limited, a subsidiary undertaking of HBMCE, continued trading throughout the year ended 31 March 2013. HBMCE is the Administrative Trustee of the Iveagh Bequest. Hence the financial statements include a consolidation of HBMCE, English Heritage Trading Limited and the Iveagh Bequest.

### b) Value Added Tax

Income is shown net of Value Added Tax. Expenditure is shown inclusive of any non-recoverable VAT incurred.

### c) Membership Income

Annual membership income is recognised in the Statement of Comprehensive Net Expenditure to match the benefit provided to the member. Income received that relates to benefits to be provided in the following year is treated as Deferred Income on the Statement of Financial Position. Life membership income is released to the Statement of Comprehensive Net Expenditure over 25 years.

### d) Admission, Retail and Other Earned Income

Admission, retail and other earned income is recognised when earned.

### e) Government Grant in Aid Receivable

Parliamentary grant is voted to meet English Heritage's cash payments falling due during the financial year. English Heritage accounts for its expenditure on an accruals basis, thus incurring liabilities during a year which may not need to be satisfied by cash payments until future financial years. Government Grant in Aid receivable is credited to the General Reserve (note 29).

English Heritage has a Management Agreement in place with the Department for Culture, Media and Sport which details Parliamentary grant receivable until financial year 2014-2015.

### f) Other Grants Receivable

Other grants receivable are recognised in the Statement of Comprehensive Net Expenditure when the conditions of the grant have been fulfilled and the grant is claimable. If such a grant is subject to a condition, the grant will be deferred until such time as the condition has been fulfilled.

### g) Grants Payable

Grants payable to individuals and bodies by English Heritage in accordance with its statutory powers and duties are accounted for when the grant recipient carries out the specific activity which forms the basis of entitlement. Grant offers made yet to become payable are quantified at note 32a.

Where grants have been offered but not paid, an accrual of grant owing is calculated based on the stage of completion of the works. For grant schemes where grants are payable in advance, an estimate of the prepayment made is calculated based on works not yet complete.

### h) Intangible Assets

Licences to use software purchased from third parties with a life of more than one year are shown on the Statement of Financial Position as Non-Current Intangible Assets and amortised over the life of the licence or the life of the related asset where there is no licence expiry date. Annual licences to use software are charged to the Statement of Comprehensive Net Expenditure as they are incurred.

# Notes to the Financial Statements

## I Statement of Accounting Policies

Systems development is capitalised and amortised over its useful economic life.

Expenditure on developing the English Heritage brand is charged to the Statement of Comprehensive Net Expenditure as it is incurred.

### i) Property, Plant and Equipment

#### *Operational Land & Buildings and Dwellings*

Land and buildings owned by, or in the guardianship of, English Heritage are treated as Non-Current Assets in accordance with the FReM and are classified as either:

- Pure heritage assets (non-operational heritage assets);
- Operational heritage assets; or
- Operational (non-heritage) assets, held within Property, Plant and Equipment.

The policy on heritage assets is disclosed at note 1j.

Operational heritage land and buildings, which, in addition to being held by English Heritage in pursuit of its overall objectives, are also used for revenue generating or other non-heritage purposes, are professionally valued and held on the Statement of Financial Position within Heritage Assets. The valuation method used depends upon the type of building, its use and any conditions attached to its disposal.

Operational (non-heritage) land and buildings are professionally valued and held on the Statement of Financial Position within Property, Plant and Equipment. The valuation method used depends upon the type of building, its use and any conditions attached to its disposal.

Mixed use buildings are classified according to the majority use. Classification and valuations of vacant properties are informed by the type of building and its intended future use.

With the exception of major refurbishments and items with a net book value of less than £50,000, all land and buildings held on the Statement of Financial Position are subject to a full professional valuation every five years. Major refurbishments are not valued as they are indistinguishable from the underlying asset. They are depreciated over a shorter useful economic life than the underlying asset. Assets with a value of less than £50,000 are revalued with reference to relevant indices published by the Building Cost Information Service as at 31 March. A full quinquennial revaluation was undertaken as at 31 March 2011 by professionally qualified internal valuers, and the following external valuers: Ash & Co, Bare Leaning and Bare, Bidwells, Brownhill Vickers, Carter Jonas, Edwin Thompson, Humberts Leisure, King Sturge, Kivells, Mildred Howells, Powis Hughes, RNJ Partnership, Turner and Holman, the Valuation Office Agency and Walton Goddland, in accordance with Royal Institution of Chartered Surveyors' guidance. Interim valuations were undertaken by Ash & Co and Turner and Holman during the financial year ended 31 March 2013.

The values of the land and buildings held as Non-Current Assets are reviewed annually using relevant indices published by the Building Cost Information Service as at 31 March. Any change in value is reflected in the relevant reserve.

Where possible, assets are valued at fair value. Where there is no available market information due to the specialised nature of the asset, depreciated replacement cost valuation is used.

Any unrealised gain on revaluation at the Statement of Financial Position date is taken directly to the Revaluation Reserve.

Unrealised losses at the date of the Statement of Financial Position are written off against the proportion of the credit balance on the reserve which relates to the assets concerned. Any other unrealised losses are charged to the Statement of Comprehensive Net Expenditure.

#### *Plant & Machinery, IT and Furniture & Fittings*

Plant and machinery, IT equipment, furniture and fittings are initially recorded in the Statement of Financial Position at cost. Subsequent expenditure is recorded on the Statement of Financial Position if the expenditure enhances the economic benefits of the asset.

These assets are reviewed annually to ensure that the carrying value remains appropriate. Revaluation and impairment adjustments are made where the adjustment is material.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### *Assets Under Construction*

Assets under construction comprise expenditure on the creation or enhancement of Non-Current Assets not brought into use at the Statement of Financial Position date. Transfers are made from assets under construction to the relevant category of Non-Current Asset when the asset is brought into use.

### j) **Heritage Assets**

English Heritage has two classes of heritage assets, which are held in pursuit of its overall objectives in relation to the enjoyment and preservation of heritage. The classes are accounted for as follows:

#### *Land and Buildings - Pure Heritage Assets (non-operational heritage assets) and Operational Heritage Assets*

English Heritage maintains over 550 pure heritage land and building assets at over 400 sites throughout England. English Heritage does not consider that reliable cost or valuation information can be obtained for the vast majority of items held as heritage land and buildings as, owing to the incomparable nature of many of the assets, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by English Heritage and the users of the accounts. English Heritage does not therefore recognise those assets on its Statement of Financial Position, other than recent acquisitions where a reliable valuation is possible. Expenditure on these assets, where it does not result in the creation of a new operational heritage asset, is charged to the Statement of Comprehensive Net Expenditure as it is incurred. All operational heritage assets are capitalised on the Statement of Financial Position in accordance with note Ii.

#### *Heritage Artefacts and Archives*

English Heritage maintains over 500,000 heritage artefacts in its collection and almost 12 million archive records in its archive. English Heritage does not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the artefacts collection and archives and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by English Heritage and the users of the accounts. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. English Heritage therefore does not recognise these assets on its Statement of Financial Position, other than those additions to collections and archives acquired after 1 April 2001 and recognised as per previous requirements of the Government Financial Reporting Manual. These items are recognised at cost or, where donated, at current market value. Expenditure which, in English Heritage's view, is required to preserve or clearly prevent further deterioration of individual collection and archive items is recognised in the Statement of Comprehensive Net Expenditure as it is incurred.

