

ENGLISH  
HERITAGE

2013  
14

---

Annual  
Report  
and  
Accounts

2013  
14

---

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 7 July 2014.

**© English Heritage 2014**

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as English Heritage copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this publication should be sent to us at:

Customer Services  
English Heritage  
The Engine House  
Fire Fly Avenue  
Swindon SN2 2EH  
Telephone: 0870 3331181  
Textphone: 01793 414878  
Email: [customers@english-heritage.org.uk](mailto:customers@english-heritage.org.uk)

This publication is available at <https://www.gov.uk/government/publications> and from the English Heritage website at [www.english-heritage.org.uk/about/who-we-are/corporate-information/annual-reports-and-accounts/](http://www.english-heritage.org.uk/about/who-we-are/corporate-information/annual-reports-and-accounts/)

Print ISBN 9781474101936  
Web ISBN 9781474101943

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office  
ID 2635916 07/14

Printed on paper containing 75% recycled fibre content minimum  
Product code: 51880

# Contents

## **Annual Report**

- 1 Introduction
- 2 Highlights of the Year
- 6 Strategic Report
- 11 Management Agreement Progress Report
- 14 The Year in Numbers
- 16 Governance Statement
- 21 Directors' Report
- 23 Remuneration Report
- 28 Sustainability Report

## **The Accounts**

- 31 Statement of Commissioners' and Chief Executive's Responsibilities
- 32 The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament
- 34 Financial Statements
- 41 Notes to Financial Statements
- 67 Donors, Sponsors and Contributors

# Introduction

This year has seen a number of significant developments. At Stonehenge, after many years of frustrating uncertainty, we opened our new visitor and exhibition centre. This has started the process, with the closure of the A344, of re-establishing this wonderful monument in a more natural setting.

We re-opened Kenwood House in London, after an extensive refurbishment programme, transforming the experience of visitors.

We arranged a number of events to mark the passing by Parliament, in 1913, of the Ancient Monuments Act which laid the foundation for statutory protection of the historic environment. These included a television series, five exhibitions and a book. These provided an account of some of the remarkable people who helped to bring the National Heritage Collection together over the last century and set the scene for discussions about the future of English Heritage.

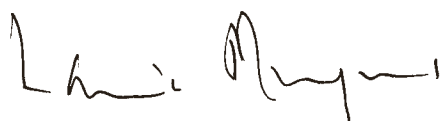
We worked successfully with central government and local authorities to find more efficient ways of working together, including in partnership with developers and property owners, to improve the speed and quality of decision-making.

The most important development was the announcement by English Heritage and the government of the proposed new governance model whereby, once approved, responsibility for the care of the National Heritage Collection will be delegated to a separate charity. The benefits of this, besides providing a much greater degree of financial and operational freedom in the management of the collection, include the award of £80 million by the government to reduce our conservation backlog and to fund major improvements in facilities and interpretation. The charity, which will continue to operate under the name of English Heritage, will be better placed to achieve financial self-sufficiency and to escape the uncertainty associated with public sector budget rounds. Our designation, planning advice, research, grant making and archive management activities will be re-branded under the name *Historic England*. It will be established as a distinct and confident organisation in its own right, outside the consumer-focussed National Heritage Collection.

Further details of these and many more achievements during the year follow in the Highlights of the Year and Strategic Report sections on pages two to ten.

English Heritage is blessed with two great assets – its range of remarkable properties, archives and collections and its extraordinarily talented and dedicated staff. It is our staff who are responsible for the achievements of the last year. Having been appointed as Chairman in 2013, I am in no doubt as to the great debt of gratitude that is owed to them for caring for our great nation's heritage in so many wonderful ways.

I am also most grateful to my predecessor, Kay Andrews, for her hard work in steering English Heritage through a period of extraordinary austerity and for securing the announcement of the proposed new model. She has been a popular and inspiring Chair. She will be a hard act to follow.



**Sir Laurie Magnus**  
Chairman

# Highlights of the Year

Just over a year ago the government announced its intention to award £80 million to English Heritage to invest in the National Heritage Collection cared for and managed by a new charity. All the sites would remain in public ownership and the new charity, which would retain the name 'English Heritage', would come into being by March 2015. All our other functions aimed at the protection of England's heritage in all its forms would carry on being provided by this organisation but under the new name, *Historic England*. The Department for Culture, Media and Sport (DCMS) conducted a public consultation on this new governance model which concluded in February. The full government response to it is expected to be published this summer, when a final go-ahead from government is anticipated. Although we await that confirmation, the organisation has been heavily engaged in preparing for such a change.

Celebrations to mark the centenary of the 1913 Ancient Monuments Act continued throughout 2013. The Quadriga Gallery in Wellington Arch launched five new exhibitions that explored the past, present and future of England's heritage: *A Monumental Act: How Britain Saved its Heritage*; *Pride and Prejudice: The Battle for Betjeman's Britain*; *Brutal and Beautiful: Saving the Twentieth Century* and *Almost Lost: London's Buildings Loved & Loathed*.

The centenary was also marked by the publication in May 2013 of *Men from the Ministry: How Britain Saved its Heritage*. This new book by Chief Executive Dr Simon Thurley tells the story of the creation of the National Heritage Collection in the first half of the 20th century. Its themes were reflected in a television series, *Heritage! The Battle for Britain's Past*, that was watched by an average of 300,000 people. In September a landmark conference staged jointly with the Arts and Humanities Research Council, the National Trust and the Society of Antiquaries of London considered heritage past, present and future. A highlight was a public event at the Royal Institute of British Architects at which leading figures debated the future of heritage protection.

December saw the culmination of our centenary events: HRH The Prince of Wales attended a dinner at Kenwood House to celebrate both 100 years of heritage protection and the re-opening of the House after a major £5.9 million restoration. Closed to the public since March 2012, the House has undergone an extensive programme of repairs and conservation: the famous Robert Adam interiors have been re-instated to their original colour schemes and other rooms have been re-presented to reflect Lord Iveagh's original intention that Kenwood be shown as an 18th century gentleman's home. The ticket desk and rope barriers have been removed and leather sofas now allow visitors to relax and enjoy the internationally important collection of paintings by Rembrandt, Vermeer, Turner, Gainsborough and others, and discover the stories of family life in Kenwood.

The Caring for Kenwood project has been made possible almost entirely through fundraising. As well as a grant of £3.9 million from the Heritage Lottery Fund and generous support from the Wolfson Foundation, dozens of other donors have contributed to the project, many of them local to Kenwood. The Friends of Kenwood and the Kenwood Dairy Restoration Trust have also made significant contributions.

The centenary year concluded with the opening of the long-awaited new visitor and exhibition centre at Stonehenge, the critical first phase of English Heritage's £27 million programme to transform the setting and visitor experience at the iconic site. A special exhibition tells the story of the changing understanding of Stonehenge over the centuries with over 250 objects of international importance on display.

The Stonehenge project has been made possible by a £10 million grant from the Heritage Lottery Fund and substantial gifts from the Garfield Weston Foundation, The Linbury Trust and The Wolfson Foundation as well as many other gratefully received donations.

## National Heritage Protection Plan

The first National Heritage Protection Plan, described by Culture Minister Ed Vaizey MP as "effectively the business plan for the historic environment", will conclude next year. Preparation of its successor, which will set out the heritage sector's priorities for 2015 to 2020 and guide our action plan, was underway as the year ended. Our corporate plan for the same time period is being drafted and will be published early next year.

English Heritage continues to work closely with government on a range of planning reforms, including with the Department for Communities and Local Government (DCLG) on the Planning Practice Guidance which underpins the National Planning Policy Framework (NPPF). English Heritage is also working with the Historic Environment Forum to produce *Good Practice Advice* to supersede the *Planning Policy Statement 5 Practice Guide*, to be published later in 2014.

# Highlights of the Year

This year we have given advice and guidance on key subjects relating to the historic environment, from planning to climate change to regeneration. The NPPF has resulted in a significant increase in emerging local plan documents requiring input from English Heritage for most areas outside London. The requirement for plans to set out a positive strategy for the conservation and enjoyment of the historic environment, and the number of plans and strategies which predate the NPPF, are driving this work.

Our Historic Places teams gave advice on the draft Strategic Economic Plans created by Local Economic Partnerships. The teams continue to support new development in historic areas by providing master planning advice on major applications such as the Colchester Garrison site, the redevelopment of which for residential use will include an enhanced setting for the Roman circus that partly lies beneath it.

At Battersea Power Station in London English Heritage provided advice on the discharge of conditions relating to the famous chimneys. At Weavers' Triangle in Burnley, a University Technical College opened in the historic Victoria Mill following expert advice and grants from English Heritage, Burnley Borough Council, the Prince's Regeneration Trust, the Heritage Lottery Fund and the Regional Growth Fund. On 26 September the ruins of Astley Castle in Nuneaton won the Stirling Prize, the most coveted of architecture prizes. The site had been on the *Buildings at Risk Register* for many years. English Heritage helped through grant aid and advice, encouraging the approach of inserting a new building within the ruins which has won many plaudits and has secured a sustainable future for the castle. The restoration of Sheffield's Park Hill flats, where we have been closely involved with advice and grants, was also a finalist for the Stirling Prize.

We were delighted that the Court of Appeal upheld the previous decision of the High Court to quash a planning inspector's approval of a wind turbine development close to Lyveden New Bield in Northamptonshire. The turbines would have been harmful to Lyveden's Grade I listed Elizabethan manor house, lodge and garden because of the substantial impact on the setting and significance of these heritage assets. The National Trust, English Heritage and East Northamptonshire Council worked jointly to challenge the decision.

This last year has seen a resurgence in proposals for tall (over 20 stories) buildings across London. English Heritage's London team supported a study by New London Architecture into this phenomenon, providing information on the historic context as well as for the associated exhibition, *London's Growing Up!*, that opened in April 2014.

English Heritage continues to achieve a high performance in meeting deadlines for advice on planning cases. Nearly 99% of cases are now replied to within deadline. Our engagement at a pre-application stage continues to grow, with a 24% rise compared with last year. Our *Charter for English Heritage Advisory Services* has been commended by DCLG as a model of good practice in setting out our promise to those who seek our advice.

In November nine *Heritage Counts* reports were published by English Heritage on behalf of the Historic Environment Forum. They highlight projects around the country that are trying to meet skills needs in the sector. Several are concerned with construction skills, important for both the heritage sector and the wider economy.

The annual *Heritage at Risk Register* was launched in October at the Grade II Granary Building in London. Formerly 'at risk' it is now restored and part of the London University of the Arts campus. Over the last year, English Heritage funded 19 pilot surveys of Grade II buildings, with 350 volunteers surveying around 5,000 buildings in both rural and urban areas all over the country. The pilots were carried out by councils, civic groups, consultants and volunteers. Of the buildings surveyed 4.2% were deemed to be 'at risk'. The results are being used to determine how best to tackle Grade II buildings at risk nationally. Excellent feedback from those who took part indicates that there is potentially a large pool of volunteers keen to take action about their local heritage at risk.

This year saw the removal from the *Heritage at Risk Register* of the Bronte village of Haworth following a partnership with Bradford Council and the local community which has seen the re-paving of Main Street, exemplar repairs to key buildings and the production by English Heritage of a free leaflet guide.

English Heritage gave over £13 million in grants to help reduce the risk to nationally important heritage sites ranging from historic buildings to designed landscapes and conservation areas. Some of this work is celebrated through the English Heritage Angel Awards founded by Andrew Lloyd Webber. Hosted by Paul Martin with judges including *Restoration Man* George Clarke and historian and broadcaster Bettany Hughes, the awards celebrate the efforts of local people in rescuing their heritage. The winners of the 2013 Awards included a lead mine in County Durham, a community pub in London and a Grade I listed tower in Hadlow, Kent.

# Highlights of the Year

Our continued emphasis on strategic designation, as part of the NHPP, is now bearing fruit: last year, 36% of our cases arose from planned project work; this year it was 70%.

English Heritage continues to work in close partnership with Network Rail. This year, in a process similar to last year's project on the Great Western Railway, we worked with them on the Midland Main Line in advance of a major infrastructure programme. Elsewhere, we assessed signal boxes across the country as they approach redundancy and 26 of the best-preserved structures were given Grade II listed status as a result.

In September, English Heritage announced the listing of four post-war buildings: a Cold War bunker in Gravesend; a 'High Tech' warehouse in Swindon by Norman Foster; a concrete electricity substation in Sheffield; and a steel-framed private house in Tunbridge Wells. These listings trailed the opening of the *Brutal and Beautiful* exhibition at the Quadriga Gallery in Wellington Arch and add to the 700 or so post-war buildings that have been added to the list since the first post-war addition 25 years ago.

We also made our first additions to the *Register of Historic Battlefields* since the original designations were made in 1995 when the Register was set up. The Wars of the Roses site at Edgcote, Northamptonshire (1469) lies on the proposed route of High Speed Two (HS2) and was designated to provide clarity as to its location and heritage significance. The other designation was the Civil War battle of Lostwithiel, Cornwall (1644).

In November, the Secretary of State announced English Heritage's intention to list up to 2,500 war memorials over the five years of the First World War centenary commemorations, drawing on volunteer contributions. The decision to upgrade the Liverpool Cenotaph to Grade I on English Heritage's advice was also announced.

We welcomed in September the decision to grant Grade II listing status to Preston bus garage. Threatened with demolition, we had recommended it for listing twice before. We will continue to work with Preston City and Lancashire County Councils to advise on how the bus station could be incorporated in the regeneration strategy for the city centre.

Designations cover a very wide range. Last year one of the first model villages in England at Bourton-on-the-Water was given Grade II listed status on the recommendation of English Heritage, as was a 1920s East London eel, pie and mash shop in Walthamstow.

English Heritage continues to undertake cutting edge applied research in support of our heritage protection work and to promote public understanding and enjoyment of heritage. This year we have published a new heritage science strategy; a radical reinterpretation of Silbury Hill arising from pioneering work to conserve it; an assessment of the impact of motorised road transport on England's landscape; a monograph on buildings associated with the textile industries in south west England; and *Informed Conservation* volumes on Luton, Blackpool and Alston Moor. We have also re-launched our *Research News* as an electronic magazine in order to reach the widest public audience.

