

**CHATSWORTH HOUSE TRUST**

**Annual report and financial statements**

**for the year ended 31 December 2011**

**Registered Charity Number 511149**

**Registered Company Number 01541046**



**CHATSWORTH**

**TUESDAY**



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**25/09/2012**

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**COMPANIES HOUSE**

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## **CHATSWORTH HOUSE TRUST**

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### **Annual report and financial statements**

**For the year ended 31 December 2011**

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## **CHATSWORTH HOUSE TRUST**

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### **Legal and administration details for the year ended 31 December 2011**

**Charity number**

511149

**Trustees/Directors (Council of Management)**

The Duke of Devonshire – Chairman

The Duchess of Devonshire

Lady L V Shaw Stewart

Mr H M Wyndham

Mr J G E Monson

Mr E R H Perks

Mr J D S Booth

The Hon G E Adeane (retired 31 December 2011)

**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**

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### **Report of the Council of Management for the year ended 31 December 2011**

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 2011

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

The Hon G E Adeane retired from the Council of Management during the year

#### **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 to the Chatsworth House Trust management team.

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

- \* The 12<sup>th</sup> Duke of Devonshire - Chairman
- \* Duchess of Devonshire
  - Lady L V Shaw Stewart
  - Mr H M Wyndham
  - Mr J G E Monson
  - Mr E R H Perks
  - Mr J D S Booth
  - The Hon G E Adeane (retired 31 December 2011)

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

#### **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 722,906 in the year (2010 716,658)

## **CHATSWORTH HOUSE TRUST**

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### **Report of the Council of Management for the year ended 31 December 2011 (continued)**

#### **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 £27.0m of which £15.7m had been spent at the balance sheet date. Of this £15.7m, £14.4m has been incurred in the company. A further £11.3m will be spent in the period 2012 to 2014.

Funding for the programme has and is being made up from donations from The Duke of Devonshire's Charitable Trust of £6.2m (2009, £0.1m, 2010, £5.1m, 2011, £NIL, 2012, £1.0m), the realisation of investments of £2.1m (2012, £2.1m), contributions from Chatsworth Settlement Trustees of £3.2m (2008, £0.3m, 2009, £0.2m, 2010, £0.4m, 2011, £0.4m, 2012, £0.7m, 2013, £1.0m, 2014, £0.2m) with the balance (£15.5m) derived from the existing and future cash resources of the company.

Under the heading "Capital Commitments" within the Accounting Policies section on page 13 of these accounts, future expenditure commitments for the Master Plan programme are disclosed.

#### **Financial review**

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

After accounting for Master Plan, The General Fund incurred an operating deficit of £2,497,684 (2010 £3,714,394) on opening the House, gardens and park to the public.

The General Fund also received investment income of £479,534 (2010 £337,754).

After accounting for realised and unrealised gains on investments and on the pension scheme, the total decrease in value of the General Fund was £1,901,328 (2010 increase £1,534,795).

The Art Purchases Fund received investment income of £219,697 (2010 £208,297). The Fund purchased works of art during the year to the value of £124,254 (2010 £75,611). After accounting for realised and unrealised gains on investments, the total increase in value of the Art Purchases Fund was £735,471 (2010 increase £681,215).

The annual performance to December 2011 on the company's investment portfolio has seen the General Fund portfolio rising by 4.79% against a benchmark of 3.67% whilst the Art Purchases Fund rose 2.9% against a benchmark of 0.17%. The increased inflation risk and global uncertainties mean that market volatility is expected to remain high during 2012, however the investment manager will seek opportunities to invest in equities which are supported by emerging market growth.

The running yield on investment before investment fees was 2.73% (2010 2.02%).

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

## **CHATSWORTH HOUSE TRUST**

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### **Report of the Council of Management for the year ended 31 December 2011 (continued)**

#### **Financial review (continued)**

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

#### **Charitable donations**

Charitable donations amounted to £25,000 during the year (£17,000 to the Red Socks Charitable Trust, £1,000 each to Devonshire Education Trust, Ben Loyal Trust and Polka Day Care, £1,250 to Countryside Alliance, £750 each to Game & Wildlife Conservation, Fire Service Benevolent, Victim Support Derby, Buxton Mountain Rescue and Derbyshire Cave Rescue) (Donations for 2010 were £25,000)

#### **Employees**

As stated in note 20 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 133 (2010 134). There was one staff member earning more than £60,000 per year, falling into the £150,000-£160,000 band (2010 one member falling into the band £110,000-£120,000). Pension contributions for this staff member amounted to £9,622 (2010 £8,160).

