

Shakespeare Birthplace Trust

Trustees' report and consolidated financial statements

For the year ended 31 December 2017

Contents

Trustees' report	6
Statement of Trustees' responsibilities in respect of the Trustees' report and financial statements	14
Independent auditor's report to the Trustees of the Shakespeare Birthplace Trust	15
Consolidated statement of financial activities	17
Consolidated balance sheet	18
Charity balance sheet	19
Consolidated cash flow statement	20
Reconciliation of net cash flow to movement in net funds	20
Notes	21

Trustees - 1 January - 31 August 2017

Chairman

Peter Kyle OBE, CCMI

Life Trustees

Sir Eric Anderson KT, MA, MLitt, Hon DLitt, FRSE
Sir Geoffrey Cass MA, CCMI, FlntD
Richard Hyde BSc, FCA
Helen Keays BA, MCIM
Professor Kate McLuskie MA, PhD
Peter Nicholls
Roger Pringle MA, DUniv, FRSA, DL
Neville Tarratt FCIB
Professor Sir Stanley Wells CBE, BA, PhD, FRSL, Hon DLitt, Hon DPhil
Michael Wood MA, HonDPhil, FRHistSoc, FSA, FRSA

Ex-officio Trustees

Lord Lieutenant of Warwickshire
High Steward of Stratford-upon-Avon
Town Mayor of Stratford-upon-Avon

Tim Cox
The Marquess of Hertford DL, ARAgS
Councillor Juliet Short (to 17 May 2017 - vacant from this date)

Bishop of the Diocese of Coventry
Vicar of the Collegiate Church of Holy Trinity
Headmaster of King Edward VI School

The Rt Revd Dr Christopher Cocksworth BA, PhD, PGCE
The Revd Patrick Taylor MEng, BA, MA
Bennet Carr BA, PGCE, NPQH

Representative Trustees

British Library
English Speaking Union
National Trust
Royal Shakespeare Company
Shakespeare's Globe
University of Birmingham
University of Cambridge
University of London
University of Oxford
University of Warwick
Visit England

Caroline Brazier MA
vacant
Margaret Cund BSc, MPhil (until 4 January 2017 - vacant from this date)
Catherine Mallyon
Neil Constable FGSM, CCMI
Professor Michael Dobson BA, MA, DPhil
Professor Helen Cooper BA, MA, PhD, DLitt, Hon DLitt, FBA
Professor René Weis BA, MA, PhD
vacant
Professor Carol Chillington Rutter BA, MA, PhD
Penelope, Viscountess Cobham

Local Trustees

Nick Abell
Ralph Bernard CBE
Ros Haigh
Peter Kyle OBE, CCMI
John Russell BSc

Executive Committee

During this period the Board of Trustees delegated oversight of the Shakespeare Birthplace Trust's (SBT) activities to the Executive Committee:

<i>Chairman</i>	Peter Kyle
<i>Deputy Chairman</i>	John Russell
	Nick Abell
	Ralph Bernard
	Margaret Cund (stood down 4 January)
	Michael Dobson
	Ros Haigh
	Carol Chillington Rutter

Trustees from 1 September 2017

Following the approval of a Charity Commission Scheme on 1 September 2017 The Charities (Shakespeare Birthplace Trust) Order 2017 came into effect bringing in a new Board of Trustees:

<i>Chairman</i>	Peter Kyle
<i>Vice Chairman</i>	John Russell
	Nick Abell
	Colin Bennett
	Ralph Bernard
	Penelope, Viscountess Cobham
	Rebecca Dobbs
	Kathy Gee
	Ros Haigh
	AJ Leon
	Lena Cowen Orlin
	Carol Chillington Rutter

Leadership Team

Chief Executive	Diana Owen (to 3 December 2017)
Chief Executive	Tim Cooke (from 1 March 2018)
Director of HR & Administration	Becky Cund
Director of Cultural Engagement	Delia Garratt (maternity leave from 18 April 2017)
Acting Director of Cultural Engagement	Paul Taylor (maternity cover from 18 April 2017)
Director of Finance & Planning	Heather Lees
Deputy CEO and Director of Operations & Marketing	Philippa Rawlinson
Secretary to Trustees	Julia Howells

Principal advisors

Architects

Osbornes
The Balconies
Hanley Swan
Worcestershire WR8 0DN

Rodney Melville and Partners
10 Euston Place
Leamington Spa
Warwickshire CV32 4JL

Auditors

Mazars LLP
45 Church Street
Birmingham B3 2RT

Solicitors

Robert Lunn and Lowth
2 Sheep Street
Stratford-upon-Avon CV37 6EJ

Bankers

HSBC Bank plc
13 Chapel Street
Stratford-upon-Avon CV37 6EP

Chartered Surveyors

Sheldon Bosley
58 Ely Street
Stratford-upon-Avon CV37 6LN

Address of principal office

The Shakespeare Centre, Henley Street, Stratford-upon-Avon, Warwickshire CV37 6QW

Trustees' report

The Trustees present their annual report and audited financial statements for the year ended 31 December 2017.

Accounts

The Trustees confirm that the Trustees' report and financial statements comply with statutory requirements, the Shakespeare Birthplace Trust Act 1961, The Charities (Shakespeare Birthplace Trust) Order 2017 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and that the Trust's assets are sufficient to fulfil the obligations of the Trust.

Legal status

The Shakespeare Birthplace Trust (SBT) came into existence as a result of the purchase for preservation as a national memorial of Shakespeare's Birthplace in 1847 and of Shakespeare's New Place estate in 1862. The Trustees were first incorporated by Act of Parliament in 1891 and now carry out their responsibilities under the terms of the Shakespeare Birthplace Trust Act 1961 and The Charities (Shakespeare Birthplace Trust) Order 2017. The Trust is also a Registered Charity, number 209302.

Objectives and activities for the public benefit

The objectives of the SBT, as defined by the Trust's Act, are:

- to promote in every part of the world the appreciation and study of the plays and other works of William Shakespeare and the general advancement of Shakespearian knowledge;
- to maintain and preserve the Shakespeare Birthplace properties for the benefit of the nation;
- to provide and maintain, for the benefit of the nation, a museum and a library of books, manuscripts, records of historic interest, pictures, photographs and objects of antiquity, with particular, but not exclusive, reference to William Shakespeare, his life, works and times.

In setting the Trust's objectives and planning our activities, the Trustees have given due consideration to the Charity Commission's guidance on public benefit and also its supplementary public benefit guidance on fee charging and advancing education. They consider the information which is contained in this report, about the Trust's objectives, activities and achievements, demonstrates the benefit to the public that arise from these objectives.

Structure, governance and management

2017 saw the transformation of the SBT's governance. As announced in 2014, and reflecting Charity Commission recommended practice, the organisation began a thorough review of the administrative clauses of its governing document (the review did not impact on the SBT's charitable objectives). The environment in which the SBT operates, the scope of its activities, and charity governance practices have all changed significantly since the SBT's terms of governance were last updated in its 1961 Act of Parliament.

On 1 September 2017, following consultation and with the support of the Charity Commission and professional advisers, the SBT updated its administrative provisions under a Charity Commission scheme brought into effect by The Charities (Shakespeare Birthplace Trust) Order 2017, which was made on 20 July 2017 by Tracey Crouch, Parliamentary Under Secretary for the Department for Digital, Culture, Media & Sport. The scheme modernises the SBT's governance in line with Charity Commission guidelines and current best practice.

The process to draft and submit the scheme for approval was led by professional advisers Bircham Dyson Bell LLP and was supported by the Charity Commission and Office for Civil Society. The governance review was funded by an element of an ACE Museums Resilience Fund (MRF) grant.

The scheme provided for the SBT to adopt a new governance model comprising a permanent board of eight to twelve Trustees supported by a new consultative Council. On 1 September 2017 the previous Board stood down and was succeeded by the current Board.

Prior to 1 September 2017: The Board responsible for the overall management and control of the SBT could comprise up to 34 Trustees from Life, Ex-officio, Representative and Local categories. Each category had its own specific terms for appointment. Only Local and Life Trustees could be appointed by the Board of Trustees; other appointments were dependent on third parties. Within this model the full body of Trustees elected an Executive Committee, an Audit Standing Committee and a Nominations & Remunerations Standing Committee.