November saw the transfer of the Survey of London to the Bartlett School of Architecture at University College London, a move that secures a sustainable home and important new opportunities for this long running and widely respected research unit after 14 very productive years at English Heritage.

## National Heritage Collection

Huge progress has been made this year on English Heritage's biggest ever undertaking: to transform the setting and visitor experience of Stonehenge. Just over a year ago a section of the A344 road was closed. It had severed the monument from the Avenue, its ancient processional approach. The visitor and exhibition centre opened on 18 December, welcoming 50,000 visitors in the first month. On one day alone over the New Year holiday period the site welcomed 5,000 people, equal to numbers seen at the peak of the summer season. Work to demolish the existing facilities and return the area to grass has begun and the restoration of the landscape around Stonehenge will be completed this summer.

In January, specially trained volunteers joined the already large band of Stonehenge volunteers to build a group of houses based directly on recent archaeological excavations. These reconstructed buildings will give a glimpse of the lifestyle and technology of the Neolithic people who built Stonehenge. When completed, they will form the focal point of an outdoor gallery that will complement the indoor exhibition.



# Highlights of the Year

The English Heritage Foundation has continued to support our three main fundraising campaigns as they have moved towards completion: Stonehenge, Kenwood House and Osborne House. English Heritage fundraising staff work closely with Foundation trustees on our shared fundraising objectives and we are very grateful to the trustees for their continuing support.

The 2013 season was excellent. We welcomed nearly 1.1 million visitors in August alone, the highest number in any month on record. While the good weather played a part, the considerable investment that we have made at many sites around the country along with our extensive events programme reaped results in terms of increasing the number of visitors. Over 1 million people came to 520 events across 2,328 event days and fewer than half of them were existing members.

The highlight of our events calendar, *History Live!* held at Kelmarsh Hall in Northamptonshire, attracted more than 16,000 people last July. Re-enactors and performers presented dramatic scenes from the past 2,000 years, including the Battle of Hastings, Wars of the Roses and the D-Day landings to bring the story of England's past to life.

The number of people regularly volunteering with English Heritage rose to over 1,470 in 2013/14, a 44% increase on the previous year. As well as the new volunteers at Stonehenge, new volunteering programmes were launched at Kenwood, Osborne House, Bolsover Castle, Audley End House and Dover Castle. Three receptions to thank our volunteers were hosted by former Chair Baroness Andrews OBE at Eltham Palace, Brodsworth Hall and Kenilworth Castle. Nearly 300 volunteers attended.

## Improving our Service and Efficiency

The new structure for our National Planning and Conservation Department has seen improved performance in a number of areas, including casework response times. We are ahead of our target on the removal of entries from the *Heritage at Risk Register*. The restructure of the department achieved a £1 million payroll saving, of which £400,000 was re-invested in frontline services.

An efficiency review this year concentrated on our two main offices in Swindon and London. A cost saving of £600,000, spread over three years, has been secured as a result of re-tendering the facilities services. We continued the rationalisation of our office space by closing a small office in Salisbury.

We reviewed service delivery in Finance and Procurement this year, with Deloitte carrying out a health check and engaging key business users. Overall, the survey results were very positive and we have introduced changes in shared services based on this benchmark. This was the second year of sharing finance services with DCMS, working in partnership on the main areas of treasury management, credit control, systems support and improvements.

# Strategic Report

This new section of the report brings into one place all key performance information.

## Our Objectives

English Heritage is an Executive Non-departmental Public Body sponsored by the Department for Culture, Media and Sport (DCMS). Its formal name is the Historic Buildings and Monuments Commission for England. It was established on 1 April 1984 by the National Heritage Act 1983. The Act sets out the scope of our duties and functions.

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 Commission of up to 17 appointed by the Secretary of State. The Commission delegates operational management to a Chief Executive appointed by them who 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.

We have a Management Agreement in place with DCMS that sets the framework and resource for our activities. We report to DCMS, the departments for Communities and Local Government and for the Environment, Food and Rural Affairs and HM Treasury on our performance against it. This year's report starts on page 11.

Our relationships with local authorities are fundamental to achieving our aims, placed as they are in the front line of caring for so much of the country's heritage. We also operate within a vibrant heritage sector comprising some large organisations and hundreds of smaller voluntary and local groups as well as commercial operators. Over 90 are members of The Heritage Alliance, which administers the Historic Environment Forum with funding from English Heritage.

## Our Performance This Year

We monitor our performance in part using published key performance indicators, which are set out below. This commentary is informed by those figures and the many other qualitative reports we receive from our staff and external stakeholders.

2013/14 was an outstanding year for the National Heritage Collection. Visitors to our historic properties totalled 5.73 million, compared with 5.10 million last year (affected by severe wet weather) and 5.53 million the year before. Total earned income grew at a similar rate, from £53.4 million to £60.2 million. This was partly due to good weather in August, but also to the benefits of our capital investment programme which saw the completion of two major projects.

In November we reopened Kenwood House after a major restoration and conservation project and in December we completed the first stage of the Stonehenge programme – the opening of the new visitor and exhibition centre. Both have been well received with a substantial increase in visitors.

The National Heritage Collection has generated an operating surplus for several years now. This increased this year to £5.4 million from £3.5 million in last year's very wet year and from £5.2 million in 2011/12. However, we are very aware that, without substantial further investment, the operating surplus is not sufficient to cover the cost of addressing conservation defects. That is why we have been promoting with government a new model of operation for the Collection with the object of placing it on a financially sustainable footing.

We were delighted that the Spending Review announcement in June 2013 included an in-principle agreement to this new model. Implementation work has begun including a public consultation. Together with preparation of the full business case, this has been a major focus for senior management.

After reductions made in previous years as a result of the 2010 Spending Review, the grants budget was protected at a similar level to last year across all programmes. Next year's budget is set to remain at the same level.

Good progress has been made against our corporate objectives in respect of the conservation of England's heritage. Our National Heritage Protection Plan action plan sets out what we are doing to deliver wider heritage conservation and a summary of this year's key activity is presented in the Highlights of the Year section of this report that starts on page two.

# Strategic Report

In particular, English Heritage has continued to grow its influence through online advice (22% increase in users) and focus its efforts where they might have greater strategic impact. As corporate KPI02 below shows, this effort has paid off with the balance of strategic to reactive designation casework reversing over the last year. The number of planning cases we have engaged in has slightly increased, but our focus has shifted to those where we believe our expertise and role can have its greatest effect.

Corporate KPIs		Outturn 2013/14	Outturn 2012/13	Outturn 2011/12
CKPI 01	Number of new designations	424	455	495
CKPI 02	Percentage of designation outcomes that are reactive/strategic	30% reactive/ 70% strategic	64% reactive/ 36% strategic	63% reactive/ 37% strategic
CKPI 03	Number of new list descriptions for existing designated assets	263	263	991
CKPI 04	Number of requests for English Heritage advice processed	20,579	20,434	20,358
CKPI 05	Percentage of requests for English Heritage advice processed within the agreed deadline	98.9%	96%	94.7%
CKPI 06	Percentage spend on priority defects	30.7%	37.8%	29.3%
CKPI 07	Total number of heritage assets on the <i>Heritage at Risk Register</i>	5,700	5,831	5,657
CKPI 08	Value of grants given	£17.8m	£19.56m	£31.37m
CKPI 10	Number of users of EH online resources	14.7m	12.02m	9.94m
CKPI 11	Number of people trained	3,185	2,685	1,136
CKPI 12a	Number of page views of professional section of EH website	3.9m	New indicator	
CKPI 13	Number of pieces of advice and guidance published online <sup>1</sup>	34	52	76
CKPI 14	Number of visitors to staffed sites	5.73m	5.10m	5.53m (restated)
CKPI 15	Number of educational visits to historic properties, collections and tailored learning activities and resources	713,631	624,698	637,984
CKPI 16	Number of volunteers	1,473	1,026	830
CKPI 17	Number of members (inc. corporate members)	1.32m	1.16m	1.12m
CKPI 18	Visitor experience (out of 5)	4.3	4.3	4.3
CKPI 19	Net surplus from opening the National Heritage Collection to the public	£5.4m	£3.5m	£5.2m
CKPI 20	Amount raised through fundraising by English Heritage Development Department	£2.08m	£5.4m	£7.92m
CKPI 21	Earned income as a proportion of total income	32.27%	33.2% (restated)	29.7%
CKPI 22	Ratio of charitable giving to Grant in Aid	30.10%	27.13%	17.5%
CKPI 23	Amount of Grant in Aid to the National Heritage Collection	£15.6m	£19.6m	£20.84m

NB: KPIs 09 and 12 have been discontinued.

1 This number currently does not include web only content, which has increased. The KPI will be redefined to include it.

# Strategic Report

## Our Position at the Close of the Year

English Heritage received £99,846,000 (2013: £101,437,000) Grant in Aid funding from the Department for Culture, Media and Sport (note 29) to fund revenue spend and capital programmes. Other income totalled £86,706,000 (2013: £57,056,000) of which £60,194,000 (2013: £53,405,000) was earned income from commercial activities, with an increase in membership income in the year (note 2). Other operating income of £26,393,000 (2013: £3,504,000) 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 2014, after the transfer to the Development and Restricted Funds of £62,000 (2013: £89,000 transfer from the Development and Restricted Funds) and revenue to capital transfer of £2,880,000 (2013: £1,825,000), was £82,974,000 (2013: £104,372,000).

The operating surplus achieved as a result of operating sites opening to the public and related activities was £5,400,000 (2013: £3,500,000).

## Trends and Factors Likely to Affect our Future Performance

We anticipate an announcement shortly on the funding for the new governance model. If the new model goes ahead, as of 1 April 2015 this body will be re-branded 'Historic England' and will have three principal roles: statutory adviser to national and local government and the public on the conservation of England's historic environment; oversight of the management of the National Heritage Collection by the new charity (to be branded 'English Heritage'); and the provision of paid-for shared services to the charity that would amount to approximately 15% of income.

This year we are working with the rest of the heritage sector to develop a new National Heritage Protection Plan for 2015-20. We will prepare an action plan in response to it. Work is underway on our corporate plan for 2015-20 and a management agreement with government.

Under the new model, we would be responsible for the oversight of the charity's operation of and care for the National Heritage Collection. The relationship between the two organisations would be governed by a legal framework through which the performance of the charity would be monitored and measured.

The underlying performance of the National Heritage Collection will always be affected by the usual factors that affect the visitor market more generally, such as the weather. A particular factor since 2009 has been the 'staycation', visitors holidaying in England rather than abroad. Although this has declined in impact it continues to have a positive effect on visitor numbers and we anticipate this continuing. Continued investment in the interpretation and presentation of the properties, coupled with improved visitor services, has also contributed to growth and our capital programme for 2014/15 builds upon the investments made to date with a wide range of projects across a number of properties.

The new model charity would receive an investment of around £80 million from government. Together with third party fundraising, this would enable it to run a major capital programme and address urgent conservation works. It is projected that the resulting increase in income would mean the charity should be self-sustaining by 2023, the end of the first eight-year licence to the charity.

Finally, our financial position from 2015/16 onwards will be impacted by the increase in employer contributions to the Principal Civil Service Pension Scheme. This is expected to add approximately £900,000 per annum to our current cost base.

## The Principal Risks We Face and How We Are Managing Them

This year was the third of four years of cuts in our Grant in Aid from government. All the restructuring necessary to deal with the planned cuts to the end of 2014/15 is now complete, with no significant internal control or performance failures being apparent.

The proposed transfer of the management of the National Heritage Collection to a newly formed charity (the new model) will provide significant additional investment in the conservation and financial sustainability of the over 400 historic properties in our care. It will address one of our core responsibilities – looking after some of the nation's

# Strategic Report

most important historic sites – and put it on a financially sustainable footing. Its successful implementation would therefore address a core and long-term risk: not being able to maintain the portfolio in a satisfactory condition because of fiscal tightening in the public sector.

At the date of this report, we still await government's final approval that will confirm that the new model can proceed. A key risk is that the implementation of the new model in 2013/14 and 2014/15 has already taken up and will continue to take up a significant part of senior managers' time. The board is naturally concerned about the impact this might have on our progress against other objectives.

We have put in place programme governance arrangements that monitor these risks. We have kept that distinct from business-as-usual management so that new model work does not override our most important front-line activities. We monitor the impact of implementation on business-as-usual output and so far have not noticed a material change.

Whilst we benefitted from a much improved commercial performance this year, we are still very mindful of the impact of the bad weather in 2012 and the outlook for public finances. We need to maintain flexibility and resilience in our finances to cope with such external factors beyond our control.

The National Heritage Protection Plan completed its third year of operation this year. 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. It is subject to external oversight by an expert committee of interested parties and reports publicly on progress. Work is underway on a replacement plan for 2015-20 and we will align our corporate objectives and activities against it. This transparency provides a healthy opportunity to the Commission and others to challenge the usefulness and efficacy of our work. It enables others concerned with heritage conservation to understand and build on our activities.

Achievement of our aims is to a large degree reliant on heritage protection law and policy. We continue to monitor closely the effect of the implementation of the Enterprise and Regulatory Reform Act, the National Planning Policy Framework, including its new supporting guidance, and the Localism Act. We have highlighted any perceived shortcomings to national and local governments.

Achievement of our aims also very largely relies on the work of others, particularly owners, charities and local authorities. The impact of contracting public finances is undoubtedly having a significant effect on their ability to deliver conservation. Of particular concern are the expert staffing levels in local authority planning services. The Commission has adapted its programmes and activities to take these factors into account to best support the delivery of conservation work by others.

A programme to update our IT hardware has been progressing throughout the year, but with delays. The age and efficiency of the equipment still in use by many staff is having a negative impact on operational performance. The board has spent some time in seeking to improve the performance of the supplier. A realistic programme is now in place and we are monitoring the impact.

