

CHATSWORTH HOUSE TRUST

Annual report and financial statements

for the year ended 31 December 2010

Registered Charity Number 511149

Registered Company Number 01541046

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COMPANIES HOUSE

Saffery Champness
CHARTERED ACCOUNTANTS

CHATSWORTH HOUSE TRUST

Annual report and financial statements

For the year ended 31 December 2010

Contents

Legal and administration details for the year ended 31 December 2010	1
Report of the Council of Management for the year ended 31 December 2010	2
Independent auditors' report to the Members of Chatsworth House Trust	7
Statement of financial activities for the year ended 31 December 2010	9
Balance sheet as at 31 December 2010	10
Cashflow statement for the year ended 31 December 2010	11
Accounting policies for the year ended 31 December 2010	12
Notes to the accounts for the year ended 31 December 2010	15

CHATSWORTH HOUSE TRUST

Legal and administration details for the year ended 31 December 2010

Charity number

511149

Trustees/Directors (Council of Management)

The Duke of Devonshire – Chairman

The Duchess of Devonshire

The Hon G E Adeane

Lady L V Shaw Stewart

Mr H M Wyndham

Mr J G E Monson

Mr E R H Perks

Mr J D S Booth

Registered office

21 Buckingham Gate

London

SW1E 6LS

Independent Auditors

Saffery Champness

Lion House

Red Lion Street

London

WC1R 4GB

Solicitors

Currey & Co LLP

21 Buckingham Gate

London

SW1E 6LS

Bankers

Royal Bank of Scotland

The Square

Bakewell

Derbyshire

DE45 1BT

Investment advisors

Smith & Williamson Investment Management Limited

25 Moorgate

London

EC2R 6AY

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2010

The Members of the Council of Management, who are also directors and trustees for the purpose of the Companies and Charities Acts, have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2010

The information with respect to Council of Management, officers and advisors set out on page 1 forms part of this report

Structure, Governance & Management

The Chatsworth House Trust is a company limited by guarantee incorporated on the 23 January 1981 and governed by its Memorandum and Articles of Association. It is also a registered charity, number 511149. The liability of each member in the event of winding up is limited to £5,000.

The power to appoint new Members of the Council of Management is vested in the Council.

To facilitate effective operations, the Council of Management has delegated authority for operational matters, including finance and employment.

The following served on the Council during the year and up to the date of signing the financial statements:

- * The 12th Duke of Devonshire - Chairman
- * Duchess of Devonshire
 - The Hon G E Adeane
 - Lady L V Shaw Stewart
 - Mr H M Wyndham
 - Mr J G E Monson
 - Mr E R H Perks
 - Mr J D S Booth (Appointed 14 October 2010)

- * These Members of the Council are also members of the company.

Mr J D S Booth was appointed to the Council of Management during the year.

Mr E R H Perks, who was a Member of the Council during the period, is also a partner in Currey & Co LLP. Currey & Co LLP received fees from the company during the year amounting to £33,005 (2009 £31,795). No other members of the Council received any remuneration for their services. During the year, travel expenses of £658 were reimbursed to the Members of the Council (2009 £522).

The training needs of the Council of Management are reviewed on an annual basis by the Members of the Council. The training costs incurred in the current year are £Nil (2009 £Nil).

Risk management

The Council of Management has assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and is satisfied that systems are in place to mitigate the exposure to the major risks.

The major risk identified is that Chatsworth House suffers major damage or loss to its structure or fabric.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2010 (continued)

Objectives and activities

The company holds a lease of Chatsworth House and its essential contents, with approximately 1,822 acres of land including the garden, park and woodland surrounding the House. The company's principal activities and objectives are the maintenance and preservation of this property and opening it to the public. The House and gardens are open every day from mid March to Christmas and much of the park is open every day of the year.

The strategies employed to achieve the company's objectives are to maintain sufficient funds by charging admissions and generating income from investments to meet the costs of the long term preservation of Chatsworth.

Achievements and performance

The Council of Management consider that the company's principal objectives of maintaining and preserving Chatsworth and opening the property to the public have been achieved.

Visitor numbers were 716,658 in the year (2009 652,969)

Master Plan

The Master Plan is a major project of essential restoration and development intended to safeguard Chatsworth's heritage and continue its history.

The project involves restoring the exterior stonework and the historic interiors of Chatsworth House, creating new spaces for more displays, completely upgrading the services in the House and, with improved accessibility, making it easier for every visitor to enjoy their visit to Chatsworth.