Further information on the acquisition, disposal, management and preservation of English Heritage's heritage assets is given in notes 17, 18 and 19.

### k) **Donated Assets**

Assets donated by third parties, either by gift of the asset or by way of funds for the asset, will be treated as Non-Current Assets and held at current value on receipt.

Donated assets are revalued in the same way as other Non-Current Assets.

### l) **Depreciation and Amortisation**

Depreciation is provided on property, plant and machinery, IT equipment, furniture and fittings (excluding land and assets under construction) and amortisation is provided on software licences and systems development, in equal amounts each year in order to write down their cost to their estimated residual value over their anticipated useful economic lives. These are as follows:

#### *Intangible Assets*

Software licences	4-10 years
Systems development	4-10 years

Purchased goodwill and intangible assets under construction are not amortised. Purchased goodwill is subject to an annual impairment review.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### *Tangible Assets*

Non-heritage buildings and gardens

- Dwellings	50 years
- Other permanent or brick/stone buildings	50 years
- Non brick/stone visitor centres, shops, museums, exhibition buildings	25-40 years
- Other non brick/stone structures	20 years
- Paths, car parks, playgrounds	20-25 years
- Gardens	50 years

Refurbishments

- Shop/café/holiday cottage refurbishment, infrastructure	10-20 years
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Plant and machinery

IT, furniture and fittings

Assets held under finance leases are depreciated over the term of the relevant lease.

When considering anticipated useful economic lives, regard is given to the IAS 16 requirement to identify assets which have distinct major components with substantially different useful economic lives. Where such assets are identified, separate useful economic lives for component assets are considered.

Operational heritage and pure heritage buildings and historic artefacts and archives are not depreciated, as they are deemed to have indefinite lives.

### **m) Financial Assets**

Non-Current Financial Assets, other than those in subsidiary undertakings are held at fair value. Any unrealised gain at the Statement of Financial Position date is taken directly to reserves.

Unrealised losses at the Statement of Financial Position date are written off against the proportion of credit balance on the Capital Fund which relates to the investment concerned. Any other unrealised losses are charged to the Statement of Comprehensive Net Expenditure.

Investments in subsidiary undertakings are held at cost.

Current Financial Assets consist of funds other than Cash and Cash Equivalents held on deposit for a period of between three and six months, in accordance with English Heritage's treasury policy.

### **n) Non-Current Assets Held for Sale**

The value of Non-Current Assets held for sale is measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale are not depreciated. In order to be classified as held for sale, a Non-Current Asset must meet the criteria specified within IFRS 5.

### **o) Inventories**

Goods held for resale are stated at the lower of current replacement cost and net realisable value. Origination costs of internally produced publications for resale are written off over the first print run.

### **p) Leases**

#### *Finance Leases*

Assets held under finance leases are recognised as assets of English Heritage at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a consistent rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Contingent rentals are recognised directly in the Statement of Comprehensive Net Expenditure when they are incurred.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### *Operating Leases*

Operating lease costs are charged to the Statement of Comprehensive Net Expenditure as incurred.

### q) **Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are investments with a short term maturity of less than three months from the date of acquisition. Cash which is surplus to immediate cash flow requirements is placed on deposit in accordance with English Heritage's treasury policy.

### r) **Pension Costs**

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS). This is a multi-employer defined benefit scheme. English Heritage also operates a by-analogy scheme to the PCSPS for the former chairmen. Both schemes satisfy the requirements of applicable accounting standards (see note 14).

### s) **Restricted and Development Funds**

Funds held by English Heritage that can only be applied for particular purposes imposed by donors are held as Restricted and Development Funds. Investments to cover the amounts held in Restricted Funds are placed on deposit at fixed rates of interest for periods of up to six months in accordance with English Heritage's treasury policy and are treated as Cash and Cash Equivalents or Current Financial Assets in line with the accounting policies in notes 1m and 1q.

In accordance with the provisions of the FReM, the Restricted and Development Funds have been accounted for in line with the Charities' Statement of Recommended Practice (SORP).

### t) **Segmental Reporting**

The primary format used for segmental reporting is by expenditure type as this reflects English Heritage's internal management structure and reporting. English Heritage's assets and liabilities are shared across the operating segments and consequently it is not possible to separately identify which segment they relate to, in line with the IFRS 8 exemption.

The segments reported reflect the management structure reported internally within English Heritage on a monthly basis.

Heritage Protection and Planning is responsible for heritage protection, strategy, research, advising on making and managing changes to historic places and publishing the annual *Heritage at Risk Register*. National Collections is responsible for English Heritage's properties, marketing, capital development, commercial activities, fundraising, education, conservation, properties presentation, publishing and the English Heritage Archive. Corporate and Support Services are responsible for advising government and other bodies on the value of our historic environment and includes national advice, communications, legal services and corporate governance; and also for providing a range of services to the organisation including finance, human resources, IT and procurement.

### u) **Provisions**

Provisions are made where the conditions for such a liability exist at the Statement of Financial Position date which can be reliably estimated. Balances that are not payable within one year are discounted to reflect future cash flows in current year prices where the time value of money is material. The discount rate is set by HM Treasury and is currently 2.35% for pension provisions.

### v) **Impact of New and Updated Financial Reporting Standards and Interpretations**

There are no standards and interpretations in issue but not yet adopted by English Heritage that the directors anticipate will have a material effect on the reported income or net assets of English Heritage.

### w) **Significant Accounting Estimates and Judgements**

Key sources of estimation uncertainty and judgements made in applying accounting policy exist in estimations of the stage of completion for grant accruals and prepayments as well as in provisions for future liabilities for early retirement and redundancy costs.



# Notes to the Financial Statements

2. Earned Income	2012-2013 £'000	2011-2012 £'000
Admission Income	14,946	15,383
Retail and Catering Income	12,834	12,652
Membership Income	21,207	19,677
Other Earned Income	4,418	4,395
<b>Total Earned Income</b>	<b>53,405</b>	52,107
3. Other Operating Income	2012-2013 £'000	2011-2012 £'000
<b>Grants Receivable</b>		
European Union	204	125
Heritage Lottery Fund	2,283	785
Other	541	435
<b>Total Grants Receivable</b>	<b>3,028</b>	1,345
Transfer (to)/from Capital Reserves	64	47
<b>Total Grants</b>	<b>3,092</b>	1,392
Donations	132	280
Transfer (to)/from Capital Reserves	24	10
Other Operating Income	256	179
<b>Total Other Operating Income</b>	<b>3,504</b>	1,861
4. Investment Income	2012-2013 £'000	2011-2012 £'000
Interest Receivable	141	208
Dividends Receivable	6	22
<b>Total Investment Income</b>	<b>147</b>	230
5. Grants	2012-2013 £'000	2011-2012 £'000
Buildings and Monuments	7,739	11,196
Conservation Areas	1,876	2,308
Other Places of Worship	1,560	7,150
Historic Environment	5,167	5,075
Other	3,226	5,646
<b>Total Grants Payable</b>	<b>19,568</b>	31,375

# Notes to the Financial Statements

	2012-2013 £'000	2011-2012 £'000
<b>6. Heritage Protection And Planning</b>		
Designation and Listing	3,902	4,510
Heritage Protection	10,026	12,295
Managing the Historic Environment	18,731	18,532
<b>Total Heritage Protection and Planning</b>	<b>32,659</b>	35,337

	2012-2013 £'000	2011-2012 £'000
<b>7. National Collections</b>		
Running the Properties	43,823	40,748
Caring for our Collections	29,816	29,053
Development and Fundraising	577	565
<b>Total National Collections</b>	<b>74,216</b>	70,366

	2012-2013 £'000	2011-2012 £'000
<b>8. Corporate And Support Services</b>		
National Advice and Information	3,266	2,998
Governance and Legal Services	2,141	1,693
Finance	2,116	1,778
Information Systems	9,673	10,849
Human Resources	1,840	1,889
Office Costs	7,448	7,576
<b>Total Corporate and Support Services</b>	<b>26,484</b>	26,783

## 9. Restructuring Costs

In 2010/11 English Heritage began a restructuring programme to reduce costs in future years to allow it to operate within its reduced Grant in Aid. Costs incurred during the financial year ended 31 March 2013 were £1,451,000 (2012: £2,534,000).