In 2013/14 there were 433 reported accidents of which 36 were reportable to the Health and Safety Executive (HSE) under statutory reporting regulations. This compares with a total of 477 of which 38 were statutorily reportable in the previous year. No clear trends were identified, although slips, trips and falls remain the most common cause of accident. For the first time in our history, we were issued this year with a Crown censure by the HSE regarding our failure to record properly the risks associated with a glass panel at one of our historic sites, following an incident. Specific risk assessments have been carried out and recorded in relation to all similar installations at our properties and measures put in place to improve this aspect of our risk management.

English Heritage has continued to make good progress towards full compliance with the mandatory requirements of the Security Policy Framework. Risks to information assets are now monitored and managed using an Information Risk Register and a programme to raise awareness of information management for all staff is underway. English Heritage has suffered no significant losses of protectively marked data during 2013/14 and has not had to make any report on the loss of personal protected information to the Information Commissioner's office.

# Strategic Report

## Employees

Our workforce demographics remain fairly stable. 61% of staff are female, 97% are white, 95% are heterosexual and 2.4% are disabled. We believe that there is significant under-reporting in disability status, borne out by the larger number of people (9%) identifying as disabled in our anonymous staff survey. The staff numbers in the table below are headcount as at 31 March 2014.

	At 31 March 2014		At 31 March 2013	
<b>Gender</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
All staff	1,579 (61.2%)	999 (38.8%)	1,559 (61.7%)	962 (38.3%)
Directors (Executive Board)	1 (20%)	4 (80%)	1 (20%)	4 (80%)
Senior Management (Directors)	13 (37.1%)	22 (62.9%)	13 (36.1%)	23 (63.9%)
<b>Ethnicity</b>	<b>White ethnic groups</b>	<b>Non-White groups</b>	<b>White ethnic groups</b>	<b>Non-White groups</b>
	97.33%	2.67%	97.7%	2.3%
<b>Sexual Orientation</b>	<b>Heterosexual</b>	<b>Gay/Lesbian/ Bi/Other</b>	<b>Heterosexual</b>	<b>Gay/Lesbian/ Bi/Other</b>
	95.2%	4.8%	94.1%	5.9%
<b>Disabled?</b>	<b>No</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>
	97.6%	2.4%	97.9%	2.1%

## Environmental Matters

English Heritage has duties to promote National Park and Areas of Outstanding Natural Beauty purposes and biodiversity. This year we have continued to work with Defra under our Memorandum of Understanding, particularly on the arrangements for the next Rural Development Programme for England 2014-2020. We have worked with Natural England on the protected landscapes monitoring strategy project and have refreshed the AONB Accord. Our Sustainability Report starts on page 28.



**Dr Simon Thurley**  
Chief Executive  
17 June 2014

# Management Agreement Progress Report

Management Agreement Priorities	Progress
<p><b>Promote sustainable development</b></p>	<p>As part of our ongoing training on the application of the National Planning Policy Framework to historic environment cases, we held four free training events with over 200 participants from the public and private sector.</p> <p>We have worked with the Department for Communities and Local Government (DCLG) as well as the heritage sector and owner/developer interests in producing the now published <i>Planning Practice Guide</i>. A more detailed guide to heritage planning matters is also being prepared.</p> <p>We continued to support DCMS and DCLG in their work to implement the various heritage protection reforms under the Enterprise and Regulatory Reform Act 2013 (the ERR Act). These have now been implemented in full and we have held three free training sessions around the country attracting around 120 delegates.</p> <p>Changes to listing legislation under the ERR Act have been used to great effect where appropriate, with 27% of positive decisions incorporating a level of selective protection.</p> <p>Our National Planning and Conservation Department has adopted a new strategy aimed at focussing its efforts on the cases where its advice can have the best effect.</p>
<p><b>Focus activities in areas where EH provides a distinctive service and reduce any areas of overlap with other bodies</b></p>	<p>This objective is embedded in the high-level proposals for Historic England as set out in the new model consultation document published in December. It would be a guiding factor in setting the corporate plan for the reformed body.</p> <p>The National Heritage Protection Plan (NHPP) has continued to grow in impact. It provides an increasingly effective means of prioritising resources within English Heritage. Preparations for the second plan, for 2015-20, are underway. The Historic England corporate plan would be closely related to it.</p> <p>A total of four organisations in addition to English Heritage now have NHPP action plans: the Church of England, the Society for the Protection of Ancient Buildings, the Federation of Archaeological Managers and Employers, and the Landmark Trust. More are in development and several universities are considering the potential for reporting suitable research projects within the Plan framework.</p> <p>Following on from the 'Historic Environment: Local Authority Capacity' initiative reported on previously, English Heritage continues to work with the Local Government Association (LGA) to support local government historic environment services adapt to reduced budgets. English Heritage's chairman spoke on this at the LGA Culture, Tourism and Sport conference in March. We jointly published guidance on new models of service last July and have worked together to provide training to senior councillors and Heritage Champions. The LGA is also involved in the organisation of the biennial Heritage Champions conference to take place this November.</p> <p>English Heritage continues to grant-fund the Heritage Open Days (HODs) following its transfer to a partnership of the National Trust, Heritage Alliance and Civic Voice. However, the current funding arrangement expires in March 2015 and the National Trust, as lead partner, is taking forward a bid to the Heritage Lottery Fund with a view to securing funding for HODs in future years.</p> <p>Last November the Survey of London transferred from English Heritage to the Bartlett School of Architecture at University College London. The move secures a sustainable home and important new opportunities for this long-running and widely respected research unit after 14 very productive years at English Heritage.</p>



# Management Agreement Progress Report

Management Agreement Priorities	Progress
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	English Heritage's savings plan for the SR10 period is on track to achieve this target as against the 2010/11 budget baseline.
Administration is cut by 50% in real terms by the end of the Spending Round period	Administration spend is within the control total set out in our Grant in Aid allocation letter. New model set-up costs are not included with this.
Self-generated income is increased	The 2013 season was very successful, with 5.73 million visitors (3.1 million paying) compared with 5.1 million (2.8 million paying) for 2012/13 (a wet year) and 5.53 million in 2011/12. The ratio of charitable giving to Grant in Aid rose from 27.13% to 30.10% this year and earned income rose from £53.4 million to £60.2 million. This was above forecasts and a continuation of the long-term trend in increased income.
English Heritage works in partnership on philanthropy to help reinforce the financial resilience of the sector and to strengthen its own fundraising capacity	<p>English Heritage has provided support to The Heritage Alliance to help the sector nurture philanthropic giving. In June 2013, The Heritage Alliance was awarded £499,800 by the Heritage Lottery Fund for <i>Giving to Heritage</i>, their programme to support heritage and local community groups across the UK build fundraising skills.</p> <p>Fundraising for the Stonehenge, Kenwood House and Osborne House projects was completed. Unrestricted (i.e. non-project related) donations and legacies to the National Heritage Collection were £1.2 million in 2013/14, 20% over budget.</p> <p>Planning for the next phase of capital projects is underway. Research to increase unrestricted funding income has been commissioned, placing the fundraising team in a strong position should English Heritage become a charitable body.</p>
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	<p>As mentioned above, English Heritage is actively engaged in the implementation of the ERR Act 2013. We continue to work on other non-statutory reforms, such as new methods of dealing with heritage at risk.</p> <p>The designation reforms are already in place and we are in active dialogues with a number of owners and developers as to how new or altered designations may benefit the building's protection.</p>
Agree and implement a plan to increase the financial sustainability of the National Collection	The new governance model for English Heritage and Historic England has been announced and a business case seeking formal approval has been submitted.



# Management Agreement Progress Report

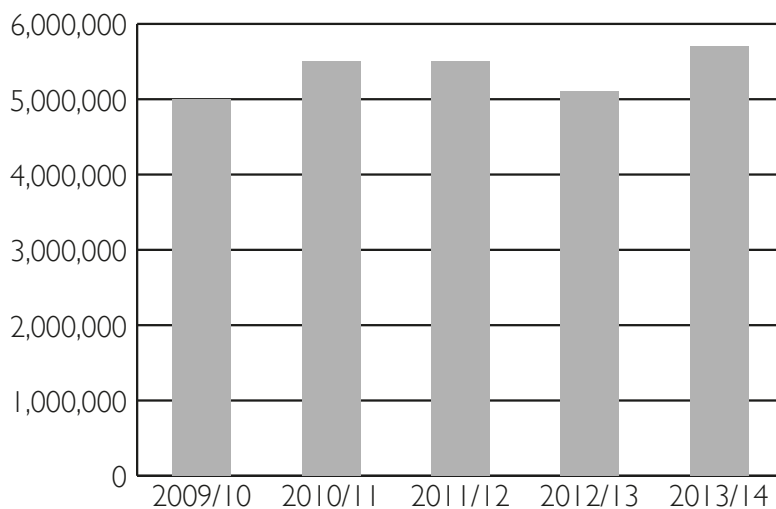
Key Areas of Activity relating to Other Government Departments	Progress
<b>DCLG: the ongoing reform of the planning and heritage protection system, regeneration and the provision of new housing in historic areas as well as community and local government issues.</b>	English Heritage has actively engaged 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 now published guidance in support of the NPPF, consultation requirements and the many other proposed changes to the planning regime as appropriate.
<b>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.</b>	English Heritage has a Memorandum of Understanding with the Department setting out roles and expectations for work over the coming years, including our joint priorities (currently the contribution that heritage can make to tourism and economic growth in rural areas and the pooling of resources to achieve 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	2013/14	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	<b>£30.0m</b>	£27.5m	£21.5m
Ratio of charitable giving to Grant in Aid for English Heritage	<b>30.10%</b>	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	<b>458 (7.8%)</b>	341 (6%)	297 (6.5%)
Number of proposals advised upon pre-application <sup>1</sup>	<b>3,692</b>	2,968	New indicator
Number of people trained in the application of the National Planning Policy Framework to sustainable development in the historic environment <sup>2</sup>	<b>200</b>	600	New indicator
Number of English Heritage guidance notes revised to take account of the National Planning Policy Framework <sup>2</sup>	<b>5</b>	2	New indicator
Percentage of requests for English Heritage advice processed within agreed deadlines	<b>98.9%</b>	96%	94.7%
<b>Net surplus from opening the National Heritage Collection to the public</b>	<b>£5.4m</b>	£3.5m	£5.20m
<b>Number of volunteers</b>	<b>1,473</b>	1,026	830

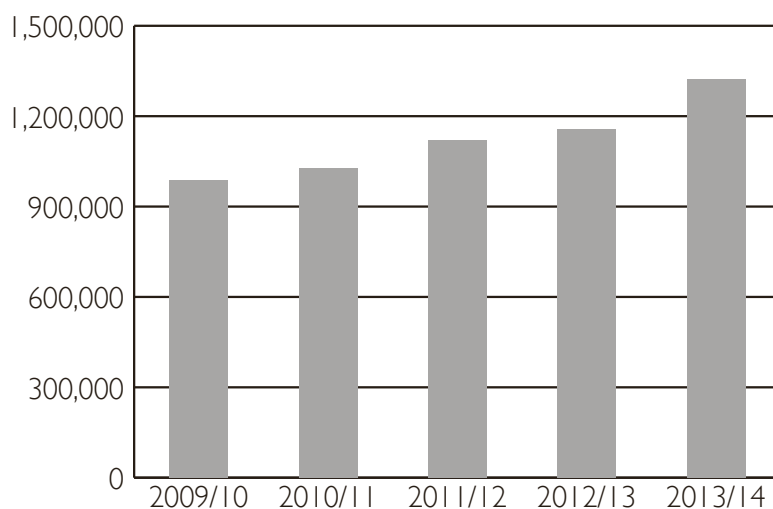
- Our efforts to engage earlier in planning casework are bearing fruit with a 24% increase this year in the number of proposals advised on at the pre-application stage.
- The later-than-anticipated publication of the government's planning policy guidance in support of the NPPF has led to many training events being pushed back into 2014/15. It has had a similar knock-on effect on the revision of English Heritage guidance notes.

# The Year in Numbers

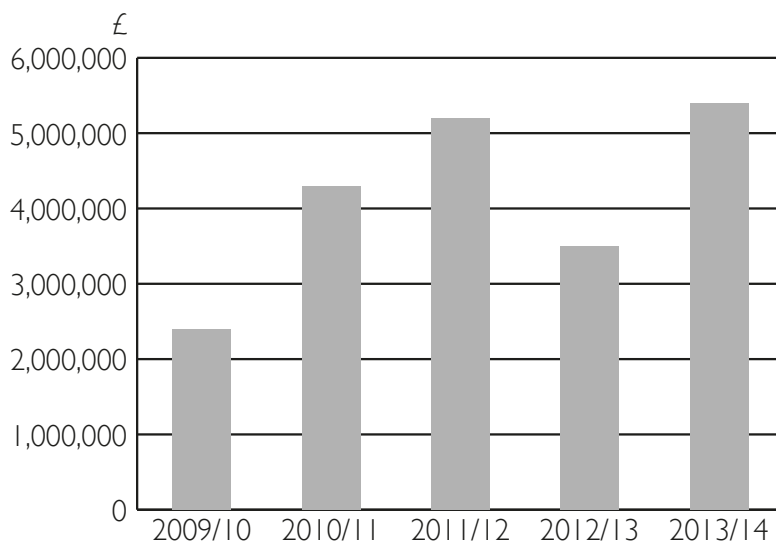
Visitors to Staffed Properties (inc LMAs)



Members (inc corporate members)



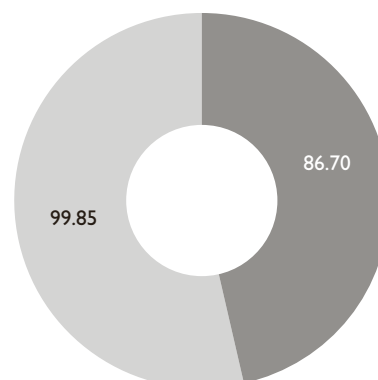
Net Surplus from Opening the National Heritage Collection to the Public



