

Company Registration No. 2101229 (England and Wales)

BALCARRES HERITAGE TRUST LIMITED
REPORT OF THE COUNCIL AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2011

THURSDAY



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22/12/2011

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COMPANIES HOUSE

Saffery Champness

CHARTERED ACCOUNTANTS

BALCARRES HERITAGE TRUST LIMITED

LEGAL AND ADMINISTRATIVE DETAILS

Council (Trustees)	The Earl of Crawford and Balcarres Lord Balniel N J Barker The Hon R J Elliott S P Weil The Earl of Woolton
Secretary	Broadway Secretaries Limited
Company number	2101229
English charity number	296766
Scottish charity number	SCO39480
Registered office	50 Broadway Westminster London SW1H 0BL
Independent Auditors	Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Business address	50 Broadway Westminster London SW1H 0BL
Bankers	The Royal Bank of Scotland plc Durie Street Leven Fife KY8 4EW
Solicitors	Bircham Dyson Bell LLP 50 Broadway Westminster London SW1H 0BL
Investment managers	James Hambro & Partners LLP Ground Floor, Ryder Court 14 Ryder Street London SW1Y 6QB

BALCARRES HERITAGE TRUST LIMITED

CONTENTS

	Page
Report of the Council	1 - 6
Independent auditors' report	7 - 8
Statement of financial activities	9
Balance sheet	10
Notes to the financial statements	11 - 21

BALCARRES HERITAGE TRUST LIMITED

REPORT OF THE COUNCIL FOR THE YEAR ENDED 5 APRIL 2011

The Council presents its report and financial statements for the year ended 5 April 2011. The legal and administrative information included on the previous page forms part of the report. The financial statements are prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Trust's constitution, applicable law and the requirements of the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

Directors, Trustees and the Council

The directors of the charitable company (the Charity) are its Trustees for the purpose of charity law. The Charity in turn has a Council, whose members take the place of Trustees and throughout this report any references to The Council and its Members also means directors and Trustees.

The following Council members have held office since 6 April 2010:

The Earl of Crawford and Balcarres
Lord Balniel
N J Barker
R J Elliott
S P Weil
The Earl of Woolton

Structure, governance and management

Balcarres Heritage Trust Limited is a company limited by guarantee governed by its Memorandum and Articles of Association. Each member guarantees the company's liabilities to the extent of £100 in the event of the Charity winding up.

The management and overall strategy of the Charity is in the hands of Council members. Council members are appointed by the existing Council such that the number of members of Council will not be less than 5 nor more than 8. Council members hold office until the sixth Annual General Meeting following their election or re-election and are eligible for re-election. Whilst there is no formal training or induction process in place, the Council works within the guidelines of the Memorandum and Articles of Association.

The day to day administration of the Charity is undertaken by Lord Balniel, a current Council member.

Risk management

The Council have reviewed the major risks to which the Charity is exposed and have established procedures to manage those risks. This includes the discussion on all financial and non financial risks at Council meetings.

BALCARRES HERITAGE TRUST LIMITED

REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2011

Objectives and activities

The principal objects and activities of the Charity are the preservation for the public benefit of the collection of books, incunabula, manuscripts and other papers in the ownership of Lord Balmoral and situate at Balcarres House, together with pictures, statues, furniture, plate and other articles acquired by the Charity for any interest and to promote the study and appreciation of these works of art or objects of historical interest, the preservation for the public benefit of Balcarres House, together with its ancillary buildings, gardens, parkland and adjacent land, to advance the education of the public in the arts and sciences and to provide the grounds of Balcarres House for physical recreation. In order to achieve the objects the Charity is restoring and conserving the assets in its care, purchasing assets having a connection with Balcarres, lending works of art for exhibition, etc, and maintaining the house and gardens.

Achievements and performance

Two of the key objectives of the Charity are the 'advancement of education' and the 'advancement of the arts, heritage, culture and science'. In the year under review the Council have continued make the Charity's assets accessible to the public. The long standing loans of a considerable number of paintings to the National Gallery of Scotland have continued and are on permanent view not only in the Gallery in Edinburgh but also at Duff House in Aberdeenshire.

During the year ProQuest completed the digitalisation of the Charity's collection of Early English Books (pre 1700). This now allows students and scholars from around the world to access pamphlets, manuscripts and documents that, hitherto, have not been accessible to the public due to their age and fragility.