## 10. Taxation

HBMCE enjoys the status of a charity for taxation purposes. No taxation liability is expected on its operations for the year ended 31 March 2013 (2012: nil). English Heritage Trading Limited transferred all its profits for the year ended 31 March 2013 (2012: all) to HBMCE under the Gift Aid rules. Hence, it suffered nil taxation charge (2012: nil) as it had no taxable profits.

	2012-2013 £'000	2011-2012 £'000
<b>11. Auditor's Fees</b>		
<b>Auditor's remuneration and expenses for statutory audit work:</b>		
English Heritage and HBMCE	66	63
English Heritage Trading Limited	8	8
<b>Total Auditor's Fees</b>	<b>74</b>	71

During the year English Heritage has not purchased any non-audit services from its auditor, the National Audit Office (2012: nil).

# Notes to the Financial Statements

## 12. Related Party Transactions and Connected Bodies

### Connected Bodies

English Heritage is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. There were material transactions with DCMS in respect of the receipt of Grant in Aid (note 29).

There were also material transactions with the following entities for which DCMS is regarded as the parent department:

British Museum	The Theatres Trust
Churches Conservation Trust	VisitBritain
Imperial War Museum	Victoria and Albert Museum
National Heritage Memorial Fund	

During the year English Heritage had material transactions with the following Government Departments and Central Government bodies:

Biotechnology and Biological Sciences Research Council	HM Revenue and Customs
Cabinet Office	Museum of London
Department for Work and Pensions (DWP)	Natural England
Environment Agency	

### Material Transactions with Related Party Interests

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

- Ms Lynda Addison OBE, a Commissioner, is a trustee and director of the Town and Country Planning Association which received £2,500 for subscription to the National Planning Forum for 2012/13.
- Baroness Young of Hornsey OBE, a Commissioner, is a member of the House of Lords as is Baroness Andrews OBE, Chair. The House of Lords received £1,000 for catering.
- Professor Sir Barry Cunliffe CBE, a Commissioner, is a trustee of the English Heritage Foundation as is Dr Simon Thurley CBE, Chief Executive, who is also its Company Secretary. English Heritage has an outstanding receivable of £195,000 owed by the Foundation in respect of management services. In addition, English Heritage passed over a legacy of £2.07 million for the Foundation from the Elizabeth Wagland Fund.
- Mr David Fursdon, a Commissioner, is a Board Member for The Crown Estate. The Crown Estate received £162,000 of grant payments. In addition, £17,000 of payments were made to, and £55,000 of payments were received from, The Crown Estate. He is also a consultant to Smiths Gore who received £6,000 of lease payments and £11,000 of professional fees.
- Ms Jane Kennedy, a Commissioner, is a partner of Purcell, which received fee payments totalling £235,000. She is also a member of the Peterborough Cathedral Fabric Advisory Committee. The cathedral was given a grant of £15,000. She is also a trustee of Chiswick House and Gardens Trust, as is Dr Edward Impey, Director of Heritage Protection and Planning. The Trust received £18,000, including £6,000 for a Historic and Botanic Garden Bursary Scheme trainee. Ms Jane Kennedy is a member of the Canal and River Trust Heritage Advisory Committee. Dr Simon Thurley CBE, Chief Executive, is a trustee of the Trust. The Trust was given a £15,000 grant and was paid £1,000 for annual membership of the Visitor Safety in the Countryside Group.
- Professor Ronald Hutton, a Commissioner, is Professor of History at Bristol University, which received grants totalling £32,000.
- Mr Graham Morrison, a Commissioner, is a partner in Allies and Morrison, which received research fees of £2,000.
- Mr Martin Moore, a Commissioner, is Chair and Director of Prudential Property Investment Managers Ltd (PRUPIM) which received payments of £2,697,000 for building rental services. Prudential Property Investment Managers Ltd is part of the M&G Group which is responsible for the investment decisions of Charifund. Charifund is an equity investment fund within which the funds of the Iveagh Bequest were invested up until the date of sale.

# Notes to the Financial Statements

## 12. Related Party Transactions and Connected Bodies

- Ms Elizabeth Page, Historic Properties Director - North, is a director of Northumberland Tourism, which received £20,000 for joint marketing initiatives.
- Mrs Magdalen Fisher, Development Director, is a trustee of St Gabriel's Parish House in the same parish as St Gabriel's Church, which received grants of £63,000.
- Mr Mark Pemberton, Director of National Collections, is a trustee of Wedgwood Museum Trading Ltd. Wedgwood Museum Trading Ltd received a grant of £50,000.
- Dr Edward Impey, Director of Heritage Protection and Planning, is a trustee of The Ancient Monuments Society, which received grants totalling £34,000.
- Mrs Shirley Jackson, Retail Director, is a trustee of the Association for Cultural Enterprises, which received payments of £3,000.
- Mr Steven Bax, Historic Properties Director - East & London, is a trustee of Vivacity Peterborough Culture and Leisure, which received a grant of £93,000.
- Mr Tim Reeve, Historic Properties Director, is a trustee of the Hadrian's Wall Trust (formerly Hadrian's Wall Heritage Ltd). The Trust received £175,000 including £167,000 of grant payments. He is also a Board Director of the Association of Leading Visitor Attractions (ALVA), which received £16,000, including £13,000 for market research services.
- The partner of Mr Chris Smith, National Planning and Conservation Director, is a trustee of the Council for British Archaeology, which received various grants totalling £261,000. She is also the Honorary Chair of the Institute for Archaeologists (IfA), which received £123,000, including grants of £122,000.
- Dr Simon Thurley CBE, Chief Executive, is an advisory board member of the Institute for Medieval and Renaissance Studies, Durham University. Durham University received payments of £19,000 for archaeological works. Dr Thurley's wife is the director of the Landmark Trust, which received grant payments totalling £27,000.

No other Commissioners, key managerial staff or other related party have undertaken any material related party transactions with English Heritage during the year.

# Notes to the Financial Statements

## 13. Employees

### a) Employee Numbers

The average number of persons employed during the year expressed as full-time equivalents was:

	2012-2013	2011-2012
National Collections	1,038	1,076
Heritage Protection and Planning	553	572
Corporate and Support Services	255	240
<b>Total Employee Numbers</b>	<b>1,846</b>	1,888

Employee numbers include 15 agency staff (2012: 19). Included within the above numbers are 31 staff who have been engaged on capitalised projects (2012: 11) whose costs have been capitalised.