The company's policies for recruitment, training, career development and promotion of employees are based on the role and capability 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 continuing 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 rates on income and to the credit risk of the securities it holds. This risk is managed by qualified investment managers.

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.

#### **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.

## CHATSWORTH HOUSE TRUST

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### Report of the Council of Management for the year ended 31 December 2011 (continued)

#### 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 (who are also directors of Chatsworth House Trust for the purposes of company law) are responsible for preparing the Report of the Council of Management and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Council Members are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

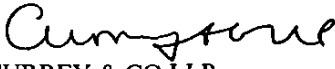
In so far as the Council Members are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Council Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is 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

Registered Company No 01541046

17/9/12

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATSWORTH HOUSE TRUST**

We have audited the financial statements on pages 8 to 23. 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 Council Members, 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 2011 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 Report of the Council of Management 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)

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### 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

20/9/12

## CHATSWORTH HOUSE TRUST

### Statement of Financial Activities (including income and expenditure account) for the year ended 31 December 2011

		General Fund	Art Purchases Fund	Total funds	Total funds
	Note	(unrestricted)	(unrestricted)	2011	2010
				£	£
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Investment income	3	479,534	219,697	699,231	546,051
Voluntary income Grants & Donations		-	-	-	5,035,389
<b>Incoming resources from charitable activities:</b>					
Operation of the House	2	8,024,579	-	8,024,579	7,795,873
<b>Total incoming resources</b>		<b>8,504,113</b>	<b>219,697</b>	<b>8,723,810</b>	<b>13,377,313</b>
<b>Resources expended Charitable activities:</b>					
Operation of the House	4	5,304,017	-	5,304,017	5,091,874
Preservation and Maintenance		3,449,193	-	3,449,193	4,683,299
Support Costs	5	1,730,853	130	1,730,983	1,704,372
Governance costs	6	38,430	-	38,430	46,411
<b>Resources Expended in Generating Funds:</b>					
Investment Management Fees		8,417	9,297	17,714	23,790
<b>Total resources expended</b>		<b>10,530,910</b>	<b>9,427</b>	<b>10,540,337</b>	<b>11,549,746</b>
<b>Net (deficit)/income for the year</b>		<b>(2,026,797)</b>	<b>210,270</b>	<b>(1,816,527)</b>	<b>1,827,567</b>
<b>Other recognised gains and losses</b>					
Realised gains on investment assets		654,485	657,657	1,312,142	433,058
Unrealised (losses)/gains on investment assets	12	(699,621)	(132,456)	(832,077)	1,102,974
Actuarial gains/(losses) on pension scheme		170,605	-	170,605	(1,147,589)
<b>Net movement of funds</b>		<b>(1,901,328)</b>	<b>735,471</b>	<b>(1,165,857)</b>	<b>2,216,010</b>
<b>Total funds brought forward</b>		<b>12,137,351</b>	<b>13,257,553</b>	<b>25,394,904</b>	<b>23,178,894</b>
<b>Total funds carried forward</b>		<b>10,236,023</b>	<b>13,993,024</b>	<b>24,229,047</b>	<b>25,394,904</b>

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 deficit 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 £504,385 (2010 surplus £2,260,625).

# CHATSWORTH HOUSE TRUST

## Balance Sheet as at 31 December 2011

	Notes	2011		2010 (restated)*	
		£	£	£	£
<b>Fixed assets</b>					
Fixed assets	9		1,337,055		1,301,955
Heritage Assets	10		4,891,108		4,766,854
Investment properties	11		2,250,000		2,250,000
Investments	12		19,441,271		19,530,198
			27,919,434		27,849,007
<b>Current assets</b>					
Stocks	13	34,489		49,437	
Debtors	14	1,288,949		2,009,982	
Cash at bank and in hand		2,661,494		2,858,955	
			3,984,932		4,918,374
<b>Creditors (Amounts falling due within one year)</b>	15	(2,924,319)		(2,647,477)	
<b>Net current assets</b>			1,060,613		2,270,897
<b>Unfunded pension scheme liability</b>	19		(4,751,000)		(4,725,000)
<b>Net assets</b>	16		24,229,047		25,394,904
<b>Capital and Reserves</b>					
Unrestricted income funds					
General Fund	17		6,408,225		7,538,035
Art Purchases Fund	18		12,422,724		11,344,787
Revaluation Reserve			5,398,098		6,512,082
			24,229,047		25,394,904