The programme of work commenced in January 2007 and is not scheduled to be completed until 2014. The current projected total cost of the project is £25.5m of which £12.1m had been spent at the balance sheet date. Of this £12.1m, £11.1m has been incurred in the company; a further £4.0m, £6.3m, £2m and £0.4m will be spent in 2011, 2012, 2013 and 2014 respectively.

Funding for the programme has been made up from donations from The Duke of Devonshire's Charitable Trust (£7.3m), the realisation of investments (£1.9m) with the balance (£8.1m) derived from the existing and future cash resources of the company.

At the 31st December 2010 phases one and two of the Master Plan were complete and phase three was in progress. The members of the Council of Management were committed to the completion of phase three 'b' dealing with external works and the further expenditure to complete this phase during 2011 and 2012 was expected to be £2.9m. At the balance sheet date, there was no contractual commitment to complete other phases of the Master Plan but to do so would cost a further £10.0m (as stated above) and the Council of Management anticipate that contractual commitments to complete further phases of the programme will be entered into during 2011.

Financial review

The assets of the company are held in two unrestricted funds: the General Fund and the designated Art Purchases Fund.

The General Fund incurred an operating deficit of £3,714,394 (2009 £3,475,587) on opening the House, gardens and park to the public.

The General Fund also received investment income of £337,754 (2009 £369,296) and charitable donations from The Duke of Devonshire's Charitable Trust of £5,019,860 (2009 £357,739). After accounting for realised and unrealised gains on investments and on the pension scheme, the total increase in value of the general fund was £1,534,795 (2009 decrease £2,045,650).

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2010 (continued)

Financial review (continued)

The Art Purchases Fund received investment income of £208,297 (2009 £218,115). The Fund purchased works of art during the year January to December 2010 to the value of £75,611 (2009 £230,368). After accounting for realised and unrealised gains on investments, the total increase in value of the Art Purchases Fund was £681,215 (2009 increase £1,244,998).

The annual performance to December 2010 on the company's investment portfolio has seen the General Fund portfolio rising by 17.1% and the Art Purchase Fund portfolio by 17.7% (versus a benchmark of 12.5%). The increased inflation risk and global uncertainties mean that market volatility is expected to remain high during 2011, however we will seek opportunities to invest in equities which are supported by emerging market growth.

The running yield on investment before investment fees was 2.02% (2009 2.27%).

The Council of Management is satisfied that the company's assets are available and adequate to fulfil its obligations.

The following other information is presented in order to provide an understanding of the operations of the company during the year.

Public Benefit

The company's principal activities and objectives are the maintenance and preservation of this property and opening it to the public.

Financial Highlights

	General Fund	
	2010	2009
	£	£
(i) Operating deficit from Chatsworth	(3,714,394)	(3,475,587)
Add investment income	337,754	369,296
Add charitable donation net of activity	5,019,860	357,739
Less investment management fees and taxation	(10,272)	(13,407)
Net outgoing resources per page 9	1,632,948	(2,761,959)
The operating deficit from Chatsworth is calculated as revenue from Chatsworth, less total resources expended apart from investment management fees and taxation		
(ii) General fund – investments at market value	10,491,840	9,446,370

Charitable donations

Charitable donations amounted to £25,000 during the year (£16,000 to the Red Socks Charitable Trust, £1,500 each to Ben Loyal Trust and Polka Day Care, £1,250 to Countryside Alliance, £1,000 to Derbyshire Leicestershire & Rutland Air Ambulance, £750 each to Game & Wildlife Conservation, Fire Service Benevolent, Victim Support Derby, Buxton Mountain Rescue and Derbyshire Cave Rescue). (Donations for 2009 were £95,000).

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2010 (continued)

Employees

As stated in note 3 to the accounts, staff are jointly employed by the company and the Trustees of the Chatsworth Settlement. During the year the average number of staff involved was 134 (2009 135). There was one staff member earning more than £60,000 per year, falling into the £110,000-£120,000 band (2009 1). Pension contributions for this staff member amounted to £8,160 (2009 £9,680).

The company's policies for recruitment, training, career development and promotion of employees are based on the suitability of the individual and give those who are disabled equal treatment with the able bodied. In addition, the company does not discriminate against employees or potential employees on the basis of race, colour, nationality, ethnic or national origin, religion, political beliefs, sex or marital status. Where appropriate, employees disabled after joining the company are given suitable training for employment with the company or elsewhere.