### b) Employee Costs

	2012-2013 £'000	2011-2012 £'000
Wages and Salaries	51,658	52,906
Social Security Costs	3,931	3,993
Pension Costs	8,730	8,987
Redundancy and Severance Costs	1,451	2,534
Agency Staff Costs	734	646
<b>Total Employee Costs</b>	<b>66,504</b>	69,066

Included within the above costs are £1,189,000 wages and salaries costs (2012: £454,000), £87,000 social security costs (2012: £37,000) and £152,000 pension costs (2012: £60,000) that have been capitalised within Non-Current Assets (notes 15, 16 and 17). There are nil redundancy and severance costs (2012: nil) and nil agency staff costs (2012: £5,000) that have been capitalised.

### c) Reporting of Civil Service and Other Compensation Schemes - Exit Packages

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Less than £10,000	7	70	10	14	17	84
£10,000 to £25,000	5	98	13	40	18	138
£25,000 to £50,000	2	47	9	20	11	67
£50,000 to £100,000	-	16	5	8	5	24
£100,000 to £150,000	-	1	-	-	-	1
Greater than £150,000	-	1	-	-	-	1
<b>Total Number of Exit Packages</b>	<b>14</b>	233	<b>37</b>	82	<b>51</b>	315
<b>Total Resource Cost (£'000)</b>	<b>174</b>	4,921	<b>995</b>	2,033	<b>1,169</b>	6,954

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where English Heritage has agreed early retirements, the additional costs are met by English Heritage and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

# Notes to the Financial Statements

## 14. Pension Costs

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS). As the PCSPS is an unfunded multi-employer defined benefit scheme, English Heritage is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)).

For the year ended 31 March 2013, employers' contributions were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2012: 16.7% to 24.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2013 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Total employer contributions to the PCSPS were £8,473,000 (2012: £8,763,000).

Employees joining English Heritage after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £188,000 were paid to a panel of three appointed stakeholder pension providers (2012: £167,000). Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £6,000 (2012: £6,000), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the Statement of Financial Position date were nil (2012: nil). Contributions prepaid at that date were nil (2012: nil).

English Heritage operates a by-analogy scheme to the PCSPS for three of the former chairmen. The scheme liability at 31 March 2013 was £228,000 (2012: £230,000). This scheme has been valued by the Government Actuary's Department in accordance with Treasury guidelines and IAS 19 principles.

# Notes to the Financial Statements

## 15. Intangible Assets

English Heritage and HBMCE	Software Licences £'000	Systems Development £'000	Goodwill £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 April 2012	1,255	12,117	104	245	13,721
Additions	464	-	-	197	661
Disposals	(174)	(80)	-	-	(254)
Reclassifications	23	-	-	-	23
Revaluations	150	203	-	-	353
<b>At 31 March 2013</b>	<b>1,718</b>	<b>12,240</b>	<b>104</b>	<b>442</b>	<b>14,504</b>
<b>Amortisation</b>					
At 1 April 2012	996	11,321	26	-	12,343
Charged in Year	271	448	-	-	719
Disposals	(174)	(80)	-	-	(254)
Revaluations	128	(981)	-	-	(853)
<b>At 31 March 2013</b>	<b>1,221</b>	<b>10,708</b>	<b>26</b>	<b>-</b>	<b>11,955</b>
Carrying Amount at 31 March 2012	259	796	78	245	1,378
<b>Carrying Amount at 31 March 2013</b>	<b>497</b>	<b>1,532</b>	<b>78</b>	<b>442</b>	<b>2,549</b>

All intangible assets are owned outright by English Heritage (2012: all).

English Heritage and HBMCE	Software Licences £'000	Systems Development £'000	Goodwill £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 April 2011	1,066	11,220	104	-	12,390
Additions	157	-	-	276	433
Reclassifications	31	-	-	(31)	-
Revaluations	1	897	-	-	898
<b>At 31 March 2012</b>	<b>1,255</b>	<b>12,117</b>	<b>104</b>	<b>245</b>	<b>13,721</b>
<b>Amortisation</b>					
At 1 April 2011	886	10,662	33	-	11,581
Charged in Year	109	267	-	-	376
Revaluations	1	392	-	-	393
Write Back Amortisation	-	-	(7)	-	(7)
<b>At 31 March 2012</b>	<b>996</b>	<b>11,321</b>	<b>26</b>	<b>-</b>	<b>12,343</b>
Carrying Amount at 31 March 2011	180	558	71	-	809
<b>Carrying Amount at 31 March 2012</b>	<b>259</b>	<b>796</b>	<b>78</b>	<b>245</b>	<b>1,378</b>

# Notes to the Financial Statements

## 16. Property, Plant & Equipment

English Heritage and HBMCE	Operational Land & Buildings £'000	Dwellings £'000	Plant & Machinery £'000	IT £'000	Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>							
At 1 April 2012	71,153	4,334	9,156	4,666	4,159	7,180	<b>100,648</b>
Additions	343	-	307	42	29	11,596	<b>12,317</b>
Disposals	-	-	(170)	-	-	-	<b>(170)</b>
Impairments	(28)	-	-	-	-	-	<b>(28)</b>
Reclassifications	4,152	(1,734)	328	-	35	(4,267)	<b>(1,486)</b>
Revaluations	7,442	395	377	640	53	-	<b>8,907</b>
<b>At 31 March 2013</b>	<b>83,062</b>	<b>2,995</b>	<b>9,998</b>	<b>5,348</b>	<b>4,276</b>	<b>14,509</b>	<b>120,188</b>
<b>Depreciation</b>							
At 1 April 2012	20,244	912	6,261	3,266	2,754	-	<b>33,437</b>
Charged in Year	3,239	119	788	331	397	-	<b>4,874</b>
Disposals	-	-	(151)	-	-	-	<b>(151)</b>
Reclassifications	(186)	78	-	-	-	-	<b>(108)</b>
Revaluations	2,280	138	268	490	27	-	<b>3,203</b>
<b>At 31 March 2013</b>	<b>25,577</b>	<b>1,247</b>	<b>7,166</b>	<b>4,087</b>	<b>3,178</b>	<b>-</b>	<b>41,255</b>
Carrying Amount at 31 March 2012	50,909	3,422	2,895	1,400	1,405	7,180	<b>67,211</b>
<b>Carrying Amount at 31 March 2013</b>	<b>57,485</b>	<b>1,748</b>	<b>2,832</b>	<b>1,261</b>	<b>1,098</b>	<b>14,509</b>	<b>78,933</b>

Total Non-Current Asset acquisitions in the year to the fair value of £4,160,000 were funded by government grant (2012: £5,927,000), £215,000 by non-government grant (2012: £296,000), £4,143,000 by donations (2012: £2,193,000) and £3,028,000 by lottery funding (2012: £871,000).

The transfers from Assets under Construction to other Non-Current Asset categories represent Assets under Construction which have been completed in the year.

English Heritage's obligations under finance leases (note 25) are secured by the lessors' title to the leased assets, which have a carrying value of £12,275,000 (2012: £11,272,000) within land and buildings excluding dwellings. All other property, plant and equipment is owned outright by English Heritage (2012: all).