# The Year in Numbers

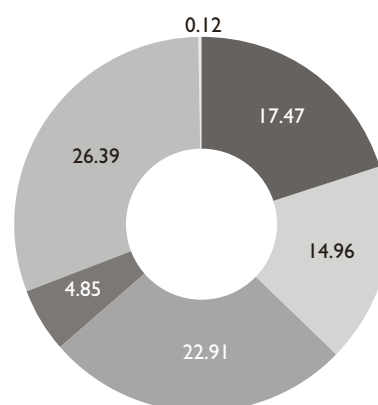
## Total Income and Grant in Aid (£m)

■ Total Non-GIA Income	86.70
■ Grant in Aid	99.85
<b>Total</b>	<b><u>186.55</u></b>



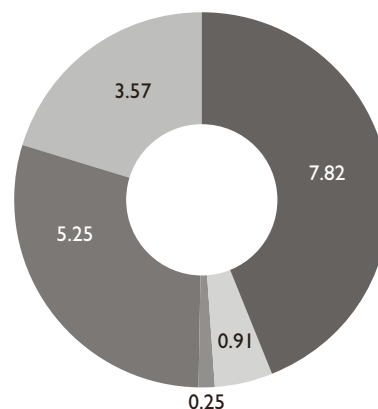
## Earned, Operating and Investment Income (£m)

■ Admission Income	17.47
■ Retail and Catering Income	14.96
■ Membership Income	22.91
■ Other Earned Income	4.85
■ Donations, Grants and Other Operating Income	26.39
■ Interest	0.12
<b>Total</b>	<b><u>86.70</u></b>



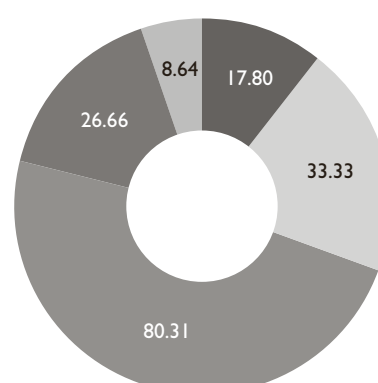
## Grant Expenditure (£m)

■ Buildings and Monuments	7.82
■ Conservation Areas	0.91
■ Other Places of Worship	0.25
■ Historic Environment	5.25
■ Other	3.57
<b>Total</b>	<b><u>17.80</u></b>



## Total Expenditure (£m)

■ Grants	17.80
■ Heritage Protection & Planning	33.33
■ National Collections	80.31
■ Corporate & Support Services	26.66
■ Depreciation, Amortisation & Impairment	8.64
<b>Total</b>	<b><u>166.74</u></b>



# Governance Statement

## Scope of Responsibilities

English Heritage is a Non-departmental Public Body with statutory purposes set out principally in the National Heritage Act 1983. Its corporate aims can be found in its Corporate Plan 2011-2015. A Management Agreement with DCMS sets out the framework and resources within which it operates. English Heritage is governed by its Commission with a view to achieving its corporate and Management Agreement aims in a manner that is impartial, objective, efficient, open and accountable.

In particular, English Heritage's 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 on page 21;
- 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. Its members are appointed by the Chair of Commission. 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 usually meets four times a year but because the March 2014 meeting moved back to 3 April, only three meetings took place in 2013/14.

# 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 – to 31 July 2013)	3/3	Dr Simon Thurley (Chair)	16/16	Martin Moore (Chair)	3/3
Sir Laurie Magnus (Chair – from 1 September 2013)	4/4	Keith Harrison	15/16	Mitesh Dhanak	2/3
Lynda Addison	7/7	Dr Edward Impey – to 16 October 2013	8/8	Simon Judge	2/3
Professor Sir Barry Cunliffe	5/6	Deborah Lamb	15/16	Andy Karski	1/3
Peter Draper	7/7	Mark Pemberton	16/16	John Walker	3/3
David Fursdon	6/6	Chris Smith – from 1 October 2013	7/8		
Professor Ronald Hutton	5/5				
Jane Kennedy	6/6				
Vice Admiral Sir Tim Laurence	5/7				
Martin Moore	6/7				
Graham Morrison	7/7				
John Walker	6/6				
Baroness Young	7/7				

There are other advisory committees that advise staff and report to Commission: English Heritage Advisory Committee, London Advisory Committee, Designation Review Committee, Business and Finance Committee and Remuneration and Human Resources Committee. At the end of the year an appointments committee had been created but had yet to meet. Each committee has a distinct area of business and all have a mix of Commissioners and external expert advisers in their membership. In addition there are a number of advisory panels formed of external experts who advise staff on technical matters.

# Governance Statement

To oversee the implementation of the new governance model (described in the Strategic Report that starts on page six) we have established an internal programme board as a committee of Commission that consists of Commissioners and executive directors and a project board that reports into the programme board. These meet monthly and bi-weekly respectively. The Executive Board and Commission receive progress and risk reporting from these implementation boards when considering the overall performance of the organisation and the interplay between business-as-usual and the new model work.

Declarations of potential conflicts of interest are formally sought from all Commissioners and members of Executive Board, English Heritage Advisory Committee and London Advisory Committee at least once a year and a register is 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. English Heritage reports six-monthly on progress against its Management Agreement (see the report for 2013/14 that starts on page 11) and I and the members of my Executive Board have regular meetings with senior DCMS staff. Meetings with Ministers take place 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 by evaluating the likelihood of those risks being realised and the impact should they be realised. We then aim to manage them effectively and economically in proportion to the degree of risk they pose.

## The Method of Governance

The system of governance has continued in place in English Heritage for the financial year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts. It accorded with HM 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. There was no such committee in place during 2013/14, but Commission has now agreed to establish an appointments 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. Commission appointments are the responsibility of government.

Commission set aims for the organisation in the Corporate Plan for 2011 to 2015. Executive Board agrees corporate targets under each of the aims and has a number of key performance indicators (KPIs) that it uses to monitor performance. Performance against the KPIs in the past year is set out in the Strategic Report that starts on page six. The board also maintains a corporate risk register.

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. 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 their department directors and department directors then delegate responsibility for delivering those departmental targets and controlling the risks to their staff as appropriate. Reports on the 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.

# Governance Statement

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 good practice by reading, taking part in appropriate training and through contact with their counterparts in similar organisations.

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 is informed by: the work of the internal auditors including the assurances gained from an annual programme of internal audit reviews and advice which is agreed by me, Executive Board and Audit and Risk Assurance Committee; the advice of staff who have responsibility for the development and maintenance of the performance and risk management system; the twice-yearly performance reports; comments made by the external auditors in their management letter and other reports; the assurances provided to me by each Executive Board member in their regular reports to me and Executive Board generally; and the assurances gained from the work of specific committees, including Business and Finance Committee, Safety Council and the programme and project boards established to oversee the new model implementation.

The results from my 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 Executive Board's own processes and practices;
- the views of 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, including those with oversight of the new model implementation; and
- any other body's views or survey data that expressed a view on the performance of English Heritage.

Commission and 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 highlights from the board's review of its own reports and activities and those of Commission and its committees are covered within the Strategic Report that starts on page six.

A challenge for the Commission has been maintaining its role whilst dealing with the replacement of six Commissioners, following the expiry of previous appointments. The vacancies have all now been filled. We are planning to stagger appointments to minimise the impact in future.

# Governance Statement

## Open Government and Freedom of Information

English Heritage is subject to the Freedom of Information Act 2000 and also the Environmental Regulations 2004, which relate specifically to information about the environment. In 2013/14 we answered 393 requests under this legislation, compared to 422 last year. As part of our ongoing commitment to open government much of our information is available via our website ([english-heritage.org.uk](http://english-heritage.org.uk)).

## Conclusion

There have again been considerable challenges for the staff and senior management of English Heritage this year, the most important of which has been the governance and call on resources of the new model implementation. The governance regime we have in place 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  
17 June 2014



# 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 can be found in the Strategic Report that starts on page six.

## Commissioners and Executive Board Members

English Heritage's Chairman, Sir Laurie Magnus, was appointed on 1 September 2013. Details of his remuneration and that of Dr Simon Thurley, Chief Executive, can be found in the Remuneration Report that starts on page 23.

Several Commissioners reached the end of their term of appointment during the year. Details of those who served as Commissioners between 1 April 2013 and 17 June 2014 and details of Executive Board members are also included in the Remuneration Report.

The terms of reference for Commission and English Heritage's committees and panels as well as information about Executive Board, together with biographical notes on members, can be found on the English Heritage website.

## 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, which includes company directorships. 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.

Declarations of potential conflicts of interest are obtained from all Commissioners and members of Executive Board, English Heritage Advisory Committee and London Advisory Committee at least once a year. Declarations are also obtained 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.

## Post Balance Sheet Events

Post balance sheet events are disclosed in note 37.

The Annual Report and Accounts was authorised for issue by the Accounting Officer on the date the Comptroller and Auditor General certified the accounts.

## Pension Liabilities

Details of the pension schemes can be found in the Remuneration Report on page 23 and accounting policies can be found in note 1. The annual costs of the various schemes are detailed in note 14.

# 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 staff conference and presentations made to staff by the Chief Executive, which are also filmed and published on the intranet.

Additional communication has taken place during the year to keep employees up-to-date with the future plans for the organisation.

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

## Sickness Absence

The average working days lost (AWDL) per person for English Heritage employees is 4.0 for the financial year 2013/14. This was unchanged from the previous year. The CIPD *Absence Management* survey 2013 reports the public sector average as 8.7 days and the private sector average as 7.2 days.

## Personal Data Related Incidents

English Heritage has suffered no significant losses of protectively marked data during 2013/14 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 2013/14.

## Disability

English Heritage aims to increase participation by people with disabilities. Full and fair consideration is given to applications for employment from the disabled where they have appropriate skills to perform the job. If disability should occur during employment, then English Heritage would make every effort to maintain employment and to ensure the availability of adequate training and career development facilities.

## 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 has been the independent examiner of the Iveagh Bequest since 1997.

Audit fees charged for the year are reported in note 11. Remuneration paid to auditors in respect of non-audit services was nil (2013: nil).

## Disclosure of Relevant Audit Information

As Accounting Officer and in conjunction with the Commissioners and Executive Board, we have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the National Audit Office is aware of that information. So far as we are aware, there is no relevant audit information of which the National Audit Office is unaware.



**Dr Simon Thurley**  
Chief Executive  
17 June 2014

# Remuneration Report

## Remuneration and Human Resources Committee

The purpose 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 Committee's responsibility 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 was scheduled to meet on two occasions this year and is chaired by a Commissioner (but not the Chairman of the Commission). It comprises no fewer than five members, at least three of whom must be Commissioners of whom one is the Chairman of Commission. Members of the Committee are appointed by the Chairman of the Commission. Professor Ronald Hutton chaired the Committee until 30 September 2013 and was succeeded by Mr Martin Moore on 9 January 2014. During 2013/14, English Heritage was subject to a 1% overall ceiling on pay increases applicable to the public sector.

## Executive Board Remuneration Policy

The remuneration of 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 reviewed 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 Executive Board members with contractual performance related pay arrangements are the Chief Executive and the Director of Resources. The performance related awards are payable for 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. The Acting Director of Heritage Protection and Planning was also eligible for a performance related award. 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 the rate of their performance related award.

# Remuneration Report

## Emoluments of Commissioners

	Emoluments	
	2014 £'000	2013 £'000
<b>The Chair of Commission</b>		
Baroness Andrews OBE (term of appointment ended 31 July 2013)	15	46
Sir Laurie Magnus (appointed 1 September 2013)	23	–
<b>Commissioners</b>		
Ms Lynda Addison OBE	8	8
Professor Sir Barry Cunliffe CBE (term of appointment ended 14 February 2014)	7	8
Mr Peter Draper	4	4
Mr David Fursdon (term of appointment ended 31 January 2014)	3	4
Professor Ronald Hutton (term of appointment ended 30 September 2013)	3	4
Ms Jane Kennedy (term of appointment ended 14 February 2014)	4	4
Vice Admiral Sir Tim Laurence KCVO CB ADC	4	4
Mr Martin Moore	4	4
Mr Graham Morrison	4	4
Mr John Walker CBE (term of appointment ended 31 January 2014)	3	4
Baroness Young of Hornsey OBE	4	4

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.

All Commissioners' appointments are non-pensionable. Commissioners' emoluments are set by the Department for Culture, Media and Sport.

The Secretary of State for Culture, Media and Sport, the Rt Hon Sajid Javid MP, appointed seven new Commissioners with effect from 1 June 2014: Mr Alex Balfour and Ms Victoria Harley for terms of three years; Ms Sally Balcombe and Professor Martin Daunton for terms of four years; and Ms Victoria Bamsley OBE, Professor Michael Fulford CBE and Mr Michael Morrison for terms of five years.

## Advisory Committee and Panel Members

English Heritage has a number of advisory committees and panels which report directly to Commission. One (2013: one) advisory committee and panel member who was not a Commissioner received emoluments of £4,000 in total during the year (2013: £4,000). No other non-Commissioners received emoluments in the year.

# Remuneration Report

## Single Total Figure of Remuneration for Executive Board

	Emoluments		Pension Benefits <sup>3</sup>		Total	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
<b>Simon Thurley</b> Chief Executive	<b>165</b>	161	<b>14</b>	60	<b>179</b>	221
<b>Keith Harrison</b> Director of Resources	<b>133</b>	130	<b>47</b>	48	<b>180</b>	178
<b>Edward Impey<sup>1</sup></b> Director of Heritage Protection and Planning	<b>61</b>	112	<b>15</b>	43	<b>76</b>	155
<b>Deborah Lamb</b> Director of National Advice and Information	<b>102</b>	101	<b>1</b>	50	<b>103</b>	151
<b>Mark Pemberton</b> Director of National Collections	<b>128</b>	127	<b>6</b>	2	<b>134</b>	129
<b>Chris Smith<sup>2</sup></b> Director of Heritage Protection and Planning	<b>46</b>	–	<b>12</b>	–	<b>58</b>	–

### Notes

- 1 Director of Heritage Protection and Planning to 16 October 2013. Annual full year equivalent salary £113,000.
- 2 Acting Director of Heritage Protection and Planning from 1 October 2013. Annual full year equivalent salary £91,000.
- 3 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. The figures are provided by MyCSP, the pension scheme administrator.