Financial Risk

The company is not exposed to price or liquidity risk, however it is exposed to change in interest rate on income and to the credit risk of the securities it holds. This risk is managed by qualified investment managers.

Investment policy

The Council Members seek to pursue a policy which generates income to support its charitable objects and current activities while enhancing income and capital growth over the longer term to enable them to sustain the Charity's future activities in accordance with its objects. Under its Memorandum of Association the company has power to invest its funds in or upon such investments, securities or property (whether or not for the time being authorised for the investment of trust monies) as the company thinks fit. Aside from its directly held and managed investment properties, the company has delegated management of its investment securities to Smith & Williamson Investment Management Limited who manage its portfolio on a discretionary basis, paying due consideration to the suitability of investments selected and their appropriate diversification.

Reserves policy

It is the policy of the Council to have a sufficient cash reserve in hand at the end of each accounting period to enable the company to cope with adverse trading conditions arising in a subsequent accounting period, pending the taking of other remedial action. The exact figure and policy is reviewed annually.

Plans for the future

To continue to maintain and preserve Chatsworth for the benefit of the public.

Statement of Council Members' Responsibilities

The Council Members are responsible for preparing the Report of the Council of Management and the financial statements in accordance with applicable law and regulations.

Company law requires the Council Members to prepare financial statements for each financial year. Under that law the Council Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Council Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the income and expenditure of the company for that period. In preparing those financial statements, the Council Members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2010 (continued)

Statement of Council Members' Responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

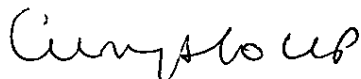
The Council Members are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the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

So far as each Council Member is aware, there is no relevant information that has not been disclosed to the company's auditors and each of the Council Members believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

Auditors

The company's auditors are Saffery Champness, who are willing to continue in office and a resolution will be submitted to the forthcoming annual general meeting that they be re-appointed.

By Order of the Council



CURREY & CO LLP
SECRETARIES TO THE COUNCIL

7.9.11

Registered Company No 01541046

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATSWORTH HOUSE TRUST

We have audited the financial statements on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council Members and auditors

As explained more fully in the Report of the Council of Management, the Council Members (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Council Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the charity's state of affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATSWORTH HOUSE TRUST (continued)

Matters on which we are required to report by exception

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

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



Timothy Adams (Senior Statutory Auditor)
For and on behalf of
Saffery Champness
Chartered Accountants
Statutory Auditors
Lion House
Red Lion Street
London
WC1R 4GB

7/9/11

CHATSWORTH HOUSE TRUST

Statement of Financial Activities (including income and expenditure account) for the year ended 31 December 2010

	Note	General Fund (unrestricted)	Art Purchases Fund (unrestricted)	Total funds 2010 £	Total funds 2009 (restated) £
		£	£		£
Incoming resources					
Incoming resources from generated funds:					
Investment income	5	337,754	208,297	546,051	587,411
Voluntary income Grants & Donations		5,035,389	-	5,035,389	427,739
Incoming resources from charitable activities:					
Operation of the House	4	7,795,873	-	7,795,873	7,169,860
Total incoming resources		13,169,016	208,297	13,377,313	8,185,010
Resources expended					
Charitable activities:					
Operation of the House	6	5,091,874	-	5,091,874	4,864,231
Preservation & Maintenance of the House		4,683,299	-	4,683,299	4,446,889
Support costs	7	1,704,372	-	1,704,372	1,598,441
Governance costs	8	46,411	-	46,411	44,817
Resources expended in generating funds:					
Investment management fees		10,112	13,678	23,790	21,046
Total resources expended		11,536,068	13,678	11,549,746	10,975,424
Net income/(deficit) for the year		1,632,948	194,619	1,827,567	(2,790,414)
Other recognised gains and losses					
Realised gains on investment assets		226,479	206,579	433,058	253,507
Unrealised gains on investment assets	13	822,957	280,017	1,102,974	1,787,241
Actuarial losses on pension scheme		(1,147,589)	-	(1,147,589)	(50,986)
Net movement of funds		1,534,795	681,215	2,216,010	(800,652)
Total funds brought forward		10,602,556	12,576,338	23,178,894	23,979,546
Total funds carried forward		12,137,351	13,257,553	25,394,904	23,178,894

The statement of financial activities includes all gains and losses recognised in the period. All incoming resources and resources expended derive from continuing activities. The surplus for the period for Companies Act purposes comprises the net income for the year, plus realised investment gains (or less the realised investment losses) and equals £2,260,625 (2009 deficit £2,536,907).