The Executive Committee of up to eight Trustees was delegated responsibility for the on-going strategic direction of the SBT, overseeing finances and approving the budget (supported by its Finance & Investment Subcommittee), working with the Chief Executive and Leadership Team in the development and implementation of policies to meet the SBT's objectives and to ensure that its statutory responsibilities were fulfilled. The Executive Committee met every other month unless requested otherwise. The Committee was provided with regular management information by the Chief Executive and Leadership Team members who also attended the Committee's meetings. Other key staff and consultants also briefed the Committee from time to time.

Between January - September 2017 the Executive Committee convened on four occasions. The Finance & Investment Subcommittee met four times and the Audit Standing Committee, Nominations & Remuneration Standing Committee and Governance Subcommittee met once. A number of Trustees played active roles in developing the SBT's strategic plans and served on standing committees, subcommittees, working groups and interview panels.

For a number of reasons beyond the SBT's control the final approval stage of the governance review became unexpectedly drawn out. During this period the full Board of Trustees received regular updates on all SBT activities and governance developments. With the conclusion of the governance review imminent the Trustees agreed not to meet in person for their June annual meeting and approved interim appointments and the 2016 annual accounts and Trustees' report by email.

A number of changes occurred to the body of Trustees between January and September 2017. In January Margaret Cund stood down as the National Trust's Representative Trustee, leaving the post vacant. In May Cllr Juliet Short concluded her tenure as Mayor of Stratford-upon-Avon and Ex-officio Trustee and stood down, leaving the post vacant.

We are very grateful to all our Trustees, past and present, for their commitment, support and dedication, some over many years. Their involvement with the SBT on numerous fronts and their support of the recent governance review has been immensely appreciated. We look forward to welcoming a number of former Trustees back as Council members.

From 1 September 2017: Following governance review the SBT's new Board comprises twelve Trustees all of whom hold equal responsibility and are appointed on their own merits by the Board itself. Appointments are for three years with a maximum service of nine years (ten years in exceptional circumstances). To assist with succession planning the scheme includes an initial programme of staggered term ends. Board appointments will be considered by the Trustees prior to the end of each respective term. When filling vacancies the Board will review its existing skills with a view to ensuring it can draw on a range of relevant knowledge and experience to undertake its responsibilities. The Board is committed to the SBT's Equality, Diversity and Inclusion policy and continues to recruit using external recruitment campaigns.

Consistency during transition has been ensured. Six of the new Board's members were members of the former Executive Committee, one was a member of the wider Board of Trustees and the Chairman and Deputy Chairman remain the same. Five new designate Trustees were recruited during summer 2015 following a public recruitment campaign focused on securing specific skills, knowledge and experience, and targeting local, regional and international communities. From March 2016 these individuals attended various Board and Committee meetings as part of their induction.

Prior to appointment the new Board completed declarations of eligibility and statements of interest/loyalty which will be subject to regular review. As part of the governance review a new governance handbook, containing the SBT's governing documents, role profiles, a code of conduct, Committee terms of reference and a number of existing core policies were adopted in early 2018. Since its appointment the new Board has been immersing itself in the organisation with deep dives into specific activities, site visits, presentations and meetings with SBT team members. Going forward Board development will continue to be a focus.

The Board will continue to review arrangements with a view to ensuring best governance practices. Throughout 2018 the Board will meet seven times (six meetings and one strategy session) with members of the Leadership Team and external advisers attending as required. The Board is supported in its work by its Committees. During the transition period the Shadow Board agreed a new committee structure and relevant terms of reference (based on a delegation map) and appointments. Between 1 September and 31 December 2017 the new Board, its Finance Committee, Heritage Assets & Property Committee and Development Board all met twice. The Audit & Risk Committee met once.

Trustees receive no remuneration or other benefit from their work with the SBT. However, in November 2012 a process was agreed for the Chief Executive to endorse and monitor minor payments to Trustees for non-Trustee related activities (e.g. expert lectures / performances) up to the sum of £1,000 per annum. Trustees can claim reasonable expenses necessary to carry out agreed duties.

SBT utilises the Hay's Job Mapping external benchmarking data to set pay across the organisation, including key management personnel. The total emoluments paid to key management personnel in 2017 including pension contributions was £384,810 (2016: £378,468).

The SBT maintained insurance for the Trustees/Directors throughout the financial year ended 31 December 2017 and such indemnity insurance was in place at the date of approval of these financial statements. For the financial year under review the total group cost of the indemnity insurance for the Trustees/Directors was £1,595 and the cover £2,000,000 (2016: £1,561 cost and £2,000,000 cover).

The SBT has a wholly owned non-charitable subsidiary, SBT Trading Ltd (SBTT). The subsidiary's activities and trading performance are monitored and overseen by the SBTT Ltd Board and are detailed in the Financial Review section. As part of the SBT's wider governance review, SBTT's governing document and Board structure have been subject to a full review supported by professional advisers Shakespeare Martineau LLP. The SBTT Board of Directors met three times during 2017.

A new consultative Council, which will contribute to the long-term vision of the Trust, has been established and will be further developed during 2018.

In June 2017 Diana Owen announced that after 10 years in post she would stand down as CEO of the SBT (3 December 2017). In November, following a wide-ranging public recruitment campaign and a thorough selection process managed by a Trustee search committee, Tim Cooke was announced as SBT's new CEO (commencing 1 March 2018). The SBT has paid tribute to Diana Owen, noting a decade of success and transformation.

Highlights of 2017

The Shakespeare Birthplace Trust has a unique remit, charged by Act of Parliament to preserve in perpetuity, for the benefit of the nation, the world's greatest Shakespeare heritage assets in Stratford-upon-Avon, and to share them with the world. In 2017 we did so more than at any time this century, helping millions of people to get up-close-and-personal with Shakespeare's works, life and times.

Half the nation's primary schools joined our annual Shakespeare Week celebration. The success of Shakespeare Week led to an invitation to join the Museums & Schools programme administered by Arts Council England and funded by the Department for Education. In 2017 3,500 children in 40 schools in areas of high deprivation benefitted from this new project, *Sharing Shakespeare's Story*, and we are delighted that funding has been awarded to continue the programme to 2020.

We offer a pathway to Shakespeare for people of all ages and stages of interest, from pre-school to A-levels and PhD research. Attendance at our formal learning programmes in Stratford-upon-Avon grew by

16% to 19,388, while digital learning and outreach grew to 1.6m. Increasing digital access has been key to connecting with our global audience, particularly those who cannot visit Stratford. 62,000 users tapped into our growing digital collections catalogue, which now features more than 250,000 items from our collections. Free online courses were delivered with partners and our expert lecturers developed live digital link-ups to classrooms around the world. Our websites attracted a record 1.25 million users in 2017.

People from 86 countries made 872,000 visits to the Shakespeare family homes and gardens. Shakespeare's New Place, in its first full year of operation following its £6.2m capital transformation project, attracted a record 142,000 visits, up by 40% on pre-project figures.

We developed a new ticketing model, the *Full Story* experience, taking visitors directly into different aspects of Shakespeare's life at the family homes - the rural farm his mother knew, his father's workplace, the garden where he wooed Anne Hathaway, his successful years at New Place, and the next generation at Hall's Croft. The new ticketing structure has reinforced the richness of the SBT's offer across all five sites while maximising yield and improving visitor satisfaction.

The re-presentation of Shakespeare's New Place provided the extraordinary canvas and the creative spark for adventurous new programming, including the Motionhouse dance circus interpretation of *The Tempest*. Carrie Reichardt, our first artist-in-residence is creating work with a new take on women in Shakespeare's world - and celebrating the people who give personality to our visitor experience. 170 years after Shakespeare's Birthplace was saved for the nation we celebrated with a theatrical re-enactment of its purchase at public auction and a mischievous online auction spoof.

We look forward to boosting our creative programming and outreach activity with funding awarded by Arts Council England as we join the National Portfolio for the first time, starting in April 2018.