## Pension Benefits for Executive Board

	Total accrued pension at age 60 <sup>1</sup>	Total lump sum at age 60 <sup>1</sup>	Real annual increase in pension	Real annual increase in lump sum	CETV <sup>2</sup>		Real annual increase in CETV
	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2013 £'000	£'000
<b>Simon Thurley</b> Chief Executive	<b>45</b>	<b>134</b>	<b>1</b>	<b>3</b>	<b>794</b>	735	<b>9</b>
<b>Keith Harrison</b> Director of Resources	<b>19</b>	–	<b>3</b>	–	<b>250</b>	203	<b>28</b>
<b>Edward Impey<sup>3</sup></b> Director of Heritage Protection and Planning	<b>22</b>	–	<b>1</b>	–	<b>333</b>	301	<b>14</b>
<b>Deborah Lamb</b> Director of National Advice and Information	<b>46</b>	–	<b>1</b>	–	<b>703</b>	656	<b>(2)</b>
<b>Mark Pemberton</b> Director of National Collections	<b>62</b>	<b>185</b>	<b>1</b>	<b>2</b>	<b>1,402</b>	1,374	<b>6</b>
<b>Chris Smith<sup>4</sup></b> Director of Heritage Protection and Planning	<b>25</b>	<b>25</b>	<b>1</b>	–	<b>469</b>	449	<b>10</b>

### Notes

- 1 Balances as at 31 March 2014.
- 2 Cash Equivalent Transfer Value.
- 3 Director of Heritage Protection and Planning to 16 October 2013.
- 4 Acting Director of Heritage Protection and Planning from 1 October 2013.

# Remuneration Report

## 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 (2013: nil).

The Chief Executive was the highest paid employee. His total emoluments for the year of £165,000 (2013: £161,000) comprise basic salary of £137,000 (2013: £136,000) and a performance related award of £28,000 (2013: £25,000).

The Chief Executive, the Director of Resources and the Acting Director of Heritage Protection and Planning were eligible for a performance related award.

The Director of Resources' emoluments for the year of £133,000 (2013: £130,000) comprise basic salary of £121,000 (2013: £120,000) and a performance related award of £12,000 (2013: £10,000). The other Directors' emoluments shown in the table above relate to basic salary only.

## Pay Multiples

	2014 £'000	2013 £'000
Highest paid director's total remuneration (excluding pension benefits)	165	161
Median total remuneration	20	19
Ratio	8.27	8.25

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 (excluding pension benefits) of the highest paid director in English Heritage in the financial year 2013/14 was £165,000 (2013: £161,000). This was 8.27 (2013: 8.25) times the median remuneration of the workforce, which was £19,934 (2013: £19,457). 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.

The increase in the basic salary of the highest paid director and the median remuneration of the workforce from 2012/13 to 2013/14 is due to the 1% pay increase which came into effect from 1 April 2013.

In 2013/14, no (2012/13: nil) employees received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments. It does not include 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, members 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 have applied 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 October 2002 worked out as in Premium. In Nuvos a member

# Remuneration Report

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 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 <http://www.civilservice.gov.uk/pensions>

Employer's contributions into the Principal Civil Service Pension Scheme (PCSPS) in respect of the Executive Board totalled £145,000 (2013: £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  
17 June 2014

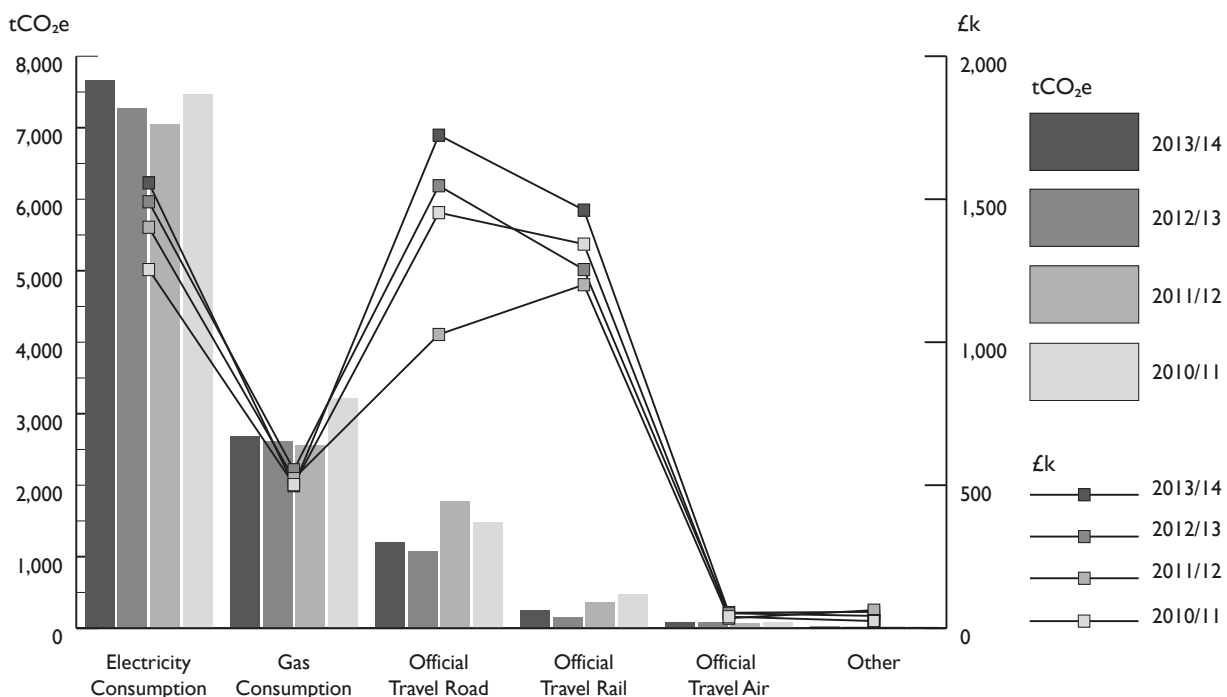
# Sustainability Report

## Greenhouse Gas Emissions

	2013/2014	2012/2013	2011/2012	2010/2011
Non-Financial Indicators (tCO <sub>2</sub> e: tonnes of CO <sub>2</sub> equivalent)				
Total Gross Emissions for Scopes 1 & 2	10,339	9,885	9,325	10,345
Total Net Emissions for Scopes 1 & 2 (i.e. less reductions – e.g. green tariffs)	10,339	9,885	9,325	10,345
Gross Emissions Scope 3 Business Travel	1,551	1,335	2,220	2,047
Other Scope 3 Emissions Measured	0	0	284	345
Related Energy Consumption (kWh: kilowatthour)				
Electricity: Non-Renewable	17,193,565	15,807,451	15,602,043	15,386,767
Electricity: Renewable	–	–	–	–
Gas	9,655,304	8,908,677	7,966,231	10,917,724
LPG	366,389	262,184	173,320	209,028
Other	3,258,587	3,482,639	2,927,507	3,102,075
Financial Indicators				
Expenditure on Energy	£2,055k	£2,045k	£1,925k	£1,756k
CRC License Expenditure (2010 onwards)	£0k	£0k	£0k	£0k
CRC Income from Recycling Payments	£0k	£0k	£0k	£0k
Expenditure on Accredited Offsets (e.g. GCOF)	£0k	£0k	£0k	£0k
Expenditure on Official Business Travel	£3,297k	£2,896k	£2,326k	£2,861k

† The scopes and conversion rates are set out the in 2013 Government GHG Conversion Factors for Company Reporting Methodology Paper for Emission Factors issued by Defra.

### Greenhouse Gas Emissions in Tonnes and by Cost



Our Greenhouse Gas Emissions (GHG) have been restated for all years in order to take into account material changes to the conversion factors provided by Defra for company reporting purposes. Actual data is used as far as possible to calculate GHG, but where it has not been possible estimations have been extrapolated from the actual data.

English Heritage continues to use the smart meters installed across all energy types as the mechanism for controlling and managing energy usage. The slight increase in GHG this year can be attributed to the construction of the new visitor and exhibition centre at Stonehenge, although this is offset by the lower usage at our other sites because of mild weather conditions this winter.

Despite the GHG levels increasing slightly, the costs have remained static. This is as a result of moving the majority of contracts onto the national framework which delivers the best unit price available.

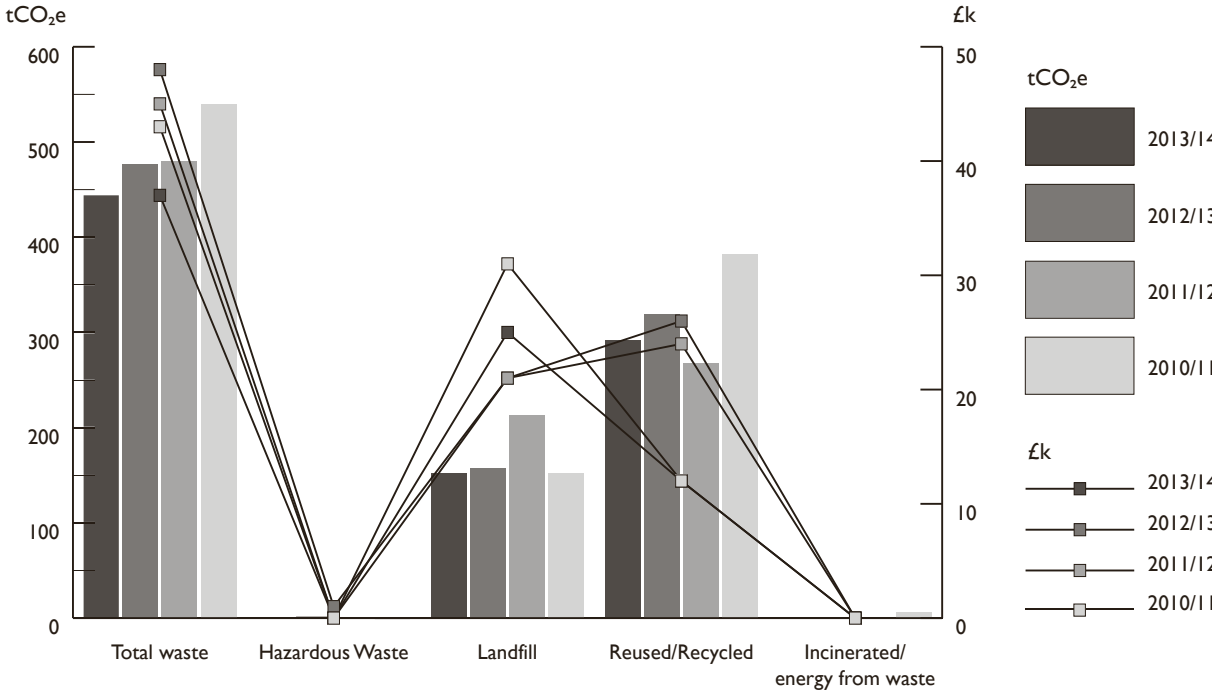


# Sustainability Report

## Waste

		2013/2014	2012/2013	2011/2012	2010/2011
Non-Financial Indicators (tonnes)					
Total waste		444	477	480	540
Hazardous waste	Total	0	1	0	0
	Landfill	152	157	213	152
Non-hazardous waste	Reused/Recycled	292	319	267	382
	Incinerated/energy from waste	0	0	0	6
Financial Indicators					
Total disposal cost		£37k	£48k	£45k	£43k
Hazardous waste – Total disposal cost		£0k	£1k	£0k	£0k
Non-hazardous waste – Total disposal cost	Landfill	£25k	£21k	£21k	£31k
	Reused/Recycled	£12k	£26k	£24k	£12k
	Incinerated/energy from waste	£0k	£0k	£0k	£0k

Waste Volumes and Disposable Routes in Tonnes and by Cost



Recycling or reuse represents 65% of total waste. The report no longer contains any specific information relating to construction industry waste due to the changes in reporting regulations, although the major construction project at Stonehenge did produce 7.7 tonnes of waste, with 85% being recycled or reused.

# Sustainability Report

## Water – Finite Resource Consumption

		2013/2014	2012/2013	2011/2012	2010/2011
Non-Financial Indicators (m <sup>3</sup> )					
Water Consumption	Supplied	140,045	100,741	128,136	124,854
	Abstracted	0	0	0	0
Financial Indicators					
Water Supply Costs		£231k	£221k	£226k	£232k

The demand for supplied water at our sites with formal gardens fluctuates depending on rainfall levels and is therefore affected by changes in weather conditions. Consumption was higher in summer 2013 because of the very warm, dry weather. The smart metering programme continues to identify excessive or erratic usage and leaks and will also enable us to benchmark consumption and target poor performance.

## Paper – Finite Resource Consumption

		2013/2014	2012/2013	2011/2012	2010/2011
Non-Financial Indicators (Reams)					
A3 Paper		500	500	0	0
A4 Paper		10,598	11,241	0	0
Financial Indicators					
A3 Paper		£3k	£3k	£0k	£0k
A4 Paper		£31k	£31k	£0k	£0k

This is the first year of reporting on volumes of paper used, with only two years of data collected. 19.5% of the paper procured is made from recycled stock. An initiative is underway to target key departments to encourage them to increase the volume of recycled paper they order.

# 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  
17 June 2014



**Sir Laurie Magnus**  
Chairman  
17 June 2014

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

I certify that I have audited the financial statements of the Historic Buildings and Monuments Commission for England for the year ended 31 March 2014 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Comprehensive Net Expenditure and the Consolidated and Historic Buildings and Monuments Commission for England Statements of Financial Position, Cash Flows, 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 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 the group's and the Historic Buildings and Monuments Commission for England's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Historic Buildings and Monuments Commission for England; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 group's and of the Historic Buildings and Monuments Commission for England's affairs as at 31 March 2014 and of the group's 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 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.