CHATSWORTH HOUSE TRUST

Balance Sheet as at 31 December 2010

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Fixed assets	11		6,068,809		5,922,497
Investment properties	12		2,250,000		2,250,000
Investments	13		19,530,198		17,949,455
			27,849,007		26,121,952
Current assets					
Stocks	14	49,437		18,995	
Debtors	15	2,009,982		1,618,544	
Cash at bank and in hand		2,858,955		1,283,113	
		4,918,374		2,920,652	
Creditors (Amounts falling due within one year)	16	(2,647,477)		(2,468,926)	
Net current assets			2,270,897		451,726
Unfunded pension scheme liability	21		(4,725,000)		(3,394,784)
Net assets	17		25,394,904		23,178,894
Capital and Reserves					
Unrestricted income funds					
General Fund	18		7,538,035		6,141,953
Art Purchases Fund	19		11,344,787		11,190,488
Revaluation Reserve			6,512,082		5,846,453
			25,394,904		23,178,894

Both the General Fund and Art Purchases Funds are unrestricted

The financial statements on pages 9 to 24 were approved by the Council on 7 September 2011 and were signed on its behalf by


J G E Monson
Member of the Council of Management

CHATSWORTH HOUSE TRUST

Cashflow Statement for the year ended 31 December 2010

	Notes	2010		2009	
		£	£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	23		1,490,923		(3,636,657)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Bank interest received		21,595		81,158	
Property income received		142,442		98,442	
Quoted investment income received		358,225		386,766	
NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			522,262		566,366
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(392,734)		(465,836)	
Payments to acquire investments		(4,144,134)		(5,773,699)	
Receipts from sale of investments		4,502,853		5,587,367	
Decrease in cash with broker		(403,328)		218,926	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(437,343)		(433,242)
INCREASE/(DECREASE) IN CASH AND NET FUNDS	24		1,575,842		(3,503,533)

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 December 2010

Basis of Accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, modified by the revaluation of investments. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable United Kingdom Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements present information about the company as an individual undertaking and not about its group. The company has claimed the exemption available under section 405(2) of the Companies Act 2006 and has not consolidated its sole subsidiary undertaking, The Chatsworth Estates Company, in these financial statements as the directors consider that the amounts involved are not material for the purposes of giving a true and fair view.

Tangible Fixed Assets

All tangible fixed assets are for the company's use and are stated at cost to the company, or where gifted at probate value, less accumulated depreciation in accordance with the policies noted below.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation of equipment and vehicles is calculated on the straight line basis at annual rates estimated to write off assets over expected useful lives varying from three to ten years with the exception of turbines and boilers which are given an expected life of fifteen years. The minimum level at which assets are capitalised is £250.

The House and leasehold property are maintained in such a condition that the fabric and ambience of the House and park are not impaired by the passage of time. Expenditure on maintaining the House and park is written off as incurred. Additions to leasehold property are capitalised and written off over their expected useful lives or the period of the lease if shorter. The expenditure on the Stables restaurant, bar and meeting room is being written off over twenty-five years, and expenditure on the farmyard buildings and adventure playground over ten years.

Growing timber granted to the Council of Management is not valued in the accounts as the timber will revert to The Trustees of the Chatsworth Settlement at the end of the lease.

Art treasures are not depreciated. This is a departure from the Companies Act 2006, however, the Council Members believe that the treasures are maintained to such a high standard that their residual value is at least equal to the book amount, and that this policy gives a true and fair view.

Investments

Investments are stated in the balance sheet at mid market value and include cash balances held by the investment managers. Unrealised losses and gains on investments are taken to the revaluation reserve.

Investments denominated in foreign currencies are converted into sterling at the exchange rate ruling at the year end.

Investment Properties

Investment properties are stated at open market value. A formal revaluation is carried out every five years by an independent valuer and property valuations are assessed annually by the Council of Management.

The aggregate surplus or deficit on revaluation is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment property.

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 December 2010 (continued)

Investment Properties (continued)

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the Council Members compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

Foreign Exchange

Foreign currency transactions during the year have been translated at rates approximating to the rates ruling at the date of the transaction. Foreign currency current assets and liabilities are translated to sterling at the rates of exchange ruling at the end of the financial year. Any exchange profits or losses are credited or charged to net income in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. The cost of stock is determined on a FIFO basis. 100% provision at cost has been made for items over 1 year old.

Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Donations and Gifts

Donations and gifts comprise the fair value of amounts receivable during the year.

Revenue Recognition

Grants receivable comprise amounts receivable during the year. Capital grants are recognised in full in the year of receipt, as required by the Charity Commission.

Income from UK equity investments is accounted for when it falls due, income from fixed interest securities and foreign investments is accounted for when it is received.

Other revenue is recognised on an accruals basis and represents net amounts, invoiced to third parties, excluding value added tax.

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.

- Charitable expenditure comprises the costs of maintaining and preserving the House and its associated land together with costs associated with opening it to the public. Staff costs included represent an appropriate portion of operating overheads.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, eg allocating staff costs by the time spent and other costs by their usage.

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 December 2010 (continued)

Transfers between funds

Cash surpluses generated on the General Fund are transferred to the Art Purchases Fund to fund the previous and future art purchases

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The company is generally exempt from United Kingdom corporation tax because of its charitable status.

Pension Liabilities

There is a liability to provide pensions since 12 April 1981, for eligible employees of the Trustees of the Chatsworth Settlement on secondment to the company. This liability remains unfunded, and is met as it falls due. The unfunded scheme has been closed to new entrants and a new money purchase pension scheme has been established for employees joining on or after 1 September 1999.

The liability in respect of the unfunded pension scheme has been recognised on the balance sheet.

Capital Commitments

At the 31st December 2010 phases one and two of the Master Plan were complete and phase three was in progress. The members of the Council of Management were committed to the completion of phase three "b" dealing with external works and the further expenditure to complete this phase during 2011 and 2012 was expected to be £2.9m. At the balance sheet date, there was no contractual commitment to complete other phases of the Master Plan but to do so would cost a further £10.0m (as stated above) and the Directors anticipate that contractual commitments to complete further phases of the programme will be entered into during 2011.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010

1 Legal status of the Trust

The Trust is a charitable company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £5,000.

2 Lease of Chatsworth

On 10 April 1981, the company took an assignment of a lease of Chatsworth House with its essential contents, garden and park for the remainder of a term of 99 years from 31 March 1981 at an annual rent of £1, subject to a sublease from the Trustees of the Chatsworth Settlement to the 12th Duke of Devonshire of the private suite within Chatsworth House. The sublease is for a period of 99 years from 25 March 1980 at a rent fixed by an independent firm of Chartered Surveyors at five yearly reviews.

Under a lease dated 15 April 1994, the company leases 253 acres of woodland around the perimeter of the park at Chatsworth. The company was granted the growing trees within the area of both this lease and also the said lease of Chatsworth House and its garden and park and became responsible for these woods on 1 April 1994.

3 Services provided by the Trustees of the Chatsworth Settlement

Staff are jointly employed by the company and the Trustees of the Chatsworth Settlement. The total cost of staff invoiced to the company during the year was £2,826,517 (2009 £2,648,575). In addition, the Trustees of the Chatsworth Settlement provided management services to the company at a cost of £624,299 (2009 £639,283).

4 Analysis of incoming resources

	2010	2009
	£	£
Amounts receivable from admissions	5,640,807	5,383,737
Income from park events	1,309,572	1,035,847
Franchise income	570,594	546,691
Other income	274,900	203,585
	7,795,873	7,169,860

Franchise income is receivable from The Trustees of the Chatsworth Settlement and is based on the annual performance of businesses located in premises leased by the company.

5 Investment income

	General Fund	Art Purchases Fund	2010	2009
	£	£	£	£
Income from quoted investments				
- UK fixed interest stocks	17,842	15,319	33,161	104,181
- UK equities	114,254	117,261	231,515	223,345
- Overseas stocks	49,155	68,183	117,338	80,286
Interest on cash with broker	4,794	7,534	12,328	51,325
Other UK bank interest	9,267	-	9,267	29,832
Income from UK properties	142,442	-	142,442	98,442
	337,754	208,297	546,051	587,411

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

6 Operation of the House

	2010	2009
	£	£
Admissions expenses	1,749,838	1,651,338
Expenses of park events	692,168	608,294
Maintenance of the art collection	245,291	221,613
Maintenance of the garden, park and woods	781,184	831,106
General upkeep of the house and stables	1,289,153	1,245,103
Special repair expenditure	143,127	42,441
General insurance	166,113	169,336
Charitable donations	25,000	95,000
	5,091,874	4,864,231