# Notes to the Financial Statements

## 16. Property, Plant & Equipment

English Heritage and HBMCE	Operational Land & Buildings £'000	Dwellings £'000	Plant & Machinery £'000	IT £'000	Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>							
At 1 April 2011	66,192	4,157	8,357	4,714	4,460	5,503	<b>93,383</b>
Additions	-	-	256	-	-	8,377	<b>8,633</b>
Disposals	-	-	(88)	(53)	-	-	<b>(141)</b>
Impairments	(207)	(11)	(42)	-	(201)	-	<b>(461)</b>
Reclassifications	6,375	188	661	-	-	(6,700)	<b>524</b>
Revaluations	(1,207)	-	12	5	(100)	-	<b>(1,290)</b>
<b>At 31 March 2012</b>	<b>71,153</b>	<b>4,334</b>	<b>9,156</b>	<b>4,666</b>	<b>4,159</b>	<b>7,180</b>	<b>100,648</b>
<b>Depreciation</b>							
At 1 April 2011	18,850	869	5,611	2,814	2,452	-	<b>30,596</b>
Charged in Year	3,264	52	794	502	498	-	<b>5,110</b>
Disposals	-	-	(88)	(53)	-	-	<b>(141)</b>
Impairments	(12)	(12)	(22)	-	(97)	-	<b>(143)</b>
Revaluations	(1,834)	-	(12)	3	(99)	-	<b>(1,942)</b>
Write Back Depreciation	(24)	3	(22)	-	-	-	<b>(43)</b>
<b>At 31 March 2012</b>	<b>20,244</b>	<b>912</b>	<b>6,261</b>	<b>3,266</b>	<b>2,754</b>	<b>-</b>	<b>33,437</b>
Carrying Amount at 31 March 2011	47,342	3,288	2,746	1,900	2,008	5,503	<b>62,787</b>
<b>Carrying Amount at 31 March 2012</b>	<b>50,909</b>	<b>3,422</b>	<b>2,895</b>	<b>1,400</b>	<b>1,405</b>	<b>7,180</b>	<b>67,211</b>

# Notes to the Financial Statements

## 17. Heritage Assets

English Heritage and HBMCE	Land & Buildings £'000	Artefacts & Archives £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2012	16,330	6,221	-	<b>22,551</b>
Additions	-	215	754	<b>969</b>
Reclassifications	(15)	-	-	<b>(15)</b>
Revaluations	1,862	-	-	<b>1,862</b>
<b>Carrying Amount at 31 March 2013</b>	<b>18,177</b>	<b>6,436</b>	<b>754</b>	<b>25,367</b>

English Heritage and HBMCE	Land & Buildings £'000	Artefacts & Archives £'000	Total £'000
<b>Cost or Valuation</b>			
At 1 April 2011		17,298	<b>23,308</b>
Additions		20	<b>221</b>
Donations		-	<b>10</b>
Impairments		(20)	<b>(20)</b>
Reclassifications		(916)	<b>(916)</b>
Revaluations		(52)	<b>(52)</b>
<b>Carrying Amount at 31 March 2012</b>		<b>16,330</b>	<b>22,551</b>

The table below provides a summary of transactions relating to heritage assets for the current and previous three accounting periods. There are no transactions relating to assets which are not reported in the Statement of Financial Position.

	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Cost of Acquisition	<b>969</b>	221	277	253
Value Acquired by Donation	-	10	-	-
Impairments Recognised	-	(20)	(660)	(23)

All land and buildings are subject to a full professional valuation every five years. The most recent valuation was undertaken as at 31 March 2011 (note 1i).

All artefacts and archives acquired since 2001 are recognised and held at cost or, where donated, at market value (note 1j).

# Notes to the Financial Statements

## 18. Further Information on English Heritage's Heritage Assets

### *Land and Buildings - Pure Heritage Assets*

English Heritage manages the National Heritage Collection of over 400 historic properties throughout England providing a diverse portfolio that includes World Heritage Sites, industrial monuments, castles, historic houses, abbeys, forts, stone circles and a large part of Hadrian's Wall. They range from prehistoric ruins to the lavishly furnished Osborne House. In age they range from Neolithic burial chambers dating from 3500-2600BC to twentieth century houses.

All of the land and buildings at these properties have been classified as either pure heritage (non-operational heritage), operational heritage or operational (non-heritage) (notes 1i and 1j). Over 550 discrete pure heritage assets have been identified and encompass the vast majority of what would be recognised as the main buildings at these properties.

The National Heritage Collection is held by English Heritage under various arrangements, with many being in the guardianship of the Secretary of State for Culture, Media and Sport with the freehold being retained by the owner. The remaining properties are in the ownership of English Heritage, other government departments or The Crown Estate.

Of the pure heritage assets held by English Heritage, only Apethorpe Hall and Harmondsworth Barn (acquired post 1 April 2001) have been capitalised and recognised on the Statement of Financial Position.

A full listing of the National Heritage Collection is contained in The English Heritage Members' and Visitors' Handbook which is available on the English Heritage website. The handbook also includes full details of public access to these sites.

### *Land and Buildings - Operational Heritage Assets*

English Heritage holds 80 operational heritage assets. All acquisitions and disposals of land and buildings as disclosed in note 17 relate to operational heritage assets. All expenditure on the conservation and maintenance of property has been charged to the Statement of Comprehensive Net Expenditure as it was incurred.

### *Historic Artefacts*

As part of the National Heritage Collection, English Heritage possesses in the region of 500,000 historic artefacts, ranging from environmental remains and archaeological artefacts to pottery, fine art and furnishings. They are an integral part of our historic properties. As well as being of significance in their own right, they assist in interpreting and presenting our properties to the public and they provide a valuable research resource for heritage professionals and our own staff.

These collections were formed by the past owners of historic houses and castles or by archaeologists excavating sites and by curators recovering former contents. They come from many sources: some were transferred from the Department of the Environment on 1 April 1984, some from the Greater London Council in 1986, some have been donated, some are the results of archaeological excavations on our properties and others have been purchased as part of our ongoing work to restore and enhance our properties.

Total expenditure of £221,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2013 (2012: £248,000). £215,000 of this expenditure was charged to Heritage Assets (2012: £201,000) and £6,000 was charged to the Statement of Comprehensive Net Expenditure (2012: £47,000). Donated artefacts received during the year had a value of £500 (2012: £10,000). There were no disposals of artefacts during the year.

A detailed report on the state of English Heritage's collections was completed in 2010, the culmination of eight years' work by the Curatorial Team. This report identified approximately 17,000 items of international significance, 58,000 of national significance with the remaining artefacts being of regional significance.

Of the historic artefacts in English Heritage's care, 55% relate to archaeology (which includes all excavated material and documentary records); 30% relate to books and archives (all library and archive holdings at sites and stores, excluding the English Heritage Archive); 9% relate to decorative arts (items such as replica carpets and curtains, tapestries, stained glass, stone and wood carvings); 4% relate to social and industrial

# Notes to the Financial Statements

## 18. Further Information on English Heritage's Heritage Assets

history (items such as arms and armour, coins, machinery and tools); 1% relate to natural history (items such as taxidermy, shells and non-archaeological skeletal material); 0.9% relate to fine art (items such as paintings, sculptures and works of art on paper) and 0.1% relate to ethnography (cultural material such as ritual objects and costumes).

The majority of English Heritage's collection (87%) is kept for research and display value in 44 store locations.