\* See note 10

Both the General Fund and Art Purchases Funds are unrestricted

The financial statements on pages 8 to 23 were approved by the Council on 17/9 2012 and were signed on its behalf by

  
J G E Monson  
Member of the Council of Management  
Registered Company No 01541046

# CHATSWORTH HOUSE TRUST

## Cashflow Statement for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	21	(1,008,157)	1,490,923
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Bank interest received		124,890	21,595
Property income received		156,673	142,442
Quoted investment income received		399,954	358,225
<b>NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		681,517	522,262
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(439,812)	(392,734)
Payments to acquire investments		(6,294,291)	(4,144,134)
Receipts from sale of investments		6,581,376	4,502,853
Increase/(decrease) in cash with broker		281,906	(403,328)
<b>NET CASH INFLOW/(OUTFLOW) FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		129,179	(437,343)
<b>(DECREASE)/INCREASE IN CASH AND NET FUNDS</b>	22	(197,461)	1,575,842

## **CHATSWORTH HOUSE TRUST**

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### **Accounting Policies for the year ended 31 December 2011**

#### **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.

#### **Heritage Assets**

In 2011, the company has adopted FRS30 which requires separate identification and disclosure of Heritage Assets.

In its own right the company owns a collection of paintings, ceramics and sculptures previously identified as Arts & Treasures. These items are included in the accounts at their historical cost and are not depreciated as they are deemed to have indefinite lives. To date, no impairments have occurred of capitalised items. Revaluations are not performed as the Council of Management do not consider that reliable information can be obtained due to the diverse nature of the assets and the lack of comparable market values. At the balance sheet date the book value of these items was £4,891,108 (2010, £4,766,854).

The company also owns historical archives that have been donated to it. The archives are held at £nil value on the basis that they are rarely used for public display and that it would be extremely difficult to place a meaningful value upon them.

In addition to the above there are items not belonging to the company but displayed in areas open to the public within Chatsworth House and Gardens. These items are included in the lease assigned to the company on 10 April 1981 (see note 20) and represent the essential contents of Chatsworth House. The company does not therefore recognise these assets on its Balance Sheet. Under the terms of the lease and subject to the agreement of the Council of Management, chattels can be removed from public display if they are replaced by an item or items that are deemed to be of equal value, public interest or heritage importance.

As FRS30 has been adopted for the first time in 2011, the accounts have been restated for 2010 as required.

## **CHATSWORTH HOUSE TRUST**

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### **Accounting Policies for the year ended 31 December 2011 (continued)**

#### **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 prevailing 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.

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 prevailing at the date of the transaction. Foreign currency current assets and liabilities are translated to sterling at the rates of exchange prevailing 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.

## **CHATSWORTH HOUSE TRUST**

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### **Accounting Policies for the year ended 31 December 2011 (continued)**

#### **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

#### **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 31<sup>st</sup> December 2011 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 2012 was expected to be £0.9m. At the point of accounts approval a contract had been entered into for the completion of Master Plan phase three "a" for the value of £4.8m. Beyond phase three "a" and the completion of three "b" (as above), the Council of Management do not anticipate further Master Plan commitments being entered into during 2012.

## CHATSWORTH HOUSE TRUST

### Notes to the financial statements for the year ended 31 December 2011

#### 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.

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 2011 there were seven (2010 eight) members.

#### 2 Analysis of incoming resources

	2011 £	2010 £
Amounts receivable from admissions	5,881,277	5,640,807
Income from park events	1,360,238	1,309,572
Franchise income (see note 20)	584,377	570,594
Other income	198,687	274,900
	<b>8,024,579</b>	<b>7,795,873</b>

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.