Reinterpreting Shakespeare's New Place has also been a catalyst for volunteering and access initiatives, and community engagement. In 2017 we welcomed 94 new volunteers - 64 of them at New Place - and total volunteer hours increased by 12.6% from 21,403 to 24,107 hours. Volunteers bring a wealth of skills and experience, and play a crucial role in enabling the Trust to deliver its mission: we are grateful for their support. New Place has been formally recognised as a Dementia Friendly venue and has pioneered access programmes including Age Friendly, MENCAP, Makaton, Widget, Vocalise, and Autism, all of which are being rolled out across all our properties. Our community partnerships involved an array of social and practical activity - with MENCAP, Brownies, Woodturners, Quilters, Care Farming and the Armed Forces - and 5,300 free community passes have been issued to local residents.

The immense significance to world culture of the 'Shakespeare Documents' - the key archival sources for William Shakespeare's biography - was recognised by the UNESCO International Memory of the World programme. We led the successful nomination in partnership with The National Archives, Worcestershire Archives and Archaeology Service, the College of Arms, the British Library and London Metropolitan Archives in the UK, and the Folger Shakespeare Library in Washington, D.C, USA. The documents now have equivalent status in the documentary sphere as the pyramids have for the world's built heritage.

Following a thorough review, we formally adopted a new governance model appropriate to our needs as a charity which has a national and international remit in the 21st century.

In December we bade farewell to our Chief Executive Dr Diana Owen, who has joined the Royal Overseas League as Director-General. We thank Diana for all she has achieved during 10 years with the Trust, and for the legacy of an engaged, strong and optimistic organisation. We are delighted to welcome Tim Cooke who joined as Chief Executive from March 2018. Tim brings a wealth of leadership experience of organisations which, like the Trust, have knowledge and content at their heart and which seek to engage with diverse audiences.

Thank you to everyone who has supported our charity in providing so many opportunities for people of all ages and background, around the globe, to enjoy Shakespeare's works, life and times.

Looking Ahead to 2018

We will continue to develop and share our unique heritage properties, collections and knowledge, so that the enduring and powerful appeal of Shakespeare and his story enriches the experience of as many people as possible, locally, nationally and internationally.

As an independent charity, we depend on visitor admissions (and associated catering and retail sales) for the majority of our income. However, the passage of millions of visitors also takes its toll on the fabric of our historic homes and collections, and ticket sales alone cannot generate sufficient surplus to meet the unending challenge of conservation and interpretation. In 2018 we will undertake further research, working with leading experts, to inform conservation planning for the Shakespeare family homes, and to ensure that we continue to enhance the experience we offer to growing numbers of visitors.

We look forward to boosting our creative programming and outreach activity with funding awarded (£220,000 per year for four years) by Arts Council England as we join the National Portfolio for the first time, starting in April 2018. We will embark on ambitious new programmes with a focus on communities which are currently less engaged in arts, culture and heritage. Fresh creative performances and interpretations of our collections, historic properties and learning programmes will give at least three million people the opportunity to enjoy Shakespeare's works, life and times on his home turf or online, and build Stratford-upon-Avon's global renown as a cultural centre of excellence. We will develop our award-winning, free-to-access Shakespeare Week programme that is transforming the teaching and reception of Shakespeare. By 2022 we aim to reach around 8 million young people at a vital stage of their development, and to transform the offer for targeted groups in areas with low levels of cultural engagement.

With a Museums & Schools grant of £46,000 funded by the Department for Education we will also continue our Sharing Shakespeare's Story programme with a further 3,500 children in 40 schools in areas of high deprivation.

We believe that Shakespeare is for everyone and we will continue to seek to remove barriers to access for people with physical and mental disabilities. In 2018 a DCMS grant of £24k will enable a project with VocalEyes to develop audio-described content and train 24 staff and volunteers in visual awareness. We will also join with Warwick and Stratford District Councils and other partners in the region to survey our sites for the online accessibility checker disabledgo.com.

Our Board, working with a newly formed Council, will review our strategy to ensure that we have the capacity, capability and resources to deliver our charitable objectives for the benefit of future generations. We have many calls on limited resources: developing partnerships and a strong supporter base will be key to our success.

Fundraising

As an independent charity, we rely on our many supporters worldwide to generate the funds that we need to continue to maintain and share Shakespeare's legacy for future generations to enjoy.

Fundraising in 2017 was dominated by our application to become a National Portfolio Organisation (NPO) with the Arts Council. Our status as an NPO also means that we will receive four years funding from the Arts Council to support our creative programming. In February 2018 the SBT was delighted to receive the formal approval from the Arts Council, with funding starting from April 2018. In addition to this significant funding we received £466,000 this year in donations from individuals, Trusts and Foundations, and corporate supporters.

We are also grateful to Arts Council England for their financial support of the SBT in other ways, including the Museum Resilience Fund, and continuing support through the Museums and Schools programme, which gives hundreds of young people annually a life changing opportunity to act as guides for our visitors.

The SBT does not use any professional fundraisers to generate any funds. We adhere to the Code of Fundraising Practice as prescribed by the Fundraising Regulator. In 2017 we did not receive any complaints about our fundraising practices.

Risk Management

The Board actively and regularly reviews the major risks to which the SBT is exposed and has implemented procedures designed to minimise any potential impact should any of those risks materialise. The Board reviews the operational and financial risks annually as part of the planning process and regularly monitors performance during the year.

The main areas of risk identified by the Trustees are:

Principal risks and uncertainties	Plans for managing the risks
Security - increasing requirements, vulnerability of buildings, collections, data and people	Security and counter terrorism review undertaken. Security Steering Group actively monitoring organisation, CCTV strategy written. Data management processes reviewed.
Reliance on tourism income and increased pressure from international instability, currency fluctuations, increased local competition and BREXIT effect	SBT is developing secondary income streams, investing in marketing and visitor experience. Developing partnerships. Review of business model as part of MRF project. Investment in fundraising.
Decline in visitor numbers due to international tensions	Improved market intelligence gathering. Audience development plan updated including cultivating local and domestic markets.
Defined Benefits Scheme pension deficit continues to rise	Proposals to reduce deficit have been discussed with pension scheme Trustees and scheme liabilities are actively managed.
Lack of success in fundraising means that key projects are unable to go ahead	Fundraising and strategic financial plans developed together. Strategy to rebuild reserves agreed. New Place project appeal used to develop strong relationships with key funders. SBT has invested in additional capacity in the team using specialists and experts as required.
Limited obvious successors for key roles in SBT	Succession planning tool and employer branding strategy implemented. Introduction of flexible benefits as part of reward package. Job mapping tool used to ensure salaries are appropriate.
Existing supporter base is too small to support revenue and capital requirements of SBT	Development strategy to build ongoing revenue streams. Training and engagement for all staff and volunteers. CRM enabling more visitor information to be collected and used.
Hall's Croft building continues to deteriorate and future plans for role of property undecided	Future planning focus for Leadership Team and Trustees, to be brought into the development of the SBT business model around the Birthplace and Henley Street.

The Trustees are satisfied there are clear lines of delegation and authority to staff regarding risk management, and that the staff are aware of the need to address risks in their areas of activity.

Financial Review

The surplus for the year, before the actuarial surplus on the defined benefit pension scheme, was £560,000 (2016: £1,000,000 restated deficit) comprising an unrestricted surplus of £550,000 (2016: £684,000) and a restricted surplus of £10,000 (2016: £1,684,000 restated deficit).

Income

Total income from the historic houses amounted to £5,808,000 (2016: £5,541,000). The income from academic and cultural services was £790,000 (2016: £634,000) and income from the let estate was £774,000 (2016: £873,000). Total income has reduced from £12,062,000 in 2016 to £10,798,000 in 2017; this was due to the end of the HLF funding for the capital phase of the New Place project.

Expenditure on charitable activities

The operating costs of the houses, academic and cultural services and governance are included in this category. The costs of management, maintenance, head office services and marketing applicable to the area are included in the total expenditure figure. There has been a decrease in total expenditure from

£13,482,000 (restated) in 2016 to £10,554,000 in 2017. The 2016 restated figures include the significant write off of previously capitalised conservation costs totalling £3,436,000. See note 22 for further details.