7 Support Costs

	2010	2009
	£	(restated) £
Management charge	624,299	639,283
Wages & salaries	518,044	487,338
Legal & professional	57,660	40,807
Depreciation	66,174	59,433
Other administrative	159,195	138,580
Service & interest cost on unfunded pension scheme	279,000	233,000
	1,704,372	1,598,441

8 Governance Costs

	2010	2009
	£	£
Secretarial fees	33,005	31,795
Auditors' remuneration – audit fees	12,748	12,500
Trustee expenses	658	522
	46,411	44,817

9 Taxation

The company is generally exempt from United Kingdom corporation tax because of its charitable status

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Staff numbers

	2010	2009
The average number of full-time equivalent employees (including casual and part time staff) during the year was as follows	Number	Number
Administration and management	19	17
Domestic	11	10
Wardens	32	34
Maintenance	33	33
Gardens	21	21
Domain	7	7
Farm yard	11	13
	134	135

Analysis of Staff Costs

	2010	2009 (restated)
	£	£
Salaries and wages	2,337,062	2,207,031
Social security costs	466,336	426,541
Employer pension contributions to the money purchase scheme	23,119	15,003
Service cost on unfunded pension scheme	69,000	50,000
Interest cost on unfunded pension scheme	210,000	183,000
Total Staff Costs	3,105,517	2,881,575

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Tangible assets

	Long Leasehold Buildings	Art Treasures	Equipment and Vehicles	Total
Cost.	£	£	£	£
At 1 January 2010	1,418,835	4,691,243	2,828,426	8,938,504
Additions	-	75,611	317,123	392,734
Disposals	-	-	(43,129)	(43,129)
At 31 December 2010	1,418,835	4,766,854	3,102,420	9,288,109
Accumulated Depreciation:				
At 1 January 2010	967,567	-	2,048,440	3,016,007
Charge for the year	56,669	-	189,650	246,319
Disposals	-	-	(43,026)	(43,026)
At 31 December 2010	1,024,236	-	2,195,064	3,219,300
Net Book Value				
At 31 December 2010	394,599	4,766,854	907,356	6,068,809
At 31 December 2009	451,268	4,691,243	779,986	5,922,497

The Council Members believe that the current value of Art Treasures is at least the amount carried in the accounts. All the above tangible assets are applied for direct charitable purposes.

12 Investment properties

	2010 £	2009 £
<u>Investment properties held at market value</u>	<u>2,250,000</u>	<u>2,250,000</u>

An independent open market valuation was carried out as at 31 December 2008 valuing the investment properties at £2,250,000. The valuation was carried out by a Mr Tom Richardson of the Royal Institute of Chartered Surveyors, a partner in Strutt and Parker LLP. A review was undertaken by Mr Tom Richardson as at 31 December 2010 and he advises no change in the market value.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

13 Investments

	General Fund £	Art Purchases Fund £	Total 2010 £	Total 2009 £
Market value at 1 January 2010	9,446,370	8,503,085	17,949,455	15,941,301
Acquired during the period, at cost	1,974,436	2,169,801	4,144,237	5,773,699
Disposal	(1,879,724)	(2,190,072)	(4,069,796)	(5,333,860)
Unrealised profit for the period	822,957	280,017	1,102,974	1,787,241
Increase/(decrease) in cash with broker	127,801	275,527	403,328	(218,926)
Market value at 31 December 2010	10,491,840	9,038,358	19,530,198	17,949,455

The investments, which are listed on recognised stock exchanges, and stated at market value, comprised

UK Government stocks	1,168,478	999,382	2,167,860	3,056,672
Alternative investments	533,167	465,864	999,031	1,149,866
UK equities	4,338,005	4,571,417	8,909,422	7,734,183
Total sterling	6,039,650	6,036,663	12,076,313	11,940,721
Overseas stocks - USA	966,718	1,304,174	2,270,892	1,367,066
- Europe	575,079	628,860	1,203,939	930,219
- Far East	414,899	464,352	879,251	893,285
- ROW	206,410	276,974	483,384	605,073
- Currency	-	-	-	-
Cash	2,289,084	327,335	2,616,419	2,213,091
Total market value	10,491,840	9,038,358	19,530,198	17,949,455
Cost	5,892,524	7,125,592	13,018,116	13,046,252

Also the company owns 100% of the shares of The Chatsworth Estates Company, an unlimited company. The shares were acquired for no consideration. At 31 March 2011 the net assets of The Chatsworth Estates Company amounted to £10,341 (2010 £9,360) and the profit for the year was £1,080 (2010 £977). The company is an investment company and is responsible for certain property as special executor of the 9th Duke of Devonshire's Will and holds the legal estate in certain other property as a bare trustee for the Trustees of the Chatsworth Settlement, who purchased it in 1950. No group accounts are prepared as the Council of Management consider that the immateriality exemption under Section 405(2) of the Companies Act 2006 applies.