In June 2010 the Charity received payment totalling £17,000 from ProQuest in respect of granting permission for the digitalisation project. The Council of the Charity had agreed that the majority of this payment would be gifted to the National Library of Scotland (Scottish Charity No. SCO11086) in order to assist them in their ongoing programme of cataloguing the Charity's collection of English Tracts. A total of £16,000 was made available and this sum has enabled the Library to complete the cataloguing of all of the pre-1801 items. A total of 9,161 items are now available on the NLS online catalogue which is a major contribution to the academic study of the collection.

Other activity within the Charity's collections with the NLS includes the completion of the cataloguing of the 624 items that make up the collection of Church Briefs. 379 of these are pre-1801 and most of them had been reported to the English Short Title Catalogue (ESTC). The process of ensuring that all pre-1801 items have been reported to ESTC has now been completed and they have also been entered in the NLS's online catalogue.

A somewhat similar project is being undertaken with the collection of Ballads. 3,888 have been placed on deposit in the National Library of Scotland. A considerable number of these are recorded in old conventional printed catalogues. A further 2,443 have now been catalogued in a modern format. Also images of them have been digitalised. Unfortunately difficulties have arisen with the software option which was chosen which has resulted in the programme being delayed but it is expected to be available to the public next year.

BALCARRES HERITAGE TRUST LIMITED

REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2011

Achievements and performance (continued)

The Council have agreed to assist the English Broadside Ballad Archive (EBBA) based at the University of California to include the Crawford English Ballads 1-1466 in their project to digitalise and comprehensively catalogue the pre 1467 collection. At the time of writing EBBA's funding application to the US funding body, the National Endowment for the Humanities, has been submitted and the outcome will be known in March 2012. The funding will pay for research staff at EBBA to work intensively on the Crawford Ballads, ensuring that they are comprehensively described in ESTC and also providing the NLS with cataloguing data to load into the Library's online catalogue. The benefits to the Charity will be substantial should the project be approved. Not only will the new images complement those already created for the Crawford EB 1467 collection but also the inclusion on the EBBA website will confirm and promote the standing of the Crawford collection as one of the world's leading collection of English Ballads.

In the 2005 Council Report it was mentioned that the Council had been approached by the University of Glasgow in respect of their survey of all music held in private hands in Scotland. At that stage the Council made available for publication the Balcarres Lute Book, a 17th century manuscript. Finally, in September 2010 a facsimile was published of this book. The work is a two volume publication, one volume being the Introduction and Facsimile, the other being the Transcription and Commentary.

It is edited by Matthew Spring, together with Dr Warwick Edwards as Chairman of an editorial committee. In addition there were several Advisory Editors. The publication was undertaken jointly by the Departments of Music of the Universities of Glasgow and Aberdeen with the participation of The Arts & Humanities Council and The National Library of Scotland. It is the second of a scholarly series - "The Music of Scotland, Ceol na h-Alba".

Bringing the book to publication has proved to be far more complex and time consuming than when the Charity first gave permission for the work to proceed. The manuscript is referred to as "the largest and most important post-1640 British source of lute music". It will primarily be of interest to anyone with a specialised interest in the history and playing of music but there is also much of more general interest. For instance it contains the earliest recorded version of the tune Old-Long-Syne - "the best known song of Scotland".

In addition to its activities in the spheres of education and academic work the Charity has continued to maintain Balcarres House. The major expenditure items included the replacement of gutters and downpipes and re-setting and pointing of four chimney breasts on the North face of the property, the replacement of defective skylights and the painting of windows and the main iron railings at the entrance front.

The number of visitors and visiting groups to the house and garden has increased over the previous year. The reputation of the garden continues to encourage not only local groups such as the Royal Caledonian Horticultural Society, the Baldernock Gardening Club and the East Neuk of Fife Organic Garden Society to visit but also parties from further afield such as the highly respected French garden society Vivaces & cie and the English Speaking Union from New Orleans.

BALCARRES HERITAGE TRUST LIMITED

REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2011

The Charity has always encouraged the local community of Colinsburgh and Kilconquhar to enjoy the gardens and Park and so when the Trustees were approached by the local primary school to provide access to a woodland area in order to allow access for a woodland walk the Trustees were delighted to co-operate. With the financial assistance of a local council grant an 800m gravel path was created. The Charity financed the clearing of scrub and brambles and also initiated a maintenance program for the improvement of the young trees. A substantial amount of work was also undertaken clearing the watercourse running alongside the new path which had become choked with debris. There has been much positive feedback from the local community and it is pleasing that the woodland walk is enjoyed not only by the school children but also by the community at large.