### *Archives*

English Heritage's extensive archives comprise maps, plans, photographs, files, reports and books. The English Heritage Archive holds almost 12 million historic and modern photographs, texts and documents, and is the national record of England's historic environment. Our archives are used by members of the public, professional researchers, other heritage organisations and our own staff. These records have been created by national institutions concerned with national survey programmes and projects, or acquired by them from others. Chief amongst these institutions are: Ordnance Survey Archaeological Record; the former National Buildings Record; the Department of the Environment Library of Air Photography; and the archives and information created by the former Royal Commission on the Historical Monuments of England (RCHME).

Expenditure on digitisation of existing archives of £754,000 was incurred during the year ended 31 March 2013 (2012: nil). All of this expenditure was charged to Heritage Assets. This expenditure related to the digitisation of two existing archives: the Architectural Red Boxes and the Aerofilms Collection.

Within the Archive, two collections have been acquired post 1 April 2001 and capitalised. The Images of England collection was a project to photograph every listed building in England. It was completed in 2008 and comprises 320,000 digital photographs. The Aerofilms Collection was acquired in 2008 and contains 1,400,000 oblique aerial images. No other items within the Archive are recognised on the Statement of Financial Position.

Of the Archive, 79% of items are photographic (including postcards); 5% are drawings, plans or graphical material; 2% are reports and files; 2% are digital materials and 12% are miscellaneous.

The Archive is arranged by collection. Photographic collections of note include: Aerofilms; Images of England; the RAF Collection (vertical aerial photography from the 1940s onwards); Ordnance Survey; Bedford Lemere and Co (pioneering architectural photography); the John Gay, Eric de Maré and Henry Taunt Collections; and the English Courtauld Collection.

# Notes to the Financial Statements

## 19. Conservation and Management

The National Collections Group within English Heritage is responsible for the conservation and maintenance of the English Heritage estate, artefacts and archives. The Estates Teams are responsible for the historic estate, and the Curatorial Department for artefacts and archives.

Staff caring for the historic estate are split into three teams: Conservation Maintenance, National Projects and Programme Development. Their work is currently divided into three main streams: the Annual Maintenance Programme (planned cyclical and response maintenance); the Minor Planned Maintenance Programme (small repair projects usually of less than £50,000); and the Major Planned Repair Programme (larger long term or one-off conservation projects usually of more than £50,000). The team also contribute and provide project management resources to the Capital Investment Programme. The work streams are developed in line with the strategy and process set out in the English Heritage Asset Management Plan (AMP). The AMP enables the conservation of the estate to be managed according to nationally-established conservation priorities and gives English Heritage an awareness of the scale of the 'conservation deficit' in relation to the resources available to address it, along with impact assessments of English Heritage's ability to procure the necessary works.

Total expenditure on site maintenance of £13,951,000 was incurred during the year ended 31 March 2013 (2012: £13,880,000). Further information is provided in the separate publication *Conservation Principles, Policies and Guidance*, which is available on the English Heritage website. This sets out the framework within which English Heritage manages its own historic estate as well as the thinking that guides its advice to others.

Artefacts are conserved and managed by three teams within the Curatorial Department. The Collections Curatorial Team manages the acquisition and storage of English Heritage's collections and historic interiors. The Collections Conservation Team manages the conservation of historic interiors and collections via its specialists in the care of fine and applied art, conservation science, environmental and pest control and objects care. The Property Curators ensure that the conservation, commercial and visitor-led development of English Heritage sites is guided, planned and executed so as to sustain the values and significance of the sites in question. The team is also involved in the development of presentation and interpretation schemes and the development of Heritage Protection Agreements at English Heritage sites.

The English Heritage Archive is managed within the Curatorial Department of the National Collections Group. The Archive and main public service activities are based in Swindon, Wiltshire. The Archive is a recognised place of deposit under public records legislation and has high environmental standards for the storage of photographs and other archives. The Archive aims to devise and maintain services which reflect the varied requirements of a wide range of users. The Archive works closely with the parallel services in Scotland and Wales on a range of archives and access projects and operates in a UK, European and international context especially for common standards on the management of records of the historic environment. The Archive Team ensures the conservation of the collections and archives and supports intellectual and physical access to them by users. Activities include conservation, cataloguing, contributing to access initiatives and maintaining flowlines to ensure that records deposited with the Archive are made available.

# Notes to the Financial Statements

## 20. Financial Assets

a) <b>HBMCE</b>	<b>Total</b>
<b>Subsidiary Undertakings</b>	<b>£'000</b>
At 1 April 2012 and 31 March 2013	<b>2,028</b>

Details of the subsidiary undertakings are given in note 35.

b) <b>English Heritage</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Market Value at 1 April	-	448
Net Investment Gains/(Losses)	-	(8)
Transfer to Assets Classified as Held for Sale	-	(440)
<b>Market Value at 31 March</b>	<b>-</b>	<b>-</b>
<b>Historical Cost</b>	<b>-</b>	<b>434</b>

At 1 April 2012 the investment was held in a single Common Investment Fund managed by M&G Securities Limited and comprised 38,576 units in Charifund. The market value shown is net of investment management fees, 0.4625% per annum of the value in Charifund.

On 28 March 2012, the Trustee of the Iveagh Bequest agreed that the charity's investments be sold and spent on the Kenwood House project and the investment was transferred to assets held for sale. The investment was subsequently sold on 24 May 2012.

## 21. Assets Classified as Held for Sale

English Heritage and HBMCE have the following assets classified as held for sale:

	English Heritage		HBMCE	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Land and Buildings	1,454	392	1,454	392
Financial Assets	-	440	-	-
	<b>1,454</b>	832	<b>1,454</b>	392

The land and buildings classified as held for sale at 31 March 2013 are: Mount Pleasant Cottage at Wroxeter Roman City; properties at Countess Road and Countess Farm East at Stonehenge; and Birdoswold Underheugh Farm. The assets are held at the lower of their carrying amount and fair value less costs to sell.

## 22. Inventories

	English Heritage		HBMCE	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Inventories	<b>3,159</b>	3,269	-	-

Inventories are stated after write offs in the year of £167,000 (2012: £104,000) and provisions of £49,000 (2012: £108,000) in English Heritage.

# Notes to the Financial Statements

## 23. Trade and Other Receivables

	English Heritage		HBMCE	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade Receivables	1,129	887	1,129	887
Value Added Tax	3,486	4,169	3,486	4,169
Prepayments and Accrued Income	7,458	4,656	7,454	4,656
Other Receivables	1,660	1,271	1,660	1,271
Amount Owed by Subsidiary Undertaking	-	-	2,132	1,263
<b>Total Trade and Other Receivables</b>	<b>13,733</b>	10,983	<b>15,861</b>	12,246
<b>Intra-Government Balances</b>				
Balances with Central Government Bodies	7,583	5,152	7,583	5,152
Balances with Local Authorities	1,652	1,185	1,652	1,185
Balances with Public Corporations	-	2	-	2
Balances with Bodies External to Government	4,498	4,644	6,626	5,907
<b>Total Trade and Other Receivables</b>	<b>13,733</b>	10,983	<b>15,861</b>	12,246

## 24. Financial Instruments

As English Heritage has a Management Agreement with the Department for Culture, Media and Sport, it is not exposed to the degree of financial risk normally faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which International Financial Reporting Standard (IFRS) 7 mainly applies. English Heritage has no powers to borrow and its only investments held in the year were Non-Current Asset Investments related to the Iveagh Bequest held in Common Investment Funds. Surplus funds are held on short-term fixed interest rate deposit with institutions with low risk credit ratings, classified as cash and cash equivalents.