The cost of governance activities was £14,023 (2016: £104,084). Direct governance and strategy costs have been included in governance in accordance with the Charities SORP. Governance costs also include audit fees, legal fees, strategy meetings and Trustee expenses.

Expenditure on raising funds

The costs of fundraising, management of the let estate and the trading activities including the trading company are included in this category. The costs of management, maintenance, head office services and marketing applicable to the area are included in the total expenditure figure. Total expenditure has increased by 1.9% from £3,038,000 in 2016 to £3,095,000 in 2017.

Other recognised gains and losses

The SBT property portfolio has been revalued in line with the policy to review every 5 years. The valuation was completed by Sheldon Bosley, Chartered Surveyors, on an existing use basis. The revaluation resulted in a net uplift of £2,968,000 over the total portfolio, of which £3,084,000 is held within investment property and a reduction in value of £116,000 on freehold land and property.

Trading company

The SBT's wholly owned subsidiary made a surplus of £310,000 (2016: £377,000) on a turnover of £2,735,000 (2016: £2,814,000). Turnover comprises sales from our shops and catering outlets operated on behalf of the Trust. All profits are paid to the Trust via Gift Aid. In 2017 the board approved a payment of £200,000 to the Trust. The remaining profit will be paid via gift aid in 2018. The expenditure for the trading company is included in the expenditure on raising funds.

Reserves statement

The SBT maintains reserves to ensure that it is able to continue to fulfil its charitable purpose by providing for business continuity, the ongoing conservation needs of its heritage assets, and to support future capital and revenue expenditure requirements which may not be covered by incoming resources. While the SBT had net assets of £23m at 31 December 2017, this included fixed assets and investment properties with a value of £20m. Approximately £17m of these are properties of strategic importance to the SBT which are held for the long term in order to protect and conserve the historic setting of the Shakespeare family homes.

A programme of capital improvements has been identified by Trustees including £5m for conservation work across a number of historic properties over the next ten years. This designated fund relates only to known conservation needs of the SBT's historic properties, and does not include conservation or storage needs of the library, archive and collections.

The trustees have agreed that the appropriate target for SBT's general, unrestricted reserves should be equivalent to six months' operating costs. Currently this figure equates to approximately £5m. Total free reserves as at December 2017 were £3m. The Trustees will seek to ensure that the Trust builds its unrestricted reserves to a sufficient level to meet this target over the next 3 - 5 years.

Investment powers and policy

The Trustees have the power to invest funds not immediately required for operational purposes in such investments, securities or property as they think fit. The emphasis of the SBT's portfolio is on income generation and it returned a yield of 4.6% in 2017 against the benchmark of 4.6%

The underlying investment strategy continues to be to accept only a medium level of risk applied to the portfolio as a whole, rather than to individual investments. The funds are split between Government stocks, units in a major fund for charity investment, equities and short-term deposits on the money markets. The Trustees are aware of prevailing market rates and monitor these and assess rates of return against risk factors.

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the SBT's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the SBT's auditors are aware of that information.

Auditor

A resolution for the re-appointment of Mazars LLP as auditor of the Trust is to be proposed at the forthcoming annual meeting.

Approved by the board of Trustees on 15 May 2018 and signed on its behalf by:



Peter Kyle OBE
Chairman of the Trustees

The Shakespeare Centre
Henley Street
Stratford-upon-Avon
Warwickshire
CV37 6QW

Statement of Trustees' responsibilities in respect of the Trustees' report and the financial statements

Under the trust deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year.

The group and charity's financial statements are required by law to give a true and fair view of the state of affairs of the group and the charity and of the group's excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in business.

The Trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under Section 132 (1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Trustees of the Shakespeare Birthplace Trust

Opinion

We have audited the financial statements of the Shakespeare Birthplace Trust for the year ended 31st December 2017 which comprise the consolidated statement of financial activities, the group and charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31st December 2017 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Use of the audit report

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's

report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mazars LLP Chartered Accountants and Statutory Auditor
45 Church Street, Birmingham B3 2RT

Mazars LLP

22 May 2018

Mazars LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**Consolidated statement of financial activities
for the year ended 31 December 2017**

	<i>Note</i>	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000 Restated (note 22)
Income					
Donations and legacies	3	23	540	563	1,991
Activities for generating funds					
Other Trading activities	4	2,701	-	2,701	2,815
Investment income					
Income from investments	5	116	-	116	112
Rental income from the let estate		774	-	774	873
Incoming Resources from charitable activities					
Admissions to the historic houses		5,808	-	5,808	5,541
Provision of academic and cultural services		790	-	790	634
Other incoming resources		46	-	46	96
Total income		10,258	540	10,798	12,062
Expenditure:					
Expenditure on raising funds		3,095	-	3,095	3,038
Expenditure on charitable activities		6,929	530	7,459	10,444
Total	6	10,024	530	10,554	13,482
Net gains on investments		316	-	316	420
Net income / (expenditure)		550	10	560	(1,000)
Other recognised gains and losses					
Gains/(losses) on revaluation of fixed assets and property investments		2,968	-	2,968	-
Actuarial (losses)/gains on defined benefit pension scheme	20	496	-	496	(982)
Net movement in funds		4,014	10	4,024	(1,982)
Reconciliation of Funds					
Total Funds brought forward as originally stated		19,032	5,696	24,728	23,274
Prior year adjustment	22	(177)	(5,420)	(5,597)	(2,161)
Funds brought forward as restated		18,855	276	19,131	21,113
Funds carried forward at end of year	16,17,18	22,869	286	23,155	19,131

Restricted funds comprise both income and capital funds.

The income and expenditure and the resulting net movement in funds arise from continuing operations and includes all gains and losses recognised in the year.

**Consolidated balance sheet
at 31 December 2017**

	Note	2017 £000	2016 £000 Restated (note 22)
Fixed assets			
Tangible assets	9	1,653	1,367
Intangible assets	10	153	253
Heritage assets	11	-	-
Investments	12	20,970	17,992
		22,776	19,612
Current assets			
Stocks	13	336	282
Debtors	14	348	657
Cash at bank and in hand		3,484	2,615
		4,168	3,554
Liabilities			
Creditors: amounts falling due within one year	15	(1,128)	(714)
Net current assets		3,040	2,840
Total assets less current liabilities representing net assets excluding pension liability		25,816	22,452
Defined benefit pension scheme liability	20	(2,661)	(3,321)
Net assets including pension liability		23,155	19,131
Funds			
Restricted funds	16	286	276
Unrestricted income funds			
Other charitable funds	17	5,633	5,081
Pension reserve	17	(2,661)	(3,321)
Net other charitable funds		2,972	1,760
Designated funds	17	5,000	4,734
Revaluation reserve	17	14,897	12,361
Total unrestricted funds		22,869	18,855
Total funds		23,155	19,131

These financial statements were approved and authorised for issue by the Board of Trustees on 15 May 2018 and were signed on its behalf by:


Peter Kyle OBE
Chairman of the Trustees

**Charity balance sheet
at 31 December 2017**

	Note	2017 £000	2016 £000 Restated (note 22)
Fixed assets			
Tangible assets	9	1,653	1,367
Intangible assets	10	153	253
Heritage assets	11	-	-
Investments	12	20,970	17,992
		<u>22,776</u>	<u>19,612</u>
Current assets			
Stocks	13	-	-
Debtors	14	917	1,855
Cash at bank and in hand		3,099	1,651
		<u>4,016</u>	<u>3,506</u>
Liabilities			
Creditors: amounts falling due within one year	15	(1,086)	(666)
		<u></u>	<u></u>
Net current assets		<u>2,930</u>	<u>2,840</u>
Total assets less current liabilities representing net assets excluding pension liability		<u>25,706</u>	<u>22,452</u>
Defined benefit pension scheme liability	20	(2,661)	(3,321)
		<u></u>	<u></u>
Net assets including pension liability		<u>23,045</u>	<u>19,131</u>
Funds			
Restricted funds	16	286	276
Unrestricted income funds:			
Other charitable funds	17	5,523	5,081
Pension reserve	17	(2,661)	(3,321)
		<u></u>	<u></u>
Net other charitable funds		2,862	1,760
Designated funds	17	5,000	4,734
Revaluation reserve	17	14,897	12,361
		<u></u>	<u></u>
Total unrestricted funds		<u>22,759</u>	<u>18,855</u>
Total funds		<u>23,045</u>	<u>19,131</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 15 May 2018 and signed on its behalf by:


Peter Kyle
Chairman of the Trustees

**Consolidated statement of cash flows
for the year ended 31 December 2017**

	<i>No te</i>	2017	2016
		£000	£000
			Restated (note 22)
Net income /(expenditure) for the operating period (as per the statement of financial activities)		560	(1,000)
Adjustments for:			
Depreciation charge		311	469
(Gains) in investments		(316)	(420)
Income from investments		(890)	(985)
(Increase)/decrease in stocks		(54)	(68)
Decrease/(increase) in debtors		309	(102)
Increase/(decrease) in creditors		414	(103)
Other pension movements	21	(163)	(150)
Net cash inflow from operating activities		171	(2,359)
Dividends, interest and rents from investments		890 9	985
Purchase of property, plant and equipment		(493)	(422)
Proceeds from sale of property, plant and equipment		590	1,295
Proceeds from sale of investments		566 6	659
Purchase of investments		(755)	(871)
Net Cash provided by (used in) investing activities		798	1,646
Cash flows from financing activities			
Decrease/(Increase) in cash deposits		(100)	218
Change in cash and cash equivalents in the operating period		869	(495)
Cash and cash equivalents at the beginning of the reporting period		2,615	3,110
Cash and cash equivalents at the end of the reporting period		3,484	2,615

**Reconciliation of net cash flow to movement in net funds
for the year ended 31 December 2017**

	2017 £000	2016 £000
Increase/(Decrease) in cash in the year	869	(495)
Opening net funds	2,615	3,110
Closing net funds	3,484	2,615

Notes

(Forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the SBT's financial statements.

Basis of preparation

The financial statements have been prepared under the Charities Act 2011 on a going concern basis and on the historical cost rules as modified for the revaluation of freehold properties and by the inclusion of investments at market value. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) date of transition 1 January 2014. The SBT meets the definition of a public benefit entity under FRS 102.

Use of estimates and judgements

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The estimates that have the most significant effect relate to valuations of investments assets and pension scheme. Management have used professional valuers in respect of investment assets as disclosed in note 12 and professional actuaries in respect of the pension scheme liability as disclosed in note 20.

Preparation of the accounts on a going concern basis

The trustees are of a view that there are sufficient reserves to secure the immediate future of the Trust for the next 12 to 18 months and on that basis the charity is a going concern.

Basis of consolidation

The consolidated financial statements of the SBT include the financial statements of the charity and its subsidiary trading company, SBT Trading Limited. The results of the trading subsidiary as disclosed in note 4 are consolidated on a line by line basis within the consolidated statement of financial activities. In the charity's financial statements, the investment in its subsidiary trading company is stated at cost.

Statement of financial activities

The incoming resources and resources expended by the SBT are detailed below, together with the respective accounting treatments.

Incoming resources

All incoming resources are recognised once the SBT has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Donations

Such voluntary income is accounted for on the date when it becomes receivable. Tax recoverable under the gift aid scheme is accrued for on donations received, where there is an entitlement.

Legacies

Income is recognised on an accruals basis to the extent that the SBT has been notified that it is a beneficiary and there is a clear indication of the amounts involved.

Grants receivable

Grants are recognised in the consolidated statement of financial activities when the conditions for receipt have been complied with.

Incoming resources (continued)

Trading income

Turnover from the gift and book shops and catering outlets of the SBT operated by its subsidiary trading company represents the value of goods sold net of VAT.

Income from investments

Income from fixed interest securities is accounted for on the date when it becomes receivable.

Other investment income is accounted for on an accruals basis. Dividends and interest are shown as gross amounts prior to any tax deduction which is recoverable.

Rental income from the let estate

Income is recognised on a receivable basis.

Admissions to the historic houses

Income from visitors to the historic houses is recognised in the consolidated statement of financial activities when it is receivable. Related gift aid is also accounted for on a receivable basis.

Provision of academic and cultural services

Income comprises fees earned in relation to the provision of educational courses run during the year. Income is recognised in the consolidated statement of financial activities when it is receivable.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the SBT to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Expenditure on raising funds

These costs are incurred in relation to the Trading Company, the management of the let estate plus staff members and consultants who are engaged directly in fundraising. It also includes the costs of specific publicity campaigns for the raising of donations.

Management of the let estate

This represents the cost of administering, running and maintaining the SBT's rental properties.

Expenditure on charitable activities

This includes the costs of maintenance and management of historic houses and the provision of academic and cultural services.

Governance costs

Governance costs comprise direct costs involving the strategic planning for future development of the Trust and its compliance with constitutional and statutory requirements. These costs include costs related to statutory audit and legal fees.

Basis of allocation of costs

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Costs relating to management of the Trust and support departments have been allocated to other functions based on the time they consume in pursuing the objectives of the SBT.

Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Pension

Defined contribution pension scheme

The SBT operates a defined contribution pension scheme. The pension cost charge for the period is recognised in the period in which it falls due.

Defined benefit pension scheme

The SBT operates a defined benefit pension scheme, Shakespeare's Birthplace Retirement Benefits Scheme, for full-time employees and part-time employees who meet certain eligibility criteria. The assets of the scheme are held in separate Trustee administered funds.

The scheme was formally valued by qualified independent actuaries for funding purposes as at 31 March 2007 using the projected unit method of valuation and was updated by the actuary on an FRS 17 basis as at 31 December 2016. The scheme was closed to new members in May 2004 and subsequently closed to future accrual on February 2009.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between resources expended and actuarial gains and losses.

Taxation

The SBT is exempt from taxation on its income and gains where they are applied for charitable purposes.

In the subsidiary's financial statements, the policy is to pass all taxable profits to the SBT by way of gift aid.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Fixed assets

Properties

Inalienable properties have not been capitalised since, in the opinion of the Trustees, their disposal is precluded by the governing document of the Trust. Furthermore, relevant cost information is not available and the cost of obtaining a valuation would be onerous.

Other properties are stated at valuation, less provisions for permanent diminution in value and are used for administrative and trading purposes. The valuation is at market value on an existing use basis.

No depreciation is provided on these properties and all expenditure, other than significant improvements, is charged in the consolidated statement of financial activities. The depreciation charge and related accumulated depreciation balance are not material due to the high residual value. Freehold properties are independently valued every five years on the basis of open market value for existing use. A full valuation was performed on all Freehold properties as at 31 December 2017.

Operating assets

Operating assets are stated at cost less depreciation.

Depreciation is provided on a straight-line basis using rates calculated to write down the cost of each asset to its estimated residual value over its anticipated useful economic life, as follows:

Fixtures, fittings and equipment	-	4 years
Attractions and exhibitions	-	4-25 years
Motor vehicles	-	4 years
Computer Equipment	-	3 years
Intangible Assets	-	3 years

Assets in the course of construction are not depreciated until completion where upon they are transferred to the appropriate fixed asset category and depreciated as above.

Heritage assets

The Trust holds heritage assets relating to the works and times of Shakespeare and Stratford and the wider county, which includes collections of paintings, books and manuscripts, furniture and other household and business items. In addition, the SBT also houses exhibits donated by other museums or organisations.

The Trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the collections. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The SBT does not therefore recognise these assets on its balance sheet.

Preservation costs

Expenditure which in the Trustees' view is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the statement of financial activities when incurred.

Investments

Investments are stated at their market value as at the balance sheet date. All movements in value arising from a change in the market value of an investment are shown in the consolidated statement of financial activities as an unrealised gain or loss. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the amount at which the investment was valued at the beginning of the year, or cost if purchased during the year.

Freehold properties are independently valued every five years on the basis of open market value for existing use. A full valuation was performed on all Freehold properties as at 31 December 2012.

Listed and other investments are valued at mid-market value at the balance sheet date.

Stocks

Stocks, being goods for resale, are stated at the lower of cost and net realisable value.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting

The SBT has various funds for which it is responsible, which require separate disclosure. These are as follows:

Restricted income funds

Donations or legacies received which are earmarked by the donor for specific purposes within the overall aims of the organisation. From these funds, the donation and income deriving there from will be used in accordance with the specific purposes.