### **Sir Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

25 June 2014

# Consolidated Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2014

	Note	2013-2014 £'000	2012-2013 £'000
<b>Income</b>			
Earned Income	2	60,193	53,405
Other Operating Income	3	26,393	3,504
Investment Income	4	120	147
<b>Total Income</b>		<b>86,706</b>	57,056
<b>Expenditure</b>			
Grants	5	17,802	19,568
Heritage Protection and Planning	6	33,325	32,659
National Collections	7	80,307	74,216
Corporate and Support Services	8	26,662	26,484
Depreciation, Amortisation and Impairment		8,642	5,314
<b>Total Expenditure</b>		<b>166,738</b>	158,241
<b>Net Expenditure for the Financial Year Before Exceptional Items</b>		<b>(80,032)</b>	(101,185)
Restructuring	9	–	(1,451)
<b>Net Expenditure for the Financial Year After Exceptional Items</b>		<b>(80,032)</b>	(102,636)
Transfer from/(to) the Development and Restricted Funds	30	(62)	89
Transfer from Revenue to Capital		(2,880)	(1,825)
<b>Net Expenditure for the Financial Year</b>		<b>(82,974)</b>	(104,372)
<b>Other Comprehensive Expenditure</b>			
Net Expenditure for the Year		(82,974)	(104,372)
Net (Loss)/Gain on Revaluation of Property, Plant & Equipment, Intangible Assets and Heritage Assets		(2,722)	8,744
Non-Government Capital Grant Funding and Donations		–	1,478
Net (Loss)/Gain in Revaluation of Investments	35c	–	(28)
<b>Total Comprehensive Expenditure for the Financial Year</b>		<b>(85,696)</b>	(94,178)

# Consolidated Statement of Financial Position as at 31 March 2014

	Note	2014 £'000	2013 £'000
<b>Non-Current Assets</b>			
Intangible Assets	15	2,412	2,549
Property, Plant & Equipment	16	89,851	78,933
Heritage Assets	17	25,717	25,367
<b>Total Non-Current Assets</b>		<b>117,980</b>	106,849
<b>Current Assets</b>			
Assets Classified as Held for Sale	21	–	1,454
Inventories	22	5,162	3,159
Trade and Other Receivables	23	11,789	13,733
Cash and Cash Equivalents	31	3,776	6,629
<b>Total Current Assets</b>		<b>20,727</b>	24,975
<b>Total Assets</b>		<b>138,707</b>	131,824
<b>Current Liabilities</b>			
Trade and Other Payables	26	(36,333)	(47,001)
Provisions	28	(1,521)	(678)
Obligations Under Finance Leases	25	(566)	(566)
<b>Total Current Liabilities</b>		<b>(38,420)</b>	(48,245)
<b>Total Assets Less Current Liabilities</b>		<b>100,287</b>	83,579
<b>Non-Current Liabilities</b>			
Other Payables	27	(3,566)	(3,329)
Provisions	28	(513)	(812)
Obligations Under Finance Leases	25	(6,850)	(6,869)
<b>Total Non-Current Liabilities</b>		<b>(10,929)</b>	(11,010)
<b>Total Assets Less Liabilities</b>		<b>89,358</b>	72,569
<b>Taxpayers' Equity</b>			
Revaluation Reserve	29	25,195	30,731
General Reserves	29	63,635	40,249
Development and Restricted Funds	30	528	1,589
Iveagh Bequest Capital Fund	35c	–	–
<b>Total Taxpayers' Equity</b>		<b>89,358</b>	72,569

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 17 June 2014 by:



Dr Simon Thurley  
Chief Executive



Sir Laurie Magnus  
Chairman

# HBMCE Statement of Financial Position as at 31 March 2014

	Note	2014 £'000	2013 £'000
<b>Non-Current Assets</b>			
Intangible Assets	15	2,412	2,549
Property, Plant & Equipment	16	89,851	78,933
Heritage Assets	17	25,717	25,367
Financial Assets	20	2,028	2,028
<b>Total Non-Current Assets</b>		<b>120,008</b>	108,877
<b>Current Assets</b>			
Assets Classified as Held for Sale	21	–	1,454
Inventories	22	–	–
Trade and Other Receivables	23	15,900	15,861
Cash and Cash Equivalents	31	3,275	6,128
<b>Total Current Assets</b>		<b>19,175</b>	23,443
<b>Total Assets</b>		<b>139,183</b>	132,320
<b>Current Liabilities</b>			
Trade and Other Payables	26	(36,844)	(47,530)
Provisions	28	(1,521)	(678)
Obligations Under Finance Leases	25	(566)	(566)
<b>Total Current Liabilities</b>		<b>(38,931)</b>	(48,774)
<b>Total Assets Less Current Liabilities</b>		<b>100,252</b>	83,546
<b>Non-Current Liabilities</b>			
Other Payables	27	(3,531)	(3,296)
Provisions	28	(513)	(812)
Obligations Under Finance Leases	25	(6,850)	(6,869)
<b>Total Non-Current Liabilities</b>		<b>(10,894)</b>	(10,977)
<b>Total Assets Less Liabilities</b>		<b>89,358</b>	72,569
<b>Taxpayers' Equity</b>			
Revaluation Reserve	29	25,195	30,731
General Reserves	29	63,635	40,249
Development and Restricted Funds	30	528	1,589
<b>Total Taxpayers' Equity</b>		<b>89,358</b>	72,569

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 17 June 2014 by:



Dr Simon Thurley  
Chief Executive



Sir Laurie Magnus  
Chairman



# Consolidated Statement of Cash Flows for the Year Ended 31 March 2014

	Note	2013-2014 £'000	2012-2013 £'000
<b>Cash Flows From Operating Activities</b>			
Net Expenditure after Interest		<b>(80,032)</b>	(102,636)
Investment Income	4	(120)	(147)
Depreciation and Amortisation		<b>8,110</b>	6,138
Impairments and Profits on Disposal of Property, Plant & Equipment		<b>(253)</b>	(1,164)
Release from Capital Reserves		<b>(408)</b>	(4,579)
Decrease/(Increase) in Inventories	22	<b>(2,003)</b>	110
Decrease/(Increase) in Trade and Other Receivables	23	<b>1,944</b>	(2,750)
(Decrease)/Increase in Trade and Other Payables		<b>(10,713)</b>	9,370
<b>Net Cash Outflow from Operating Activities</b>		<b>(83,475)</b>	(95,658)
<b>Cash Flows from Investing Activities</b>			
Interest Received		<b>120</b>	139
Dividends Received	35c	–	6
Purchase of Property, Plant & Equipment and Heritage Assets		<b>(21,183)</b>	(13,188)
Purchase of Intangible Assets		<b>(1,118)</b>	(661)
Proceeds/(Costs) on Disposal of Property, Plant & Equipment		<b>2,957</b>	761
<b>Net Cash Outflow from Investing Activities</b>		<b>(19,224)</b>	(12,943)
<b>Cash Flows from Financing Activities</b>			
Government Grant in Aid	29	<b>99,846</b>	101,437
<b>Net Cash Inflow from Financing Activities</b>		<b>99,846</b>	101,437
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(2,853)</b>	(7,164)
Cash and Cash Equivalents at the Beginning of the Year	31	<b>6,629</b>	13,793
Cash and Cash Equivalents at the End of the Year	31	<b>3,776</b>	6,629

# HBMCE Statement of Cash Flows for the Year Ended 31 March 2014

	Note	2013-2014 £'000	2012-2013 £'000
<b>Cash Flows from Operating Activities</b>			
Net Expenditure after Interest		(80,032)	(102,636)
Investment Income		(115)	(139)
Depreciation and Amortisation		8,110	6,138
Impairments and Profits on Disposal of Property, Plant & Equipment		(253)	(1,164)
Release from Capital Reserves		(408)	(4,579)
Decrease/(Increase) in Inventories	22	–	–
Decrease/(Increase) in Trade and Other Receivables	23	(39)	(3,615)
(Decrease)/Increase in Trade and Other Payables		(10,733)	10,345
<b>Net Cash Outflow from Operating Activities</b>		<b>(83,470)</b>	(95,650)
<b>Cash Flows from Investing Activities</b>			
Interest Received		115	131
Dividends Received	35c	–	6
Purchase of Property, Plant & Equipment and Heritage Assets		(21,183)	(13,188)
Purchase of Intangible Assets		(1,118)	(661)
Proceeds/(Costs) on Disposal of Property, Plant & Equipment		2,957	761
<b>Net Cash Outflow from Investing Activities</b>		<b>(19,229)</b>	(12,951)
<b>Cash Flows from Financing Activities</b>			
Government Grant in Aid	29	99,846	101,437
<b>Net Cash Inflow from Financing Activities</b>		<b>99,846</b>	101,437
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(2,853)</b>	(7,164)
Cash and Cash Equivalents at the Beginning of the Year	31	6,128	13,292
Cash and Cash Equivalents at the End of the Year	31	<b>3,275</b>	6,128

# Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2014

	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 2012</b>	40,212	24,476	5,022	440	<b>70,150</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>
Net Gain/(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>
<b>Changes in Taxpayers' Equity for 2013/14</b>					
Net Gain/(Loss) on Revaluation of Non-Current Assets	–	(2,722)	–	–	<b>(2,722)</b>
Net Loss on Revaluation of Investments	–	–	–	–	–
Release of Reserves to Net Expenditure	–	–	–	–	–
Expenditure for the Year	(82,974)	–	(1,061)	–	<b>(84,035)</b>
Transfer Between Reserves	(19)	19	–	–	–
<b>Total Recognised Income and Expense for 2013/14</b>	<b>(42,744)</b>	<b>28,028</b>	<b>528</b>	<b>–</b>	<b>(14,188)</b>
Grant in Aid Received	99,846	–	–	–	<b>99,846</b>
Other Income/(Expenditure)	6,533	(2,833)	–	–	<b>3,700</b>
<b>Balance at 31 March 2014</b>	<b>63,635</b>	<b>25,195</b>	<b>528</b>	<b>–</b>	<b>89,358</b>

# HBMCE Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2014

	General Reserve £'000	Revaluation Reserve £'000	Development & Restricted Funds £'000 Note 30	Total Reserves £'000
<b>Balance at 1 April 2012</b>	40,212	24,476	5,022	<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/(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>72,569</b>
<b>Changes in Taxpayers' Equity for 2013/14</b>				
Net Gain/(Loss) on Revaluation of Non-Current Assets	–	(2,722)	–	<b>(2,722)</b>
Release of Reserves to Net Expenditure	–	–	–	–
Expenditure for the Year	(82,974)	–	(1,061)	<b>(84,035)</b>
Transfer Between Reserves	(19)	19	–	–
<b>Total Recognised Income and Expense for 2013/14</b>	<b>(42,744)</b>	<b>28,028</b>	<b>528</b>	<b>(14,188)</b>
Grant in Aid Received	99,846	–	–	<b>99,846</b>
Other Income/(Expenditure)	6,533	(2,833)	–	<b>3,700</b>
<b>Balance at 31 March 2014</b>	<b>63,635</b>	<b>25,195</b>	<b>528</b>	<b>89,358</b>

# Notes to the Financial Statements

## I Statement of Accounting Policies

### a) Accounting Convention

The financial statements have been prepared in accordance with the 2013-2014 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 2014. 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. This is shown as other income in the Statement of Changes in Taxpayers' Equity.

### 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

# Notes to the Financial Statements

## I Statement of Accounting Policies

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.

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 and Synergy Construction & Property Consultants LLP and Turner and Holman during the financial year ended 31 March 2014.

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.

# Notes to the Financial Statements

## I Statement of Accounting Policies

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

### *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 li.

#### *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	3-10 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
Exhibitions and Interpretations	5-20 years
Plant and machinery	5-15 years
IT, furniture and fittings	4-10 years

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 International Accounting Standard (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 International Financial Reporting Standard (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 three of the previous Chairmen. Both schemes satisfy the requirements of applicable accounting standards (see note I4).

### 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 I m and I q.

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).

Any transfers between the Development and Restricted Funds and the General Fund are recognised in the Statement of Comprehensive Net Expenditure as they are incurred. Any transfer or revenue to support capital programmes are recognised in the Statement of Comprehensive Net Expenditure as it is incurred.

### 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 International Financial Reporting Standard (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 1.8% 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 Commissioners and 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	2013-2014 £'000	2012-2013 £'000
Admission Income	17,466	14,946
Retail and Catering Income	14,964	12,834
Membership Income	22,914	21,207
Other Earned Income	4,849	4,418
<b>Total Earned Income</b>	<b>60,193</b>	53,405

3. Other Operating Income	2013-2014 £'000	2012-2013 £'000
<b>Grants Receivable</b>		
European Union	258	204
Heritage Lottery Fund	13,441	2,283
Other	12,067	541
<b>Total Grants Receivable</b>	<b>25,766</b>	3,028
Transfer (to)/from Capital Reserves	104	64
<b>Total Grants</b>	<b>25,870</b>	3,092
Donations	93	132
Transfer (to)/from Capital Reserves	33	24
Other Operating Income	397	256
<b>Total Other Operating Income</b>	<b>26,393</b>	3,504

Major capital projects completing in the year include the new Stonehenge visitor and exhibition centre and the Caring for Kenwood project. On completion, the income received over the life of the project has been recognised in the Statement of Comprehensive Net Expenditure. Income received includes £7,265,000 Heritage Lottery Fund for Stonehenge, £1,714,000 Heritage Lottery Fund for Kenwood and £4,841,000 non-government grants for Stonehenge.

4. Investment Income	2013-2014 £'000	2012-2013 £'000
Interest Receivable	120	141
Dividends Receivable	–	6
<b>Total Investment Income</b>	<b>120</b>	147

5. Grants	2013-2014 £'000	2012-2013 £'000
Buildings and Monuments	7,818	7,739
Conservation Areas	908	1,876
Other Places of Worship	250	1,560
Historic Environment	5,256	5,167
Other	3,570	3,226
<b>Total Grants Payable</b>	<b>17,802</b>	19,568

# Notes to the Financial Statements

6. Heritage Protection and Planning	2013-2014 £'000	2012-2013 £'000
Designation and Listing	3,883	3,902
Heritage Protection	9,682	10,026
Managing the Historic Environment	19,760	18,731
<b>Total Heritage Protection and Planning Expenditure</b>	<b>33,325</b>	32,659

7. National Collections	2013-2014 £'000	2012-2013 £'000
Running the Properties	51,293	45,734
Caring for our Collections	28,378	27,905
Development and Fundraising	636	577
<b>Total National Collections Expenditure</b>	<b>80,307</b>	74,216

During 2013/14, two functions transferred from Caring for our Collections to Running the Properties. The 2012/13 cost of these activities was £1,911,000. 2012/13 has been restated.