Review of investment portfolio

In May 2010 the Council decided to move the investment management contract to James Hambro & Partners.

The year to 5th April 2011 could be summarised as the year that was dominated by the fear of both sovereign debt and sovereign default. Throughout the period the greatest concerns focussed on the peripheral regions of Europe such as Greece, Portugal and Ireland with their debt reaching ever higher record yields. Politicians seemed unable (or unwilling) to take the necessary firm action which resulted in a very real uncertainty as to the viability of the 'Euro project'.

In the UK a new climate of austerity was signalled by George Osborne's first Budget with substantial spending cuts linked with significant tax increases announced. In the US a second vast programme of asset re-purchases (QE) was instigated in response to the traumas of the Credit Crunch. Initially this had the effect of "paying" investors to take more risk by diversifying out of cash and high grade bonds and recycling into risk assets such as equities and commodities. The year ended with a plethora of bad news. Earthquakes in Asia, military conflict in the Middle East, a nuclear disaster, surging oil price and ongoing problems in the periphery of the euro zone.

Global inflation exceeded all estimates with oil, precious and industrial metals and many soft commodities reaching record levels, putting further pressure on consumers. Despite this rising inflation central bankers steadfastly maintained very low interest rate policies in an attempt to ensure that credit continued to be readily available.

Global equities did manage to make headway during the year despite the very uncertain economic background outlined above. The FT World index registered a gain of 8% during the period on the back of very respectable corporate earnings and also the realisation that company balance sheets were in excellent health.

In performance terms the investment portfolio appreciated by 13.2% on a total return basis which compares to a rise of 6.3% in the benchmark index, the FTSE APCIMS Balanced Index (Total return). This equates to a relative outperformance of 6.9%.

BALCARRES HERITAGE TRUST LIMITED

REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2011

Financial review

The results of the Charity for the year ended 5 April 2011 are contained in the attached financial statements, which the Council confirms comply with current generally accepted accounting principles, including the Charities SORP (revised 2005)

All incoming resources of the Charity are included in the unrestricted general fund for the year. The principal sources of income arise from investment income in respect of dividends and rental income and from donations. Total incoming resources of £337,198 have been received in the year and include donations from Lord Balniel of £151,580.

Total resources expended in the year are £235,502. These are primarily included in unrestricted general funds, except for investment management fees, which form part of the expendable endowment fund. Costs of generating funds also include the direct costs associated with let property held for investment purposes in the year. Costs of charitable activities of £176,270 include the costs of running and preserving Balcarres House and certain other properties used in furtherance of the Charity's objectives. Maintenance and upkeep was significantly higher in the year at £75,021, which accounts for the rise in resources expended as a whole.

The Charity's investment policy is to hold funds in a medium risk strategy and in order to achieve a balance of income and capital growth but free from the imposition of moral or ethical constraints. At the year end the investment portfolio reported unrealised gains on the previous year's valuation of £188,462. This balance is included in the Charity's expendable endowment fund. Overall net movement in funds is £360,853, which is approximately half of the prior year's movement but that performance was substantially driven by a rise in investment values.

Total funds at 5 April 2011 are £4,552,135, compared to £4,191,282 at 5 April 2010. The actual free reserves of the Charity at 5 April 2011 are £3,920,118.

Future plans

The Charity will continue to provide access to its collections and with this in mind are proposing to create a new Reading Room at Balcarres which will be used by scholars and other visitors in order to view individual books from the Library collection. In a further measure to improve security, the Council have agreed to the conversion of this room where, not only can visitors be properly monitored but also provides a space for study and research. Work on the room will be completed in the current year.

Another project to be undertaken is the restoration of a large terracotta Altarpiece by the early 16th Century Italian artist Benedetto Buglione. The Altarpiece has, for many years, been exhibited in the Scottish Museum in Edinburgh. Following the redevelopment of the Museum the work was returned and the Council have decided to install it in the Front Entrance Hall of Balcarres. The restoration work is being carried out by Graciela Ainsworth who has recently been involved in the spectacular restoration of the Royal Palace at Stirling Castle. It is envisaged that the installation will be complete by the end of the year together with other decorative work to the Hall.