Restricted capital funds

Funds given to the SBT for the purpose of the acquisition of fixed assets for use by the SBT.

Unrestricted funds

Funds which are expendable at the discretion of the Trustees in furtherance of the objects of the SBT. In addition to expenditure to fulfil the objects of the SBT, such funds may be held in order to finance capital investment and working capital.

Designated funds

The Trustees may, at their discretion, set aside unrestricted funds for specific purposes. Specifically, the SBT has set aside funds for the conservation, development and maintenance of its properties.

Notes (continued)

2 Financial performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary, SBT Trading Limited, which operates a number of shops and catering outlets. The summary financial performance of the charity alone is:

	2017 £000	2016 £000 Restated (note 22)
Income	8,116	9,246
Gift aid from subsidiary company	200	377
	8,316	9,623
Expenditure on raising funds	(684)	(599)
Expenditure on charitable activities	(7,003)	(10,444)
Net gains/(losses) on investment assets	316	420
	945	(1,000)

2016 Unrestricted and restricted reserves

	Unrestricted £000 Restated (note 22)	Restricted £000 Restated (note 22)	Total 2016 £000 Restated (note 22)
Income and endowments from:			
Donations and legacies	13	1,978	1,991
Other trading activity	2,815	-	2,815
Investment income	985	-	985
Charitable activities	6,175	-	6,175
Other income	96	-	96
Total	10,084	1,978	12,062
Expenditure on:			
Raising funds	3,038	-	3,038
Charitable activities	6,782	3,662	10,444
Total	9,820	3,662	13,482
Net gains/(losses) on investments	420	-	420
Net income/(expenditure)	684	(1,684)	(1,000)

3 Voluntary Income

	Unrestricted 2017 £000	2016 £000	Restricted 2017 £000	2016 £000
Donations	23	13	540	1,978

Notes (continued)

4 Trading activities of subsidiary

The charity has a wholly owned trading subsidiary, SBT Trading Limited (registered in England and Wales, number 03281799), which is incorporated in the UK. It prepares its financial statements in accordance with the Companies Act 2006. SBT Trading Limited carries out the trading activities of the SBT by operating a number of shops which sell books and souvenirs related to Shakespeare, his works, and Stratford. SBT Trading Limited also operated a number of catering outlets at the various historic sites. It pays its taxable profits to the Shakespeare Birthplace Trust by way of gift aid.

	2017 £000	2016 £000
Turnover	2,735	2,814
Cost of sales	(1,158)	(1,167)
Gross profit	1,577	1,647
Administrative expenses (including recharges from the charity)	(1,267)	(1,271)
Operating profit	310	376
Other interest receivable and similar income	-	1
Profit for the financial year	310	377
Distribution to the Shakespeare Birthplace Trust	(200)	(377)
Retained in subsidiary for the year	110	-

At the end of year the company had aggregate assets of £771,272 (2016: £1,285,610), and liabilities of £661,364 (2016: £1,285,609), which include net amounts due to the SBT of £629,366 (2016: £1,237,835) and net shareholders' funds of £110,000 (2016: £1).

Income from SBT Trading Limited to the charity of £33,970 (2016: £0) was eliminated upon consolidation.

Profits retained within SBT Trading Limited will be transferred via gift aid to the charity within 9 months of the year end.

5 Investment income

	2017 £000	2016 £000
Listed on a recognised stock exchange	115	109
Bank interest	1	3
	116	112

Notes (continued)

6 Analysis of total resources expended

	Staff Costs	Depreciation	Management and Support Costs	Other	2017 Total	2016 Total
	£000	£000	£000	£000	£000	£000 Restated (note 22)
Expenditure on raising funds	1,067	-	232	1,796	3,095	3,038
Expenditure on charitable activities	3,819	311	1,996	1,333	7,459	10,444
Total	4,886	311	2,228	3,129	10,554	13,482

Total resources expended include:

	2017 £000	2016 £000 Restated (note 22)
Depreciation	311	497
Governance costs	14,023	104,084
Auditors' remuneration:		
Audit of these financial statements	11	10
Audit of financial statements of subsidiaries pursuant to legislation	6	6
Other services relating to taxation	2	2
Operating lease charges:		
Other than land and buildings	201	183

Management and support costs included in the table above are analysed below. Support costs are allocated on a basis consistent with the use of resources.

	Expenditure on raising funds £000	Expenditure on Charitable activities £000	Total £000
General office	1	15	16
Finance office	155	738	893
HR department	39	182	221
Information technology	18	82	100
Marketing	10	471	481
Facilities	9	508	517
Total	232	1,996	2,228

Notes (continued)

7 Staff numbers and costs

The average number of employees during the year was:

	Number of employees	
	2017	2016
Historic houses	100	95
Shops and trading	64	66
Academic and cultural services	44	46
Management and support	67	66
	<hr/>	<hr/>
	275	273
	<hr/>	<hr/>
Number of part time employees included above	157	165
	<hr/>	<hr/>
Full time equivalent of part time employees	63	58
	<hr/>	<hr/>

The aggregate emoluments of these employees were as follows:

	£000	£000
Wages and salaries	4,274	4,281
Social security costs	313	290
Pension costs	299	296
	<hr/>	<hr/>
	4,886	4,867
	<hr/>	<hr/>

The number of employees whose emoluments, excluding pension contributions, fell within the following bands are:

	2017 Number	2016 Number
£90,000 - £99,999	-	1
£80,000 - £89,999	1	-
£70,000 - £79,999	1	1
£60,000 - £69,999	2	1
	<hr/>	<hr/>

Emoluments for this purpose include gross salary and benefits in kind and are stated before taking account of charges made to third parties. Retirement benefit contributions of £21,910 (2016: £17,550) under a defined contribution scheme were made in respect of the four employees above (2016: three).

In 2017 the SBT paid redundancy costs of £35,213; included in the total were ex-gratia payments of £17,456 (2016: £736).

The total emoluments paid to key management personnel in 2017 including pension contributions was £384,810 (2016: £378,468).

Notes (continued)

8 Trustees

During the year, 3 Trustees received in total £1,445 by way of remuneration for lecture fees (2016: £625). Where claimed, expenses for travel and subsistence are reimbursed. The amount claimed in the year was £5,825 (2016: £2,264).

The SBT maintained insurance for the Trustees/Directors throughout the financial year ended 31 December 2017 and such indemnity insurance was in place at the date of approval of these financial statements. For the financial year under review the total group cost of the indemnity insurance for the Trustees/Directors was £1,595 and the cover £2,000,000 (2016: £1,561 cost and £2,000,000 cover).

9 Tangible fixed assets

Consolidated and charity

	Freehold land and buildings	Assets under construction	Fixtures, fittings and equipment	Attractions and exhibitions	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation At beginning of year (Restated) (note 22)	927	52	2,925	837	25	4,766
Additions	-	102	180	172	-	454
Revaluation	(116)	-	-	-	-	(116)
Transfers	274	(154)	-	-	-	120
At end of year	1,085	-	3,105	1,009	25	5,224
Accumulated Depreciation At beginning of year (Restated) (note 22)	-	-	2,686	690	23	3,399
Charge for year	-	-	125	45	2	172
At end of year	-	-	2,811	735	25	3,571
Net book value At 31 December 2017	1,085	-	294	274	-	1,653
At 31 December 2016 (Restated) (note 22)	927	52	239	147	2	1,367

Freehold land and properties are independently revalued every five years. The valuation was undertaken by Sheldon Bosley, Chartered Surveyors, in 2017 on an existing use basis. The historic cost of freehold land and properties is £600,610.

Notes (continued)

10 Intangible fixed assets

Consolidated and charity

	£000
Cost	
At beginning of year	415
Additions	39
	<u>454</u>
 Accumulated amortisation	
At beginning of year	162
Charge for year	139
	<u>301</u>
 Net book value	
At 31 December 2017	<u>153</u>
 At 31 December 2016	<u>253</u>

11 Heritage assets

In accordance with the SORP, inalienable assets have been excluded from the financial statements as reliable cost information is not available and the Trustees consider the cost of obtaining a valuation to be onerous compared with the benefit that could be derived by users of the financial statements in assessing the Trustees' stewardship of the assets. These assets comprise the SBT's historic houses and a museum and library of books, manuscripts, records of historic interest, pictures, photographs and objects of antiquity. Further details are given in the Trustees' report.