#### 3 Investment income

	General Fund £	Art Purchases Fund £	2011 £	2010 £
Income from quoted investments				
- UK fixed interest stocks	7,859	(1,296)	6,563	33,161
- UK equities	122,254	125,660	247,914	231,515
- Overseas stocks	78,796	84,395	163,191	117,338
Interest on cash with broker	103,027	10,938	113,965	12,328
Other UK bank interest	10,925	-	10,925	9,267
Income from UK properties	156,673	-	156,673	142,442
	<b>479,534</b>	<b>219,697</b>	<b>699,231</b>	<b>546,051</b>

#### 4 Operation of the House

	2011 £	2010 £
Admissions expenses	1,834,776	1,749,838
Expenses of park events	817,185	692,168
Maintenance of the art collection	279,958	245,291
Maintenance of the garden, park and woods	858,375	781,184
General upkeep of the house and stables	1,288,153	1,289,153
Special repair expenditure	30,099	143,127
General insurance	170,471	166,113
Charitable donations	25,000	25,000
	<b>5,304,017</b>	<b>5,091,874</b>



# CHATSWORTH HOUSE TRUST

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 5 Support Costs

	2011 £	2010 £
Management charge (see note 20)	652,367	624,299
Wages & salaries	505,632	518,044
Legal & professional	57,534	57,660
Depreciation	77,365	66,174
Other administrative	129,085	159,195
Service & interest cost on unfunded pension scheme	309,000	279,000
	<b>1,730,983</b>	<b>1,704,372</b>

### 6 Governance Costs

	2011 £	2010 £
Secretarial fees (see note 20)	26,191	33,005
Auditors' remuneration – audit fees	11,475	12,748
Trustee expenses (see note 20)	764	658
	<b>38,430</b>	<b>46,411</b>

### 7 Taxation

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

### 8 Staff numbers

	2011 Number	2010 Number
The average number of full-time equivalent employees (including casual and part time staff) during the year was as follows		
Administration and management	19	19
Domestic	9	11
Wardens	35	32
Maintenance	31	33
Gardens	21	21
Domain	7	7
Farm yard	11	11
	<b>133</b>	<b>134</b>

### Analysis of Staff Costs

	2011 £	2010 £
Salaries and wages	2,412,923	2,337,062
Social security costs	461,992	466,336
Employer pension contributions to the money purchase scheme	27,662	23,119
Service cost on unfunded pension scheme	52,000	69,000
Interest cost on unfunded pension scheme	257,000	210,000
<b>Total Staff Costs</b>	<b>3,211,577</b>	<b>3,105,517</b>

## CHATSWORTH HOUSE TRUST

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 9 Tangible assets

	Long Leasehold Buildings	Equipment and Vehicles	Total
Cost	£	£	£
At 1 January 2011	1,418,835	3,102,420	4,521,255
Additions	-	315,558	315,558
Disposals	-	-	-
<b>At 31 December 2011</b>	<b>1,418,835</b>	<b>3,417,978</b>	<b>4,836,813</b>
<b>Accumulated Depreciation</b>			
At 1 January 2011	1,024,236	2,195,064	3,219,300
Charge for the period	56,669	223,789	280,458
Disposals	-	-	-
<b>At 31 December 2011</b>	<b>1,080,905</b>	<b>2,418,853</b>	<b>3,499,758</b>
<b>Net Book Amounts</b>			
At 31 December 2011	337,930	999,125	1,337,055
At 31 December 2010	394,599	907,356	1,301,955

All the above tangible assets are applied for direct charitable purposes

#### 10 Heritage Assets

During the year additions of £124,254 were added to the collection

##### Five year financial summary of heritage asset transactions

	2011	2010	2009	2008	2007
	£	£	£	£	£
Opening balance b/fwd	4,766,854	4,691,243	4,460,615	4,356,472	4,205,289
Acquisitions	124,254	75,611	230,628	104,143	151,183
<b>Closing balance c/fwd</b>	<b>4,891,108</b>	<b>4,766,854</b>	<b>4,691,243</b>	<b>4,460,615</b>	<b>4,356,472</b>

As FRS30 has been adopted for the first time in 2011, the accounts have been restated for 2010 as required. This adjustment does not affect the overall level of net assets and reserves within the company, however the Balance Sheet disclosure has been adjusted within the Fixed Asset category to separately identify Heritage Assets as required by FRS30.

#### **Preservation and Management**

The company employs its own Collections Department which is responsible for the ongoing restoration and maintenance of the collection at Chatsworth. The collections team consists of fifteen full-time and five part-time staff and comprises a Head of Arts and Historic Collections who has overall responsibility as well as his team of curators, archivists, librarians and a textiles team.