8. Corporate and Support Services	2013-2014 £'000	2012-2013 £'000
National Advice and Information	3,543	3,266
Governance and Legal Services	2,839	2,141
Finance	2,011	2,116
Information Systems	9,694	9,673
Human Resources	1,925	1,840
Office Costs	6,650	7,448
<b>Total Corporate and Support Services Expenditure</b>	<b>26,662</b>	26,484

## 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. This programme was completed during 2012/13. Costs incurred during the financial year ended 31 March 2014 were nil (2013: £1,451,000). Redundancy and Severance costs incurred during the year were due to scheduled programme closure.

## 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 2014 (2013: nil). English Heritage Trading Limited transferred all its profits for the year ended 31 March 2014 (2013: all) to HBMCE under the Gift Aid rules. Hence, it suffered nil taxation charge (2013: nil) as it had no taxable profits.

11. Auditor's Fees	2013-2014 £'000	2012-2013 £'000
<b>Auditor's remuneration and expenses for statutory audit work:</b>		
English Heritage and HBMCE	66	66
English Heritage Trading Limited	8	8
<b>Total Auditor's Fees</b>	<b>74</b>	74

During the year English Heritage has not purchased any non-audit services from its auditor, the National Audit Office (2013: 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) and a staff secondment.

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

Arts Council England	National Heritage Memorial Fund
British Broadcasting Corporation	National Portrait Gallery
British Library	The Theatres Trust
British Museum	Victoria and Albert Museum
Churches Conservation Trust	Visit Britain
Imperial War Museum	

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

Biotechnology and Biological Sciences Research Council	Museum of London
Broxbourne Borough Council	Natural England
Cabinet Office	Northumberland Unitary Authority
Doncaster Metropolitan Borough Council	Royal Mail Holdings plc
Environment Agency	Ryedale District Council
Essex County Council	Shropshire Unitary Authority
High Speed Two (HS2) Limited	Southend on Sea Borough Council
HM Revenue and Customs	South Kesteven District Council

### Material Transactions with Related Party Interests

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

- Professor Sir Barry Cunliffe CBE, a Commissioner, is a trustee of The English Heritage Foundation along with Dr Simon Thurley CBE, Chief Executive, who is also their Company Secretary. English Heritage has an outstanding receivable of £246,000 owed by the foundation in respect of management services. The foundation also paid over grants of £2,739,000, including £1,390,000 for the Stonehenge project.
- Mr David Fursdon, a Commissioner, is a consultant to Smith Gore who received £7,000 fees for professional advice and £9,000 in grants. He is also a Board Member of the Crown Estate, who gave a grant of £55,000.
- Ms Jane Kennedy, a Commissioner, is a partner of Purcell, which received fee payments totalling £136,000. English Heritage has an outstanding payable of £5,000 with Purcell. Her husband is a member of the Kelmscott Manor Management Advisory Committee for the Society of Antiquaries of London. The society received £17,000 of fees for room hire and catering. She is a member of the Canal and Rivers Trust Heritage Advisory Committee. Dr Simon Thurley CBE, Chief Executive, is a trustee. The trust was paid £1,000 for annual membership of the Visitor Safety in the Countryside Group.
- Sir Laurie Magnus, Chairman, is a trustee of Allchurches Trust Ltd, which is the ultimate parent of Ecclesiastical Insurance Office plc (Ecclesiastical). Ecclesiastical paid £85,000 to English Heritage during the year, including £36,000 for events and £24,000 for joint research and case studies. He was a trustee of the National Trust for 14 days after his appointment to English Heritage. The National Trust received grants of £434,000 and paid £22,000 to English Heritage. He is also a member of the Investment Panel of the National Heritage Memorial Fund.
- Professor Ronald Hutton, a Commissioner, is Professor of History at Bristol University, which received grants totalling £75,000. He is also Vice President of the Sealed Knot Society which received £1,000 for performing at History Live!
- Mr Graham Morrison, a Commissioner, is a partner in Allies and Morrison, which received research fees of £2,000.

# Notes to the Financial Statements

## 12. Related Party Transactions and Connected Bodies

- Ms Elizabeth Page, Historic Properties Director – North, is an acting trustee of the Hadrian's Wall Trust, which received £5,000 for advertising and grants totalling £140,000. She is also a Board Director of Northumberland Tourism, who received £6,000 for joint marketing initiatives.
- Mr Mark Pemberton, Director of National Collections, is a trustee of Wedgwood Museum's Trust. The Wedgwood Museum received a grant of £50,000.
- Mr Steven Bax, Historic Property Director – East & London, is a trustee of Vivacity Peterborough Culture and Leisure, which received a grant of £44,000.
- The partner of Mr Chris Smith, National Planning Director, is a trustee of the Council for British Archaeology, which received payments totalling £308,000, including grants of £302,000. She is also the Honorary Chair of the Institute for Archaeologists (IfA), which received £151,000, including grants of £134,000.
- Mr Martin Moore, a Commissioner, served as Chairman and Director of M&G Real Estate (previously Prudential Property Investment Managers Ltd – PRUPIM) during the year, which received payments of £1,260,000 for building rental services.

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

## 13. Employees

### a) Employee Numbers

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

	2013-2014	2012-2013
National Collections	1,121	1,038
Heritage Protection and Planning	564	553
Corporate and Support Services	263	255
<b>Total Employee Numbers</b>	<b>1,948</b>	1,846

Employee numbers include 16 agency staff (2013: 15). Included within the above numbers are 23 staff who have been engaged on capitalised projects (2013: 31) whose costs have been capitalised.

### b) Employee Costs

	2013-2014 £'000	2012-2013 £'000
Wages and Salaries	55,136	51,658
Social Security Costs	4,088	3,931
Pension Costs	9,710	8,730
Redundancy and Severance Costs	879	1,451
Agency Staff Costs	596	734
<b>Total Employee Costs</b>	<b>70,409</b>	66,504

Included within the above costs are £1,764,000 wages and salaries costs (2013: £1,189,000), £138,000 social security costs (2013: £87,000) and £267,000 pension costs (2013: £152,000) that have been capitalised within Non-Current Assets (notes 15, 16 and 17). There are nil redundancy and severance costs (2013: nil) and nil agency staff costs (2013: nil) that have been capitalised.

# Notes to the Financial Statements

## 13. Employees

### 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	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Less than £10,000	6	7	–	10	6	17
£10,000 to £25,000	6	5	3	13	9	18
£25,000 to £50,000	3	2	6	9	9	11
£50,000 to £100,000	–	–	1	5	1	5
£100,000 to £150,000	–	–	–	–	–	–
Greater than £150,000	–	–	–	–	–	–
<b>Total Number of Exit Packages</b>	<b>15</b>	<b>14</b>	<b>10</b>	<b>37</b>	<b>25</b>	<b>51</b>
<b>Total Resource Cost (£'000)</b>	<b>236</b>	<b>174</b>	<b>342</b>	<b>995</b>	<b>578</b>	<b>1,169</b>

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 the department has agreed early retirements, the additional costs are met by the department 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.

## 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 2014, 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 (2013: 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 2014 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 £9,352,000 (2013: £8,473,000).

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 £212,000 were paid to a panel of three appointed stakeholder pension providers (2013: £188,000). 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 (2013: £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 (2013: nil). Contributions prepaid at that date were nil (2013: nil).

English Heritage operates a by-analogy scheme to the PCSPS for three of the previous Chairmen. The scheme liability at 31 March 2014 was £232,000 (2013: £228,000). This scheme has been valued by the Government Actuary's Department in accordance with HM Treasury guidelines and International Accounting Standard (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 2013	1,718	12,240	104	442	14,504
Additions	606	20	–	609	1,235
Disposals	(103)	(14)	–	–	(117)
Impairments	(3)	–	–	–	(3)
Reclassifications	235	257	–	(492)	–
Revaluations	(32)	(266)	–	–	(298)
<b>At 31 March 2014</b>	<b>2,421</b>	<b>12,237</b>	<b>104</b>	<b>559</b>	<b>15,321</b>
<b>Amortisation</b>					
At 1 April 2013	1,221	10,708	26	–	11,955
Charged in Year	369	957	–	–	1,326
Disposals	(76)	(14)	–	–	(90)
Revaluations	(30)	(252)	–	–	(282)
<b>At 31 March 2014</b>	<b>1,484</b>	<b>11,399</b>	<b>26</b>	<b>–</b>	<b>12,909</b>
Carrying Amount at 31 March 2013	497	1,532	78	442	2,549
<b>Carrying Amount at 31 March 2014</b>	<b>937</b>	<b>838</b>	<b>78</b>	<b>559</b>	<b>2,412</b>

All intangible assets are owned outright by English Heritage (2013: 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 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>

# 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 2013	83,062	2,995	9,998	5,348	4,276	14,509	<b>120,188</b>
Additions	17	–	1,307	86	–	19,690	<b>21,100</b>
Disposals	(484)	(202)	(67)	(56)	–	–	<b>(809)</b>
Impairments	(623)	(3)	–	(2)	9	–	<b>(619)</b>
Reclassifications	23,624	(410)	4,006	407	1,398	(29,436)	<b>(411)</b>
Revaluations	(4,210)	128	305	(114)	48	–	<b>(3,843)</b>
<b>At 31 March 2014</b>	<b>101,386</b>	<b>2,508</b>	<b>15,549</b>	<b>5,669</b>	<b>5,731</b>	<b>4,763</b>	<b>135,606</b>
<b>Depreciation</b>							
At 1 April 2013	25,577	1,247	7,166	4,087	3,178	–	<b>41,255</b>
Charged in Year	4,566	114	1,220	461	409	–	<b>6,770</b>
Disposals	(238)	(55)	(49)	(56)	–	–	<b>(398)</b>
Revaluations	(1,939)	(64)	160	(96)	67	–	<b>(1,872)</b>
<b>At 31 March 2014</b>	<b>27,966</b>	<b>1,242</b>	<b>8,497</b>	<b>4,396</b>	<b>3,654</b>	<b>–</b>	<b>45,755</b>
Carrying Amount at 31 March 2013	57,485	1,748	2,832	1,261	1,098	14,509	<b>78,933</b>
<b>Carrying Amount at 31 March 2014</b>	<b>73,420</b>	<b>1,266</b>	<b>7,052</b>	<b>1,273</b>	<b>2,077</b>	<b>4,763</b>	<b>89,851</b>

Total non-current asset acquisitions in the year to the fair value of £7,278,000 were funded by government grant (2013: £4,160,000), £3,638,000 by non-government grant (2013: £215,000), £1,237,000 by donations (2013: £4,143,000), £2,880,000 by asset sale proceeds (2013: £412,000) and £7,890,000 by lottery funding (2013: £3,028,000).

The professional valuations in the year ended 31 March 2014 were for land and buildings using the Depreciated Replacement Cost method, with a net book value of £1,339,000.

The transfers from assets under construction to other non-current asset categories represent assets under construction which have been completed in the year. These include the Stonehenge visitor and exhibition centre, the Caring for Kenwood project, the Bolsover interpretation project and Eltham Palace heating project.

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 £11,392,000 (2013: £12,275,000) within land and buildings excluding dwellings. All other property, plant & equipment is owned outright by English Heritage (2013: 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 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>

# 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 2013	18,177	6,436	754	<b>25,367</b>
Additions	307	135	564	<b>1,006</b>
Disposals	(221)	–	–	<b>(221)</b>
Impairments	(111)	–	–	<b>(111)</b>
Reclassifications	410	1,115	(1,115)	<b>410</b>
Revaluations	(734)	–	–	<b>(734)</b>
<b>Carrying Amount at 31 March 2014</b>	<b>17,828</b>	<b>7,686</b>	<b>203</b>	<b>25,717</b>

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>

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.

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Cost of Acquisition	<b>1,006</b>	969	221	277
Value Acquired by Donation	–	–	10	–
Impairments Recognised	<b>(111)</b>	–	(20)	(660)

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 20th 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 Hamondsworth 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 *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 £1,264,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2014 (2013: £221,000). £1,250,000 of this expenditure was charged to Heritage Assets (2013: £215,000) and £14,000 was charged to the Statement of Comprehensive Net Expenditure (2013: £6,000). Donated artefacts received during the year had a value of £5,000 (2013: £500). There were no disposals of artefacts during the year.

A detailed report on the state of English Heritage's collection was completed in 2010, the culmination of 8 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.

# Notes to the Financial Statements

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

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 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 £531,000 was incurred during the year ended 31 March 2014 (2013: £754,000). 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 Mare 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 £13,362,000 was incurred during the year ended 31 March 2014 (2013: £13,951,000). 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 are 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 maintained within the Curatorial Department of the National Collections Group. The Archive's repository 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 National Monument Records 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 held by the Archive, 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

<b>HBMCE</b>	<b>Total</b>
<b>Subsidiary Undertakings</b>	<b>£'000</b>
At 1 April 2013 and 31 March 2014	<u>2,028</u>

Details of the subsidiary undertakings are given in note 35.

## 21. Assets Classified as Held for Sale

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

	English Heritage		HBMCE	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Land and Buildings	–	1,454	–	1,454
Financial Assets	–	–	–	–
	<u>–</u>	<u>1,454</u>	<u>–</u>	<u>1,454</u>

No land and buildings were classified as held for sale at 31 March 2014. The land and buildings classified as held for sale at 31 March 2013 were: Mount Pleasant Cottage at Wroxeter Roman City; properties at Countess Road and Countess Farm East at Stonehenge. The assets are held at the lower of their carrying amount and fair value less costs to sell.

## 22. Inventories

	English Heritage		HBMCE	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Inventories	<b>5,162</b>	3,159	–	–

Inventories are stated after write offs in the year of £94,000 (2013: £167,000) and provisions of £81,000 (2013: £49,000) in English Heritage.