14 Stocks

	2010 £	2009 £
Stores	29,892	5,090
Livestock	19,545	13,905
	49,437	18,995

CHATSWORTH HOUSE TRUST

Notes to the financial statements for year ended 31 December 2010 (continued)

15 Debtors

	2010 £	2009 £
Trade debtors	197,568	153,392
Bad debt provision	(4,985)	(5,945)
	<u>192,583</u>	<u>147,447</u>
Prepayments and accrued income	1,817,399	1,471,097
	<u>2,009,982</u>	<u>1,618,544</u>

Within prepayments and accrued income are the following amounts which fall due after one year

	2010 £	2009 £
Prepayments and accrued income	560,457	250,322

16 Creditors – Amounts falling due within one year

	2010 £	2009 £
Amounts falling due within one year		
The Trustees of the Chatsworth Settlement	1,147,736	883,936
Other trade creditors	66,812	700,697
Other taxation and social security	-	-
Deferred income	45,924	41,903
Accruals	<u>1,387,005</u>	<u>842,390</u>
	<u>2,647,477</u>	<u>2,468,926</u>

17 Analysis of net assets between funds

	General Fund £	Art Purchases Fund £	Total £
Tangible fixed assets	2,429,055	3,639,754	6,068,809
Investment properties	2,250,000	-	2,250,000
Investments	10,491,840	9,038,358	19,530,198
Net current assets	1,691,456	579,441	2,270,897
Unfunded pension scheme liability	(4,725,000)	-	(4,725,000)
Net assets at 31 December 2010	<u>12,137,351</u>	<u>13,257,553</u>	<u>25,394,904</u>

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

18 General Fund

The company's General Fund was established by gifts from the 11th Duke of Devonshire, the 12th Duke of Devonshire and the Duke of Devonshire's Charitable Trust

	Revaluation reserve £	Revenue reserve £	Total £
The reserves of the fund comprise			
At 1 January 2010	4,460,603	6,141,953	10,602,556
Unrealised gains on investments	822,957	-	822,957
Actuarial gains/losses on unfunded pension scheme liability	-	(1,147,589)	(1,147,589)
Realised gains on investments	-	226,479	226,479
Net incoming resources	-	1,632,948	1,632,948
Transfer between reserves	(684,244)	684,244	-
At 31 December 2010	4,599,316	7,538,035	12,137,351

The revaluation reserve represents the surplus of the market value over the cost of investments and investment properties. The revenue reserve represents accumulated revenue surpluses, accumulated realised surpluses on disposals of investments, together with capital grants and donations received.

19 Art Purchases Fund

The company has established a fund intended to generate income primarily for the purchase of works of art though the fund may be used for other purposes at the discretion of the Council of Management.

	Revaluation reserve £	Revenue reserve £	Total £
The reserves of the fund comprise			
At 1 January 2010	1,385,850	11,190,488	12,576,338
Unrealised losses on investments	280,017	-	280,017
Realised losses on investments	-	206,579	206,579
Net incoming resources	-	194,619	194,619
Transfer between funds	246,899	(246,899)	-
At 31 December 2010	1,912,766	11,344,787	13,257,553

The revaluation reserve represents the surplus of the market value over the cost of investments. The revenue reserve represents accumulated revenue surpluses, accumulated realised surpluses on disposals of investments, together with capital grants and donations received.

20 Company status

The company is limited by guarantee. Each member has undertaken to contribute to the assets of the company, in the event of its being wound up while he is a member, or within one year after he ceases to be a member, an amount not exceeding £5,000. At 31 December 2010 there were eight (2009: seven) members.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

21 Pensions

There is an obligation to provide pensions for the period since 12 April 1981 for the eligible employees of the Trustees of the Chatsworth Settlement on secondment to the company

The pension scheme of the Trustees of the Chatsworth Settlement provides benefits based on final pensionable salary. The scheme was closed to new members in 1999. A defined contribution scheme was established in 2001.

Pension fund contributions during the year amounted to £Nil (2009: £Nil). Pensions paid to former employees in the year amounted to £96,373 (2009: £116,027).