## CHATSWORTH HOUSE TRUST

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### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 10 Heritage Assets (continued)

The team utilises a sophisticated collections management system which is used to maintain the nature, location and provenance of all items in the collection

The company incurs as an expense all the costs associated with its own heritage assets as well as those assets which are the subject of the lease. In 2011 £47,019 was expended on restoration and maintenance of the collection (2010 £46,783)

#### 11 Investment properties

	2011 £	2010 £
<u>Investment properties held at market value</u>	2,250,000	2,250,000

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 2011 and he advises no change in the market value.

## CHATSWORTH HOUSE TRUST

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 12 Investments

	General Fund	Art Purchases Fund	Total 2011	Total 2010
	£	£	£	£
Market value at 1 January 2011	10,491,840	9,038,358	19,530,198	17,949,455
Acquired during the period, at cost	3,056,921	3,237,368	6,294,289	4,144,237
Disposal	(2,328,999)	(2,940,234)	(5,269,233)	(4,069,796)
Unrealised profit for the period	(699,621)	(132,456)	(832,077)	1,102,974
Increase/(decrease) in cash with broker	(71,896)	(210,010)	(281,906)	403,328
<b>Market value at 31 December 2011</b>	<b>10,448,245</b>	<b>8,993,026</b>	<b>19,441,271</b>	<b>19,530,198</b>

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

UK Government stocks	1,634,353	1,095,122	2,729,475	2,167,860
Alternative investments	609,008	546,039	1,155,047	999,031
UK equities	3,944,085	4,861,462	8,805,547	8,909,422
Total sterling	6,187,446	6,502,623	12,690,069	12,076,313
Overseas stocks - USA	1,142,185	1,425,821	2,568,006	2,270,892
- Europe	225,655	225,655	451,310	1,203,939
- Far East	359,412	316,596	676,008	879,251
- ROW	316,359	305,006	621,365	483,384
- Currency	-	100,000	100,000	-
Cash	2,217,188	117,325	2,334,513	2,616,419
<b>Total market value</b>	<b>10,448,245</b>	<b>8,993,026</b>	<b>19,441,271</b>	<b>19,530,198</b>
<b>Cost</b>	<b>6,620,446</b>	<b>7,422,726</b>	<b>14,043,172</b>	<b>13,018,116</b>

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 2012 the net assets of The Chatsworth Estates Company amounted to £11,336 (2011 - £10,440) and the profit for the year was £926 (2011 - £1,080), the company is an investment company and is responsible for certain property as special executor of the 9<sup>th</sup> 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 amounts involved are not material for the purposes of giving a true and fair view.

#### 13 Stocks

	2011	2010
	£	£
Stores	12,974	29,892
Livestock	21,515	19,545
	<b>34,489</b>	<b>49,437</b>

# CHATSWORTH HOUSE TRUST

## Notes to the financial statements for year ended 31 December 2011 (continued)

### 14 Debtors

	2011 £	2010 £
Trade debtors	280,470	197,568
Bad debt provision	(2,300)	(4,985)
	<b>278,170</b>	<b>192,583</b>
Prepayments and accrued income	<b>1,010,779</b>	<b>1,817,399</b>
	<b>1,288,949</b>	<b>2,009,982</b>

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

	2011 £	2010 £
Prepayments and accrued income	-	560,457

### 15 Creditors – Amounts falling due within one year

	2011 £	2010 £
Amounts falling due within one year		
The Trustees of the Chatsworth Settlement	1,593,275	1,147,736
Other trade creditors	116,217	66,812
Other taxation and social security	-	-
Deferred income	58,896	45,924
Accruals	1,155,931	1,387,005
	<b>2,924,319</b>	<b>2,647,477</b>

### 16 Analysis of net assets between funds

	General Fund £	Art Purchases Fund £	Total £
Tangible fixed assets	2,464,155	3,764,008	6,228,163
Investment properties	2,250,000	-	2,250,000
Investments	10,448,245	8,993,026	19,441,271
Net current assets	(175,377)	1,235,990	1,060,613
Unfunded pension scheme liability	(4,751,000)	-	(4,751,000)
<b>Net assets at 31 December 2011</b>	<b>10,236,023</b>	<b>13,993,024</b>	<b>24,229,047</b>