# Notes to the Financial Statements

## 23. Trade and Other Receivables

	English Heritage		HBMCE	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade Receivables	1,471	1,129	1,471	1,129
Value Added Tax	4,543	3,486	4,543	3,486
Prepayments and Accrued Income	5,154	7,458	5,154	7,454
Other Receivables	621	1,660	621	1,660
Amount Owed by Subsidiary Undertaking	–	–	4,111	2,132
<b>Total Trade and Other Receivables</b>	<b>11,789</b>	13,733	<b>15,900</b>	15,861
<b>Analysis by Counterparty Status</b>				
Balances with Central Government Bodies	6,873	7,583	6,873	7,583
Balances with Local Authorities	1,967	1,652	1,967	1,652
Balances with Public Corporations	–	–	–	–
Balances with Bodies External to Government	2,949	4,498	7,060	6,626
<b>Total Trade and Other Receivables</b>	<b>11,789</b>	13,733	<b>15,900</b>	15,861

## 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 held no investments as at 31 March 2014. 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

No financial assets classified as fixed term deposits were held at 31 March 2014 (2013: 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:

	2014 £'000	2013 £'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	22,089	22,655
	<u>24,921</u>	<u>25,487</u>
Less interest element	(17,505)	(18,052)
<b>Present value of obligations</b>	<b><u>7,416</u></b>	<b><u>7,435</u></b>

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 (2013: £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 (2013: £566,000), in the second to fifth years inclusive £1,878,000 (2013: £1,878,000) and after five years £4,972,000 (2013: £4,991,000).

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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade Payables	16,072	16,503	16,072	16,503
Income Tax and Social Security	–	4	–	4
Pensions	18	18	18	18
Deferred Income	8,478	17,235	7,957	16,802
Deferred Capital Grants	123	1,489	123	1,489
Accruals	11,273	11,386	11,273	11,378
Other Payables	369	366	369	366
Amount Owed to Subsidiary Undertaking	–	–	1,032	970
<b>Trade and Other Payables</b>	<b>36,333</b>	47,001	<b>36,844</b>	47,530
<b>Analysis by Counterparty Status</b>				
Balances with Central Government Bodies	3,159	9,894	3,159	9,894
Balances with Local Authorities	561	99	561	99
Balances with Public Corporations	–	–	–	–
Balances with Bodies External to Government	32,613	37,008	33,124	37,537
<b>Total Trade and Other Payables</b>	<b>36,333</b>	47,001	<b>36,844</b>	47,530

## 27. Other Non-Current Payables

	English Heritage		HBMCE	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Pensions	214	210	214	210
Deferred Income	3,352	3,119	3,317	3,086
<b>Other Non-Current Payables</b>	<b>3,566</b>	3,329	<b>3,531</b>	3,296

# Notes to the Financial Statements

## 28. Provisions

	Early Retirement & Restructuring Costs £'000	Legal & Constructive Obligations £'000	Total £'000
<b>Balance at 1 April 2013</b>	1,230	260	<b>1,490</b>
Provided in the Year	251	886	<b>1,137</b>
Provisions Released in the Year	–	(10)	<b>(10)</b>
Provisions Utilised in the Year	(440)	(143)	<b>(583)</b>
<b>Balance at 31 March 2014</b>	<b>1,041</b>	<b>993</b>	<b>2,034</b>
<b>Balance at 1 April 2012</b>	1,808	252	<b>2,060</b>
Provided in the Year	–	92	<b>92</b>
Provisions Released in the Year	–	(50)	<b>(50)</b>
Provisions Utilised in the Year	(578)	(34)	<b>(612)</b>
<b>Balance at 31 March 2013</b>	<b>1,230</b>	<b>260</b>	<b>1,490</b>

A provision of £1,041,000 (2013: £1,230,000) 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 £796,000 (2013: £181,000) has been made against dilapidations, rent reviews and contractual disputes, with payment likely to be incurred during 2014. The provision has been calculated based on third party information provided by landlords and subcontractors.

A provision of £197,000 (2013: £79,000) 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 2014.

## 29. Analysis of Reserves

	2014		2013	
	General Reserve £'000	Revaluation Reserve £'000	General Reserve £'000	Revaluation Reserve £'000
<b>English Heritage and HBMCE</b>				
<b>Balance at 1 April</b>	<b>40,249</b>	<b>30,731</b>	40,212	24,476
Grant in Aid Received	<b>99,846</b>	–	101,437	–
Net Expenditure for the Financial Year	<b>(82,974)</b>	–	(104,372)	–
Other Income	<b>6,533</b>	<b>(2,833)</b>	1,487	(1,755)
Revaluation	–	<b>(2,722)</b>	1,193	8,302
Reserve Transfer	<b>(19)</b>	<b>19</b>	292	(292)
<b>Balance at 31 March</b>	<b>63,635</b>	<b>25,195</b>	40,249	30,731

# Notes to the Financial Statements

## 30. Development and Restricted Funds

	Balance at 1 April 2013 £'000	Income £'000	Revenue Expenditure £'000	Capital Expenditure £'000	Balance at 31 March 2014 £'000
<b>English Heritage and HBMCE</b>					
Down House and Gardens	1,000	11	(12)	(999)	–
Rangers House (Wernher Foundation)	260	3	(3)	(20)	<b>240</b>
<b>Total Restricted Funds</b>	<b>1,260</b>	<b>14</b>	<b>(15)</b>	<b>(1,019)</b>	<b>240</b>
Development Fund	329	63	–	(104)	<b>288</b>
<b>Total Funds</b>	<b>1,589</b>	<b>77</b>	<b>(15)</b>	<b>(1,123)</b>	<b>528</b>

The Total Funds were held as pooled investments as follows:

	2014 £'000	2013 £'000
Cash and Cash Equivalents	<b>528</b>	1,589

## 31. Cash and Cash Equivalents

	2014 £'000	2013 £'000
<b>English Heritage</b>		
<b>Balance at 1 April</b>	<b>6,629</b>	13,793
Net Change in Cash and Cash Equivalents Balances	(2,853)	(7,164)
<b>Balance at 31 March</b>	<b>3,776</b>	6,629

The following balances at 31 March were held with:

	2014	2013
<b>Cash</b>		
Government Banking Service	1,745	1,078
Commercial Banks	2,031	5,551
	<b>3,776</b>	6,629

<b>Cash Equivalents</b>		
Commercial Banks	–	–
<b>Balance at 31 March</b>	<b>3,776</b>	6,629

	2014	2013
<b>HBMCE</b>		
<b>Balance at 1 April</b>	<b>6,128</b>	13,292
Net Change in Cash and Cash Equivalents Balances	(2,853)	(7,164)
<b>Balance at 31 March</b>	<b>3,275</b>	6,128

The following balances at 31 March were held with:

	2014	2013
<b>Cash</b>		
Government Banking Service	1,745	1,078
Commercial Banks	1,530	5,050
	<b>3,275</b>	6,128

<b>Cash Equivalents</b>		
Commercial Banks	–	–
<b>Balance at 31 March</b>	<b>3,275</b>	6,128

# 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 2013</b>	<b>32,961</b>
Grants Paid During the Year	(17,802)
New Grant Offers Made During the Year Net of Lapsed Offers	11,689
Adjustment for HLF Grants	–
<b>Commitment Outstanding at 31 March 2014</b>	<b>26,848</b>

### b) Contracts

Expenditure contracted for as at 31 March 2014 but not provided for in the financial statements amounted to £21,948,000 (2013: £33,619,000) including capital commitments of £2,077,000 (2013: £8,259,000), of which £1,636,000 (2013: £8,259,000) related to tangible non-current assets and £441,000 (2013: 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:

	2014 £'000	2013 £'000
<b>Land and Buildings</b>		
Not later than one year	2,593	3,523
Later than one year and not later than five years	7,232	12,104
Later than five years	18,363	18,827
	<b>28,188</b>	34,454
<b>Other</b>		
Not later than one year	77	50
Later than one year and not later than five years	96	23
<b>Total Operating Lease Commitments</b>	<b>28,361</b>	34,527

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2014 payments under operating leases totalled £3,072,000 (2013: £3,884,000).

## 33. Losses and Special Payments

	2014 £'000	2013 £'000
Losses/(Write Backs)	623	298
Special Payments	51	59
<b>Total Losses and Special Payments</b>	<b>674</b>	357

Losses incurred relate to bookkeeping losses, stock write-offs and abandoned claims.

## 34. Contingent Liabilities

Various outstanding claims existed at 31 March 2014. Provision has been made in the accounts for the year ended 31 March 2014 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 contingent liabilities have been identified at 31 March 2014 (2013: 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 has been included in the consolidated results:

	2014	2013
	£'000	£'000
<b>Income and Expenditure</b>		
Turnover	17,085	14,800
Expenditure	(15,021)	(13,539)
Operating Profit	2,064	1,261
Interest Receivable and Similar Income	5	8
<b>Profit on Ordinary Activities Before Gift Aid</b>	2,069	1,269
Gift Aid to HBMCE	(2,069)	(1,269)
<b>Profit on Ordinary Activities Before and After Taxation</b>	-	-
	2014	2013
	£'000	£'000
<b>Net Assets as at 31 March</b>		
Current Assets	6,696	4,634
Creditors: Amounts Falling Due Within One Year	(4,633)	(2,574)
Creditors: Amounts Falling Due After More Than One Year	(35)	(32)
<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 be spent on the Kenwood House project. The investment was subsequently sold on 24 May 2012.

The Iveagh Bequest was dormant during financial year 2013/14.

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

<b>Statement of Financial Activities</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Incoming Resources</b>		
Investment Income: Dividends Receivable	–	6
<b>Resources Expended</b>		
Charitable Expenditure: Distributions to HBMCE	–	(418)
Net Outgoing Resources	–	(412)
Gain/(Loss) on the Revaluation of Investment Assets: Unrealised Gain/(Loss)	–	(28)
Net Movement in Funds	–	(440)
Fund Balances Brought Forward 1 April	–	440
<b>Fund Balances Carried Forward 31 March</b>	<b>–</b>	<b>–</b>
<b>Net Assets as at 31 March</b>		
Non-Current Asset Investments	–	–
Current Asset Investments	–	–
Net Assets	–	–
Capital Fund Reserves	–	–

## 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 2014 there were no projects in progress that were grant funded by landfill tax credits (2013: 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 2014. The following have given amounts of, or worth, £1,000 or more:

## Charitable Trusts

Art Fund  
The Atlas Fund  
Barbara and Philip Denny Charitable Trust  
Chatsworth House Trust  
Chiswick House Friends  
Elizabeth Wagland Fund  
The English Heritage Foundation  
The Friends of Audley End  
The Friends of the Iveagh Bequest, Kenwood  
Furness Abbey Fellowship  
The George John and Sheila Livanos Charitable Trust  
John Laing Charitable Trust  
The Kirby Laing Foundation  
The Linbury Trust  
New Eltham Horticultural Society  
The Paul Mellon Centre for Studies in British Art  
The Stanley Smith (UK) Horticultural Trust  
The Swire Charitable Trust  
The Wolfson Foundation

## Individual Donations

Mr David and Mrs Martha Blend  
Ms Sarah Bossick  
Mr Michael Gruber  
Mr Paul Hickey  
The Lord Lloyd-Webber  
Ms Felicity Lywood  
Mr Anthony Nagle  
Mr Simon and Mrs Midge Palley  
Mr Donald Smalley

## Grant Making and Public Bodies

Arts Council England  
The Crown Estate  
Doncaster Metropolitan Borough Council  
Heritage Lottery Fund  
Southend on Sea Borough Council

## Corporate Partners & Support

The Bank of England  
Barclays Bank plc  
Blue Strawberry  
Craghoppers Ltd  
CSSC Sports and Leisure  
Ecclesiastical Insurance Group plc  
Farrer & Co LLP  
Fine Art Panorama GmbH  
Flame Tree Publishing Ltd  
Frances Lincoln Ltd  
The Great British Card Company  
HASSRA  
Howard de Walden Estates Ltd  
John Lewis Partnership plc  
Lakeland Museums' Education Network  
Land Securities plc  
Little Greene Paint Company Ltd  
Nyetimber Ltd  
Oracle Corporation  
Parker & Farr Furniture Ltd  
Royal Mail Group Ltd  
Silsoe Park Rangers FC  
Walkers Snacks Ltd  
Welspun UK Ltd

In addition to the donors, sponsors and contributors listed above, during the year ended 31 March 2014 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.

# English Heritage Offices

## Head Office

1 Waterhouse Square  
138-142 Holborn  
London  
EC1N 2ST  
Telephone: 020 7973 3000

## Swindon Office

(including English Heritage Archive)  
The Engine House  
Fire Fly Avenue  
Swindon  
SN2 2EH  
Telephone: 01793 414700

## Local Offices

### East Midlands

44 Derngate  
Northampton  
NN1 1UH  
Telephone: 01604 735400

### East of England

Brooklands  
24 Brooklands Avenue  
Cambridge  
CB2 8BU  
Telephone: 01223 582700

### London

1 Waterhouse Square  
138-142 Holborn  
London  
EC1N 2ST  
Telephone: 020 7973 3000

### North East

Bessie Surtees House  
41-44 Sandhill  
Newcastle Upon Tyne  
NE1 3JF  
Telephone: 0191 269 1200

### North West

Suite 3.3  
Canada House  
3 Chepstow Street  
Manchester  
M1 5FW  
Telephone: 0161 242 1400

### South East

Eastgate Court  
195-205 High Street  
Guildford  
GU1 3EH  
Telephone: 01483 252000

## South West

29 Queen Square  
Bristol  
BS1 4ND  
Telephone: 0117 975 0700

## West Midlands

8th Floor  
The Axis  
10 Holliday Street  
Birmingham  
B1 1TG  
Telephone: 0121 625 6820

## Yorkshire and the Humber

37 Tanner Row  
York  
YO1 6WP  
Telephone: 01904 601901

## Other Offices

### Exeter

Bowhill  
Dunsford Road  
Exeter  
Devon  
EX4 1LQ  
Telephone: 01392 427107

### Fort Cumberland

Fort Cumberland Road  
Eastney  
Portsmouth  
PO4 9LD  
Telephone: 023 9285 6700



ENGLISH HERITAGE