As allowed by IFRS 7, receivables and payables that are due to mature or become payable within 12 months from the Statement of Financial Position date have not been disclosed as financial instruments.

### a) Liquidity Risk

Owing to the nature of its funding and pattern of expenditure, English Heritage does not have any significant liquidity risk.

### b) Interest Rate Risk

English Heritage's long-term financial liabilities relate solely to provisions (note 28), none of which are interest bearing and are mainly due within one year. The only disclosable financial assets are cash and cash equivalents, current and non-current asset investments which are not exposed to significant interest rate risk.

### c) Currency Risk

All financial assets and liabilities are held in sterling.

### d) Valuation

There is no material difference between the carrying values and fair values of financial assets and liabilities.

### e) Financial Assets

Financial assets consist of cash including fixed asset investments held in a Common Investment Fund (note 20b).

No financial assets classified as fixed term deposits were held at 31 March 2013 (2012: nil).

# Notes to the Financial Statements

## 25. Obligations Under Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods:

	2013 £'000	2012 £'000
<b>English Heritage and HBMCE</b>		
<b>Obligations under finance leases for the following periods comprise:</b>		
<i>Land &amp; Buildings</i>		
Not later than one year	566	566
Later than one year and not later than five years	2,266	2,266
Later than five years	22,655	23,222
	<b>25,487</b>	26,054
Less interest element	<b>(18,052)</b>	(18,601)
<b>Present value of obligations</b>	<b>7,435</b>	7,453

Contingent rents are calculated as the increases in rental costs as a result of rent reviews. During the year £281,000 of contingent rents have been paid (2012: £281,000).

It is English Heritage's policy to lease certain of its property, plant and equipment under finance leases. The Engine House building and the English Heritage Archive facility lease transfers the risks and rewards of ownership to English Heritage. The assets have been capitalised and are subject to the same revaluation policies as other property, plant and equipment, and are depreciated over the shorter of useful economic life or the lease period with the outstanding lease obligations (net of interest) shown in payables. English Heritage's finance lease policy is disclosed in note 1p.

Net lease liabilities repayable within one year were £566,000 (2012: £566,000), in the second to fifth years inclusive £1,878,000 (2012: £1,878,000) and after five years £4,991,000 (2012: £5,009,000).

English Heritage's obligations under finance leases are secured by the lessors' rights over the leased asset disclosed above.



# Notes to the Financial Statements

## 26. Trade and Other Payables

	English Heritage		HBMCE	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade Payables	16,503	12,912	16,503	12,912
Income Tax and Social Security	4	75	4	75
Pensions	18	18	18	18
Deferred Income	17,235	8,975	16,802	8,534
Deferred Capital Grants	1,489	-	1,489	-
Accruals	11,386	14,381	11,378	14,373
Other Payables	366	843	366	843
Amount Owed to Subsidiary Undertaking	-	-	970	-
<b>Total Trade and Other Payables</b>	<b>47,001</b>	<b>37,204</b>	<b>47,530</b>	<b>36,755</b>
<b>Intra-Government Balances</b>				
Balances with Central Government Bodies	9,894	1,068	9,894	1,068
Balances with Local Authorities	99	144	99	144
Balances with Public Corporations	-	1	-	1
Balances with Bodies External to Government	37,008	35,991	37,537	35,542
<b>Total Trade and Other Payables</b>	<b>47,001</b>	<b>37,204</b>	<b>47,530</b>	<b>36,755</b>

## 27. Other Payables

	English Heritage		HBMCE	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Pensions	210	212	210	212
Deferred Income	3,119	2,938	3,086	2,908
<b>Other Payables</b>	<b>3,329</b>	<b>3,150</b>	<b>3,296</b>	<b>3,120</b>

# Notes to the Financial Statements

## 28. Provisions

	Restructuring Costs £'000	Legal & Constructive Obligations £'000	Total £'000
<b>Balance at 1 April 2012</b>	1,808	252	2,060
Provided in the Year	-	92	92
Provisions Released in the Year	-	(50)	(50)
Provisions Utilised in the Year	(578)	(34)	(612)
<b>Balance at 31 March 2013</b>	<b>1,230</b>	<b>260</b>	<b>1,490</b>
<b>Balance at 1 April 2011</b>	6,753	294	7,047
Provided in the Year	19	69	88
Provisions Released in the Year	(22)	(111)	(133)
Provisions Utilised in the Year	(4,942)	-	(4,942)
<b>Balance at 31 March 2012</b>	<b>1,808</b>	<b>252</b>	<b>2,060</b>

A provision of £1,230,000 (2012: £1,808,000) has been made with relation to early retirement costs payable until pensionable age of 60. These are payable by monthly instalments to pensioners until 2019. Provisions are calculated based on third party information provided by pension scheme administrators.

A provision of £181,000 (2012: £203,000) has been made against dilapidations, rent reviews and contractual disputes, with payment likely to be incurred during 2013. The provision has been calculated based on third party information provided by landlords and subcontractors.

A provision of £79,000 (2012: £49,000) has been made with relation to personal injury and other claims made against English Heritage. The provision has been calculated based on the claim amount and likelihood of payment. Payment is likely to be incurred in 2013.

## 29. Analysis Of Reserves

	2013		2012	
	General Reserve £'000	Revaluation Reserve £'000	General Reserve £'000	Revaluation Reserve £'000
<b>English Heritage and HBMCE</b>				
<b>Balance at 1 April</b>	40,212	24,476	33,255	23,804
Grant in Aid Received	101,437	-	121,193	-
Net Expenditure for the Financial Year	(104,372)	-	(118,727)	-
Other Income/(Expenditure)	1,487	(1,755)	3,284	-
Revaluation	1,193	8,302	346	1,533
Reserve Transfer	292	(292)	861	(861)
<b>Balance at 31 March</b>	<b>40,249</b>	<b>30,731</b>	40,212	24,476

# Notes to the Financial Statements

## 30. Development and Restricted Funds

	Balance at 1 April 2012	Income	Revenue Expenditure	Capital Expenditure	Balance at 31 March 2013
	£'000	£'000	£'000	£'000	£'000
<b>English Heritage and HBMCE</b>					
Kenwood House	301	4	-	(305)	-
Down House and Gardens	1,060	11	(11)	(60)	1,000
Eltham Palace	514	6	(6)	(514)	-
Rangers House (Wernher Foundation)	494	6	(76)	(164)	260
Ditherington Flax Mill	-	-	-	-	-
Wrest Park	-	-	-	-	-
London Squares	-	-	-	-	-
<b>Total Restricted Funds</b>	<b>2,369</b>	<b>27</b>	<b>(93)</b>	<b>(1,043)</b>	<b>1,260</b>
Development Fund	2,653	128	(152)	(2,300)	329
<b>Total Funds</b>	<b>5,022</b>	<b>155</b>	<b>(245)</b>	<b>(3,343)</b>	<b>1,589</b>

	2013 £'000	2012 £'000
The Total Funds were held as pooled investments as follows:		
Cash and Cash Equivalents	<b>1,589</b>	5,022