## CHATSWORTH HOUSE TRUST

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 17 General Fund

The company's General Fund was established by gifts from the 11<sup>th</sup> Duke of Devonshire, the 12<sup>th</sup> 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 2011	4,599,316	7,538,035	12,137,351
Unrealised losses on investments	(699,621)	-	(699,621)
Actuarial gains/losses on unfunded pension scheme liability	-	170,605	170,605
Realised gains on investments	-	654,485	654,485
Net outgoing resources	-	(2,026,797)	(2,026,797)
Transfer between reserves	(71,897)	71,897	-
<b>At 31 December 2011</b>	<b>3,827,798</b>	<b>6,408,225</b>	<b>10,236,023</b>

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.

#### 18 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 2011	1,912,766	11,344,787	13,257,553
Unrealised losses on investments	(132,456)	-	(132,456)
Realised gains on investments	-	657,657	657,657
Net incoming resources	-	210,270	210,270
Transfer between reserves	(210,010)	210,010	-
<b>At 31 December 2011</b>	<b>1,570,300</b>	<b>12,422,724</b>	<b>13,993,024</b>

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.

## CHATSWORTH HOUSE TRUST

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 19 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 (2010: £Nil). Pensions paid to former employees in the year amounted to £112,395 (2010: £96,373).

During the year a formal valuation has been undertaken by Mr Alex Pearse, 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:

	2011	2010
Discount rate	4.9%	5.5%
Mortality rates	PA92 (c2020) Minus 2 years	

The amounts recognised in the balance sheet are as follows:

	2011	2010
	£	£
Present value of scheme liabilities	4,751,000	4,725,000
Deficit in the scheme	4,751,000	4,725,000

#### 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	(170,605)	1,147,589
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	2011	2010
	£	£
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	4,725,000	3,394,784
Actuarial (gains)/losses	(170,605)	1,147,589
Interest cost	257,000	210,000
Service cost	52,000	69,000
Benefits paid	(112,395)	(96,373)
<b>Closing defined benefit obligation</b>	<b>4,751,000</b>	<b>4,725,000</b>

## CHATSWORTH HOUSE TRUST

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 20 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 £652,367 (2010 £624,299) 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). 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 £2,902,577 (2010 £2,826,517).

Franchise income (note 2) is also receivable and is based on the annual performance of businesses located in premises leased by the company, during the year £584,377 (2010 £570,594) was received.

Fees are charged for the legal services provided by Currey & Co LLP. The fees for the year are £26,191 (2010 £33,005). 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 £764 (2010 £658).

During the year the company received £75,000 (2010 £75,000) from Sotheby's, for hosting Sotheby's annual selling exhibition of modern and contemporary sculpture. The company also received £9,152 (2010 £27,265), being its share of revenues from the sale of works of art included in the exhibition. Set up costs of £66,877 (2010 £43,040) were recharged to Sotheby's. Although the company is independent of Sotheby's, the 12<sup>th</sup> 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 (2010 £30,000) from the Duke of Devonshire for the rental of the private quarters pursuant to the lease set out above. The rent will be subject to review on completion of the Master Plan project, with any adjustments to be retrospectively applied.

	2011	2010
	£	£
Amounts due (from)/to Chatsworth House Trust at 31 December 2011		
Chatsworth Settlement Trustees	(1,143,503)	(931,417)
Duke of Devonshire	2,811	500
Sotheby's	91,365	21,943
Currey & Co LLP	(4,858)	(17,041)



# CHATSWORTH HOUSE TRUST

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 21 Reconciliation of operating surplus to net cash inflow from operating activities

	2011 £	2010 £
Net deficit for the year	(2,189,046)	(3,451,084)
Depreciation charges	280,459	246,319
Decrease/(increase) in stocks	14,948	(30,442)
Decrease/(increase) in debtors	721,034	(391,436)
Increase in creditors	276,843	178,550
Charitable donations received	-	5,035,389
Unfunded pension scheme benefits paid	(112,395)	(96,373)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,008,157)</b>	<b>1,490,923</b>

### 22 Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/increase in cash in the period	(197,461)	1,575,842
Net funds at 1 January 2011	2,858,955	1,283,113
<b>Net funds at 31 December 2011</b>	<b>1,818,755</b>	<b>2,858,955</b>