During the year a formal valuation has been undertaken by Mr Alex Pearce, a partner with Harvey & Clamp LLP. This valuation as required by Financial Reporting Standard 17 has been recognised in the accounts and the prior year has been restated.

The major assumptions used in the calculation of the liability are as follows:

	2010	2009
Discount rate	5.5%	4.5%
Mortality rates	PA92 (c2020) Minus 2 years	

The amounts recognised in the balance sheet are as follows:

	2010	2009
	£	£
Present value of scheme liabilities	4,725,000	3,394,784
Deficit in the scheme	4,725,000	3,394,784

Analysis of amount recognised within actuarial gains and losses

Changes in assumptions underlying the present value of the scheme liabilities

Changes in discount rate and mortality rates	1,147,589	50,985
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CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

21 Pension and similar obligations (continued)

	2010	2009
	£	£
Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	3,394,784	3,226,826
Actuarial losses	1,147,589	50,985
Interest cost	210,000	183,000
Service cost	69,000	50,000
Benefits paid	(96,373)	(116,027)
Closing defined benefit obligation	4,725,000	3,394,784

22 Related party transactions

Support costs include charges from Chatsworth Settlement Trustees for senior management time and central overheads including Finance, Human Resources, IT Systems, Land Agency and Planning. During the year £624,299 (2009 £639,283) was recharged to the company. In addition, the company charges for work undertaken by its own internal departments for the benefit of the Chatsworth Settlement Trustees. All charges are made on the basis of time spent or resources consumed.

The company leases from the Chatsworth Settlement Trustees under a 99 year lease at nominal rent, granted in 1981, Chatsworth House and its essential contents, together with the garden, park and woodland surrounding the Houses (comprising approximately 1,822 acres in total). More details regarding the arrangements are set out in note 2. During the year, the company waived its rights under the lease over some of the contents referred to above in exchange for a commitment that Chatsworth Settlement Trustees replace these contents with chattels of not less than an equivalent value and interest to the public as part of the Master Plan arrangements and improvements to the visitor attraction.

Staff are jointly employed by the company and the Chatsworth Settlement Trustees. The total cost of staff invoiced to the company during the year was £2,826,517 (2009 £2,648,575).

Franchise income (note 4) is also receivable and is based on the annual performance of businesses located in premises leased by the company, during the year £570,594 (2009 £546,691) was received.

Fees are charged for the legal services provided by Currey & Co LLP. The fees for the year are £33,005 (2009 £31,795). Mr E R H Perks, who was a Member of the Council during the period, is also a partner in Currey & Co LLP. Members of the Council were reimbursed for travel expenses amounting to £658 (2009 £522).

During the year the company received £75,000 (2009 £50,000) from Sotheby's, for hosting Sotheby's annual selling exhibition of modern and contemporary sculpture. The company also received £27,265 (2009 £36,505), being its share of revenues from the sale of works of art included in the exhibition. Set up costs of £43,040 (2009 £45,682) were recharged to Sotheby's. Although the company is independent of Sotheby's, the 12th Duke of Devonshire, a Member of the Council, is on the Board of Directors of Sotheby's USA (Sotheby's parent company) and Mr H M Wyndham, also a Member of the Council, is employed and remunerated by Sotheby's.

During the year the company received £30,000 (2009 £30,000) from the Duke of Devonshire for the rental of the private quarters pursuant to the lease set out in note 2.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2010 (continued)

22 Related party transactions (continued)

	2010	2009
	£	£
Amounts due from/(to) the company at 31 December 2010		
Chatsworth Settlement Trustees	931,417	681,072
Duke of Devonshire	(500)	(500)
Sotheby's	(21,943)	1,964
Currey & Co LLP	17,041	7,728

23 Reconciliation of operating surplus to net cash inflow from operating activities

	2010	2009
	£	£
Net deficit for the year	(3,451,084)	(3,551,519)
Depreciation charges	246,319	240,951
(Increase)/decrease in stocks	(30,442)	34,261
(Increase) in debtors	(391,436)	(1,271,452)
Increase in creditors	178,550	599,390
Charitable donations received	5,035,389	427,739
Unfunded pension scheme benefits paid	(96,373)	(116,027)
Net cash inflow/(outflow) from operating activities	1,490,923	(3,636,657)

24 Reconciliation of net cash flow to movement in net funds

	2010	2009
	£	£
Increase/(decrease) in cash in the period	1,575,842	(3,503,533)
Net funds at 1 January 2010	1,283,113	4,786,646
Net funds at 31 December 2010	2,858,955	1,283,113