## 31. Cash And Cash Equivalents

	2013 £'000	2012 £'000
<b>English Heritage</b>		
<b>Balance at 1 April</b>	<b>13,793</b>	16,332
Net Change in Cash and Cash Equivalents Balances	(7,164)	(2,539)
<b>Balance at 31 March</b>	<b>6,629</b>	13,793

The following balances at 31 March were held with:

	2013	2012
<b>Cash</b>		
Government Banking Service	1,078	276
Commercial Banks	5,551	13,517
	<b>6,629</b>	13,793
<b>Cash Equivalents</b>		
Commercial Banks	-	-
<b>Balance at 31 March</b>	<b>6,629</b>	13,793

### HBMCE

	2013	2012
<b>Balance at 1 April</b>	<b>13,292</b>	15,831
Net Change in Cash and Cash Equivalents Balances	(7,164)	(2,539)
<b>Balance at 31 March</b>	<b>6,128</b>	13,292

The following balances at 31 March were held with:

	2013	2012
<b>Cash</b>		
Government Banking Service	1,078	276
Commercial Banks	5,050	13,016
	<b>6,128</b>	13,292
<b>Cash Equivalents</b>		
Commercial Banks	-	-
<b>Balance at 31 March</b>	<b>6,128</b>	13,292

# Notes to the Financial Statements

## 32. Commitments

a) <b>Grant Offers Made to Other Bodies and Individuals</b>	<b>£'000</b>
<b>Balance Outstanding at 1 April 2012</b>	<b>60,631</b>
Grants Paid During the Year	(19,568)
New Grant Offers Made During the Year Net of Lapsed Offers	17,210
Adjustment for HLF Grants	(25,312)
<b>Commitment Outstanding at 31 March 2013</b>	<b>32,961</b>

### b) Contracts

Expenditure contracted for as at 31 March 2013 but not provided for in the financial statements amounted to £33,619,000 (2012: £25,027,000) including capital commitments of £8,259,000 (2012: £3,634,000), of which £8,259,000 (2012: £3,634,000) related to tangible non-current assets and nil (2012: nil) related to intangible non-current assets.

### c) Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods, split between land and buildings and other:

	2013 £'000	2012 £'000
<b>Land and Buildings</b>		
Not later than one year	3,523	2,443
Later than one year and not later than five years	12,104	8,451
Later than five years	18,827	19,354
	<b>34,454</b>	30,248
<b>Other</b>		
Not later than one year	50	95
Later than one year and not later than five years	23	34
<b>Total Operating Lease Commitments</b>	<b>34,527</b>	30,377

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2013 payments under operating leases totalled £3,884,000 (2012: £4,123,000).

## 33. Losses And Special Payments

	2013 £'000	2012 £'000
Losses/(Write Backs)	298	200
Special Payments	59	26
<b>Total Losses and Special Payments</b>	<b>357</b>	226

## 34. Contingent Liabilities

Various outstanding claims existed at 31 March 2013. Provision has been made in the accounts for the year ended 31 March 2013 for those outstanding liabilities which will probably require settlement by English Heritage and where the amount of the liability can be reliably estimated (note 28). No other contingent liabilities have been identified at 31 March 2013 (2012: none).

# Notes to the Financial Statements

## 35. Subsidiary Undertakings

### a) English Heritage Trading Limited

HBMCE is the sole shareholder of English Heritage Trading Limited, incorporated in 1994. The following results of English Heritage Trading Limited have been included in the consolidated results:

	2013 £'000	2012 £'000
<b>Income and Expenditure</b>		
Turnover	14,800	14,632
Expenditure	(13,539)	(13,622)
Operating Profit	1,261	1,010
Interest Receivable and Similar Income	8	5
<b>Profit on Ordinary Activities Before Gift Aid</b>	1,269	1,015
Gift Aid to HBMCE	(1,269)	(1,015)
<b>Profit on Ordinary Activities Before and After Taxation</b>	-	-
<b>Net Assets as at 31 March</b>		
	2013 £'000	2012 £'000
Current Assets	4,634	3,770
Creditors: Amounts Falling Due Within One Year	(2,574)	(1,712)
Creditors: Amounts Falling Due After More Than One Year	(32)	(30)
<b>Net Assets</b>	2,028	2,028
Share Capital - Ordinary Shares at £1 Each	2,028	2,028
Profit and Loss Account	-	-
<b>Shareholders' Funds</b>	2,028	2,028

### b) English Heritage Limited

HBMCE is the sole guarantor of English Heritage Limited, a company limited by guarantee incorporated in 1984. English Heritage Limited was dormant throughout the current and prior years.

# Notes to the Financial Statements

## 35. Subsidiary Undertakings

### c) The Iveagh Bequest

The Commissioners of English Heritage are also the Trustee of the Iveagh Bequest, a Trust established in 1929 by the Iveagh Bequest (Kenwood) Act for the benefit of Kenwood House. In 1997 Statutory Instrument No 482 transferred Custodian Trusteeship to English Heritage.

The Iveagh Bequest's principal place of business is 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.

On 28 March 2012, the Trustee of the Iveagh Bequest agreed that the charity's investments be sold and spent on the Kenwood House project. The investment was subsequently sold on 24 May 2012.

The following results of the Iveagh Bequest have been included in the consolidated results:

<b>Statement of Financial Activities</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Incoming Resources</b>		
Investment Income: Dividends Receivable	6	22
<b>Resources Expended</b>		
Charitable Expenditure: Distributions to HBMCE	(418)	(22)
Net Outgoing Resources	(412)	-
Gain/(Loss) on the Revaluation of Investment Assets: Unrealised Gain/(Loss)	(28)	(8)
Net Movement in Funds	(440)	(8)
Fund Balances Brought Forward 1 April	440	448
<b>Fund Balances Carried Forward 31 March</b>	<b>-</b>	<b>440</b>
<b>Net Assets as at 31 March</b>		
Non-Current Asset Investments	-	-
Current Asset Investments	-	440
Net Assets	-	440
Capital Fund Reserves	-	440

## 36. Landfill Tax Credit Scheme

English Heritage is registered as an Environmental Body with 'Entrust', the regulator of environmental bodies under the landfill tax regulations. During the year ended 31 March 2013 there were no projects in progress that were grant funded by landfill tax credits (2012: nil).

## 37. Post Balance Sheet Event

There were no post balance sheet events.

# Donors, Sponsors and Contributors

English Heritage is very grateful to all the benefactors, charitable trusts and grant-making organisations that have contributed to or sponsored its activities during the year ended 31 March 2013. The following have given amounts of, or worth, £1,000 or more:

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Arts Council England  
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National Heritage Training Group  
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Mr Martin Course  
Mr Michael Durst  
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Mr David Stubbs  
Mr Lloyd Wilson

## The friends and family of:

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Mrs Diana Lamplugh OBE  
Mrs Ann Murphy  
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In addition to the donors, sponsors and contributors listed above, during the year ended 31 March 2013 we also received pledges of future support from many other organisations and individuals and we look forward to acknowledging them all in our Annual Report and Accounts in future years. A number of donations and legacies have also been given to the English Heritage Foundation (charity number 1140351). These donations will support English Heritage's work over the coming and future years, through a number of projects and are acknowledged separately in the Foundation's Annual Report.

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

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