Costs relating to conservation of heritage assets are written off in the year incurred. As per note 22, costs relating to New Place and other capital works previously capitalised have been restated and written off.

Notes (continued)

12 Investments

Consolidated and charity

	2017 £000	2016 £000
<i>Analysis of investments</i>		
Freehold Investment properties	18,039	15,218
Listed and other investments	2,821	2,764
Cash deposits	110	10
	<u>20,970</u>	<u>17,992</u>

All investments are held in the UK.

Movements in investments

	Freehold investment properties £000	Listed and other investments £000	Cash Deposits £000	Total £000
Market value at beginning of year	15,218	2,764	10	17,992
Acquisitions	297	457	(457)	297
Transfer of properties	(120)	-	-	(120)
Disposal proceeds	(590)	(566)	566	(590)
Gains	150	165	(9)	307
Revaluation	3,084	-	-	3,084
	<u>18,039</u>	<u>2,820</u>	<u>110</u>	<u>20,970</u>
At end of year	18,039	2,820	110	20,970

Freehold land and properties are independently revalued every five years. The valuation was undertaken by Sheldon Bosley, Chartered Surveyors, in 2017 on an existing use basis, resulting in a £3,084,000 uplift on the value of the portfolio.

Details of investments comprising more than 5% of the market value of the total investment portfolio are as follows:

	2017 £000	%	2016 £000	%
Investment property - "The Hill"	<u>1,600</u>	<u>7.6</u>	<u>1,500</u>	<u>8.3</u>

Charity

The Trust owns the entire £1 ordinary share capital of SBT Trading Limited (see note 4).

Notes (continued)

13 Stocks

	Consolidated		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Finished goods and goods for resale	336	282	-	-

14 Debtors

	Consolidated		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	140	210	104	182
Amounts due from subsidiary undertakings	-	-	629	1,238
Other debtors	67	195	56	193
Prepayments	99	91	86	81
Accrued income	42	161	42	161
	348	657	917	1,855

15 Creditors: amounts falling due within one year

	Consolidated		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	362	325	345	287
Taxes and social security costs	110	109	100	83
Other creditors	313	198	313	225
Accruals	343	82	328	71
	1,128	714	1,086	666

Notes (continued)

16 Restricted funds

The consolidated and charity funds include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

	At beginning of year £000 Restated (note 22)	Incoming resources £000	Expenditure, gains and losses £000	Transfers £000	At end of year £000
Consolidated and charity					
Restricted income funds					
Friends of the Shakespeare Birthplace Trust	63	-	2	-	61
Countryside Stewardship Scheme	7	3	-	-	10
Henley Street project management	30	-	-	(30)	-
Louis Marder Scholarship	14	-	-	-	14
Caring for Greatest Needs	9	-	-	-	9
Designation Development Fund	10	-	-	-	10
Effective Collections	7	-	-	-	7
Henley Street Project	-	74	96	22	-
Arts Council England - Museums & Schools	42	75	82	-	35
Levi Fox Archive	20	-	12	-	8
Other short term projects	66	70	39	8	105
	268	222	231	-	259
Restricted capital funds					
Donations and grants with purpose specified by donor:					
New Place Project	-	318	299	-	19
Hall's Croft restoration	4	-	-	-	4
Sculpture programme	4	-	-	-	4
	8	318	299	-	27
Total restricted funds	276	540	530	-	286

The Friends of the Shakespeare Birthplace Trust is a fund which receives subscriptions and donations to support the development of the Trust's collections and its educational work. The Countryside Stewardship Scheme is a fund received by the Trust to support its grounds. The Designation Development Fund was received to support our collections.

The other restricted income funds represent monies received to support specific areas of the Charity as denoted by the title.

Restricted capital funds represent monies received for the purchase of specific assets. These fund have been written off in the year in which the costs were incurred.

Notes (continued)

17 Unrestricted funds

	At beginning of year	Net income/ (expenditure) in year	Transfer from/ (to)/other charitable funds	At End of
Consolidated	£000 Restated (note 22)	£000	£000	
<i>Designated funds:</i>				
Major property, conservation, development and redevelopment projects	4,734	-	266	5,000
Total designated funds	4,734	-	266	5,000
Revaluation reserve	12,361	2,968	(432)	14,897
Other charitable funds	5,081	386	166	5,633
Pension reserve	(3,321)	660	-	(2,661)
Total unrestricted funds	18,855	4,014	-	22,869

The Charity unrestricted funds are as stated above with the exception of Other Charitable Funds which amount to £5,523,000 (2016: £5,081,000). The variance to above of £110,000 relates to the balance held within the Trading company at the year end (2016: £0).

Designated funds

The property, conservation and development fund was set up by the Trustees for the purpose of conserving the Shakespeare Houses and maintaining all of its properties. Additional funds were designated during the year. The Trustees have reviewed the amount set aside and believe it represents the amount of anticipated expenditure over the next five years.

Transfers between funds

A transfer of £432,000 has been made from the revaluation reserve to unrestricted reserves due to property sales during the year.

18 Analysis of consolidated net assets between funds

	Unrestricted income funds £000	Restricted funds £000	Total Funds £000
Fund balances at 31 December 2017 are represented by:			
Tangible fixed assets	1,653	-	1,653
Intangible fixed assets	153	-	153
Heritage assets	-	-	-
Investments	20,970	-	20,970
Current assets	3,882	286	4,168
Current liabilities	(1,128)	-	(1,128)
Pension liability	(2,661)	-	(2,661)
9			
Total net assets	22,869	286	23,155

Notes (continued)

19 Commitments

(a) The Trust has commitments in respect of operating leases other than land and buildings as follows:

Consolidated and charity

	2017	2016
	£000	£000
Expiry date:		
Within one year	141	183
Between two and five years	49	120
More than five years	-	-
	<u>190</u>	<u>303</u>

The Trustees lease Harvard House at a peppercorn rent.

The SBT has capital commitments in respect of the New Place project totalling £nil (2016:£144,810)

20 Pensions

Defined contribution pension scheme

The SBT operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the Trust to the scheme and amounted to £215,073 (2016: £207,032).

Defined benefit pension scheme

The SBT operates a defined benefit pension scheme, Shakespeare's Birthplace Trust Retirement Benefits Scheme, for full-time employees and part-time employees who meet certain eligibility criteria. The assets of the scheme are held in separate Trustee administered funds.

The scheme was formally valued by qualified independent actuaries for funding purposes as at 31 March 2007 using the projected unit method of valuation and was updated by the actuary on an FRS102 basis as at 31 December 2017. The scheme was closed to new members in May 2004 and subsequently closed to future accrual on February 2009.

	2017	2016
	£000	£000
Present value of funded defined benefit obligations	(9,152)	(9,389)
Fair value of plan assets	6,491	6,068
	<u>(2,661)</u>	<u>(3,321)</u>

Deficit in the scheme - Pension liability

Notes (continued)

20 Pension schemes (continued)

Movements in present value of defined benefit obligation

	2017 £000	2016 £000
At 1 January	9,389	7,841
Interest cost	240	294
Actuarial losses/(gains)	(138)	1,485
Benefits paid	(339)	(231)
	<hr/>	<hr/>
At 31 December	9,152	9,389
	<hr/>	<hr/>

Movements in fair value of plan assets

	2017 £000	2016 £000
At 1 January	6,068	5,351
Expected return on plan assets	156	204
Actuarial gains/(losses)	358	503
Contributions by employer	248	241
Benefits paid	(339)	(231)
	<hr/>	<hr/>
At 31 December	6,491	6,068
	<hr/>	<hr/>

Income/(expense) recognised in the consolidated statement of financial activities

	2017 £000	2016 £000
Interest on defined benefit pension plan obligation	(240)	(294)
Expected return on defined benefit pension plan assets	156	204
	<hr/>	<hr/>
Total	84	90
	<hr/>	<hr/>

The total amount recognised in other recognised gains and losses in the consolidated statement of financial activities in respect of actuarial gains and losses is a gain of £496,000 (2016: a loss of £982,000).

Notes (continued)

20 Pension schemes (continued)

The fair value of the plan assets and the return on those assets were as follows:

	Fair value	
	2017	2016
	£000	£000
Equities	962	1,203
Emerging Market Equities	302	429
Diversified Growth Assets	2,380	553
Gilts	-	959
Corporate Bonds	-	1,022
Property	678	619
Emerging Markets Debt & High Yield Bonds	-	654
Absolute Return	605	505
Cash	82	124
Liability Driven Investments	1,482	-
	<u>6,491</u>	<u>6,068</u>
Actual (deficit)/return on plan assets	<u>496</u>	<u>(982)</u>

The expected return on scheme assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2017	2016
	%	%
Discount rate	2.4	2.6
Expected return on plan assets		
Rate of increase in pensions in payment	3.1	3.4
Rate of increase in deferred pensions	2.1	2.4
Inflation assumption	3.0	3.2
Mortality tables - imply life expectancy:		
Male retiring in 2017	26.5	26.5
Female retiring in 2017	28.4	28.6
Male retiring in 2037	27.7	28.0
Female Retiring in 2037	29.7	30.2

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(9,152)	(9,389)	(7,841)	(8,378)	(7,443)
Fair value of scheme assets	6,491	6,068	5,351	5,309	4,973
Deficit	<u>(2,661)</u>	<u>(3,321)</u>	<u>(2,490)</u>	<u>(3,069)</u>	<u>(2,470)</u>

Notes (continued)

20 Pension schemes (continued)

Experience adjustments

	2017 £000/%	2016 £000/%	2015 £000/%	2014 £000/%	2013 £000/%
Experience adjustments on scheme liabilities	98	114	82	6	438
As a percentage of scheme liabilities	1.07%	1.21%	0.10%	(0.07%)	(5.88%)
Experience adjustments on scheme assets	358	503	(151)	182	(79)
As a percentage of scheme assets	5.52%	8.29%	(0.20%)	2.18%	1.59%

The SBT expects to contribute approximately £250,700 to its defined benefit plans in the next financial year.

21 Related party transactions

During the year the following transactions took place with related parties:

- The SBT paid Misfit Inc £15,421 in respect of website hosting and maintenance. No monies were due or owed at 31st December 2017. One of the Trustees, A J Leon, is the CEO of Misfit Inc.
- The SBT invoiced the University of Warwick £764 in respect of educational visits. No monies were due or owed at 31st December 2017. One of the Trustees, Carol Rutter, is a lecturer at the University of Warwick.
- The SBT and trading company invoiced the Royal Shakespeare Company £219,089 (2016: £201,411) in respect of archiving services, image reproduction and learning courses. There is no debtor balance at the 31st December 2017 (2016: £0). The SBT paid the Royal Shakespeare Company £93,168 (2016: £70,778) in respect of learning courses. A creditor balance of £2,585 (2016: £5,550) was outstanding at 31st December 2017. The Trust paid RSC Enterprises £2,392 (2016: £0) in relation to learning courses. There is no creditor balance at the 31st December 2017 (2016: £0). One of the Representative Trustees, Catherine Mallyon is the Executive Director and a Board member of the Royal Shakespeare Company.
- The trading company paid the University of Oxford £1,108 (2016: £0) in respect of retail stock. A creditor balance of £127 (2016: £0) was outstanding at 31st December 2017. One of the Trustees, Colin Bennett, is an Oxford Martin Visiting Fellow, University of Oxford.
- The SBT paid the Hosking Houses Trust £500 (2016: £0) in respect of artist in residence fees. No monies were due or owed at 31st December 2017. One of the Life Trustees, Kate McLuskie, is a Trustee of the Hosking Houses Trust.
- The SBT paid the National Trust £128 (2016: £0) in respect of a visit to one of their properties. There is no creditor balance at 31st December 2017. The trading company invoiced the National Trust £3,024 (2016: £1,945) in respect of room hire. There is no debtor balance at 31st December 2017. One of the Trustees, Kathy Gee, is a member of the Regional Advisory Board for the National Trust.
- The SBT paid the University of Wolverhampton £95 (2016: £0) in respect of attending a lecture. There is no creditor balance at 31st December 2017 (2016: £0). One of the Trustees, Kathy Gee, is a governor of the University of Wolverhampton.
- The SBT invoiced Georgetown University £7,693 (2016: £5,988) in respect of learning courses. There is no debtor balance at 31st December 2017 (2016: £0). One of the Trustees, Lena Orlin, is employed by Georgetown University.
- The SBT invoiced the Shakespeare Institute £580 (2016: £0) in respect of printing. There is no debtor balance at 31st December 2017 (2016: £0). Representative Trustee Michael Dobson is Director of the Shakespeare Institute and Trustee Lena Orlin, is a member of the Executive Committee of the Shakespeare Institute.

- The SBT invoiced King Edward VI School £500 (2016: £0) in respect of educational visits. No monies were due at 31st December 2017 (2016: £0). One of the ex-officio Trustees, Bennet Carr is the Headmaster of King Edward VI School. Another Trustee, Lord Hertford, The High Steward of Stratford-upon-Avon, is a Trustee of the school.
- The SBT and the trading company paid the Shakespeare Globe Trust £8,634 (2016: £3,083) in respect of learning course and retail stock costs. There is no creditor balance at 31st December 2017 (2016: £720). One of the representative Trustees, Neil Constable, is the Chief Executive and Trustee of the Shakespeare Globe Trust.
- The SBT paid Wright Hassall LLP £1,000 (2016: £0) in respect of legal advice. There is no creditor balance at 31st December 2017 (2016: £0). The trading company invoiced £580 (2016: £0) in respect of hospitality costs. There is no debtor balance at 31st December 2017 (2016: £0). One of the Trustees, Nick Abell, is an employee and consultant at Wright Hassall LLP.
- The SBT invoiced Dauntsey's School £0 (2016: £120) in respect of learning courses. There is no debtor balance at 31st December 2017 (2016: £0). One of the Trustees, Ralph Bernard, is a Trustee of Dauntsey's School.
- The SBT paid Touch FM £150 (2016: £375) in respect of tickets to an awards evening. There is no creditor balance at 31st December 2017 (2016: £0). One of the Trustees, Ralph Bernard, is Deputy Chairman of Touch FM.
- The SBT invoiced Mayavision International Ltd £280 (2016: £0) in respect of filming charges. There is no debtor balance at 31st December 2017 (2016: £0). The trading company paid £78 (2016: £0) in respect of retail stock. There is no creditor balance at 31st December 2017 (2016: £0). One of the Trustees, Rebecca Dobbs, is Managing Director of Mayavision International Ltd.
- The SBT paid the Dugdale Society £25 (2016: £25) in respect of subscriptions. The trading company invoiced £424 (2016: £0) in respect of catering services. No monies were owed or due at 31st December 2017 (2016: £0). One of the Ex-officio Trustees. The Rt Revd Dr Christopher Cocksworth is the Vice President of the Dugdale Society.
- One of the Trustees, AJ Leon, rents a residential property which is owned by the Trust. AJ Leon paid rent of £6,540 (2016: £0). A debtor balance of £545 (2016: £0) is outstanding at 31st December 2017.
- The SBT paid £3,150 for tickets for the annual Shakespeare Birthday lunch, a not for profit event held as part of the Shakespeare Celebration weekend. One of the Trustees, Ros Haigh is joint organiser of the lunch event.

22. Prior year adjustment

The prior year adjustment relates to the write off of conservation and collections costs ensuring that all costs are recognised in the year in which the costs are incurred. There have been inconsistencies in applying the SBT's policy on conservation costs to the large scale New Place project. The prior year adjustment brings the accounting treatment in line with all other heritage assets. The total write off in 2016 amounted to £3,436,000.

The New Place heritage asset held at 31 December 2016 has been re-analysed between conservation costs which have been included within expenditure, art and exhibition costs which are included within fixed assets and depreciated and fixtures and fittings which are included within fixed assets and are also depreciated.