Council Members' Remuneration

Full details of payments to Council members are given at the related party disclosure note 17 to the financial statements.

BALCARRES HERITAGE TRUST LIMITED

REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2011

Auditors

Saffery Champness were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at the Annual General Meeting

Council members' responsibilities in relation to the financial statements

The Council members (who are also directors and trustees of the company/trust for the purposes of company law) are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and regulations

Company law and the law applicable to charities in England & Wales and Scotland require the Council to prepare financial statements for each financial year. Under that law the Council 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 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 Trust and of the profit or loss of the Trust for that period. In preparing these financial statements, the Council are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 1993 and the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to the auditors

So far as the Council is aware, there is no relevant audit information of which the Trust's auditors are unaware. Additionally, the Council has taken all the necessary steps that they ought to have taken in order to make themselves aware of all relevant audit information and to establish that the Trust's auditors are aware of that information.

Small Company Provision

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Council



S P Weil
Secretary
11/12/2011

BALCARRES HERITAGE TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BALCARRES HERITAGE TRUST LIMITED

We have audited the financial statements of Balcarres Heritage Trust Limited for the year ended 5 April 2011 set out on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 trustees and auditors

As explained more fully in the Council Members' Responsibilities Statement, 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.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, 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 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 Trust's state of affairs as at 5 April 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 applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

BALCARRES HERITAGE TRUST LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF BALCARRES HERITAGE TRUST LIMITED**

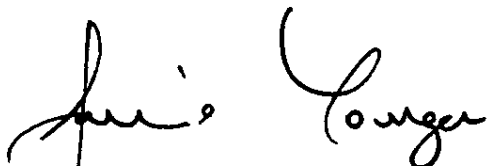
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements

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, or



Jamie Younger BSc CA (Senior Statutory Auditor)
for and on behalf of Saffery Champness
(Saffery Champness is eligible to act as an auditor in
terms of section 1212 of the Companies Act 2006)

21 December 2011

**Chartered Accountants
Statutory Auditors**

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

BALCARRES HERITAGE TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 5 APRIL 2011

	Note	Expendable Endowment 2011 £	Unrestricted General Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
Voluntary income	2	-	163,502	163,502	1,621
Investment income	3	-	156,696	156,696	146,237
Other incoming resources	4	-	17,000	17,000	340
Total incoming resources		-	337,198	337,198	148,198
Resources expended					
Cost of generating funds	5	(20,402)	(22,329)	(42,731)	(37,538)
Charitable activities	6	-	(176,270)	(176,270)	(112,013)
Governance costs	7	-	(16,501)	(16,501)	(24,233)
Total resources expended		(20,402)	(215,100)	(235,502)	(173,784)
Net (outgoing)/incoming resources before other recognised gains and losses	9	(20,402)	122,098	101,696	(25,586)
Other recognised gains					
Realised gain on sale of investments		70,695	-	70,695	34,809
Unrealised gain on revaluation of investments		188,462	-	188,462	715,595
Net movement in funds		238,755	122,098	360,853	724,818
Transfer between funds		-	-	-	-
Total funds at 6 April 2010		3,548,525	642,757	4,191,282	3,466,464
Total funds at 5 April 2011		3,787,280	764,855	4,552,135	4,191,282

There are no recognised gains or losses other than those passing through the statement of financial activities

The notes on pages 11 to 21 form part of these financial statements

BALCARRES HERITAGE TRUST LIMITED

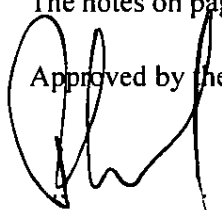
BALANCE SHEET AS AT 5 APRIL 2011


	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	10		183,917		192,311
Heritage assets	10		38,362		38,362
Investments					
Investment properties	11		409,738		426,128
Listed investments	12		3,758,947		3,458,025
			<u>4,390,964</u>		<u>4,114,826</u>
Current assets					
Debtors	13	17,975		24,083	
Cash at bank and in hand		<u>169,630</u>		<u>137,703</u>	
			187,605		161,786
Creditors: amounts falling due within one year	14	<u>(26,434)</u>		<u>(85,330)</u>	
Net current assets			<u>161,171</u>		<u>76,456</u>
Total assets less current liabilities			<u>4,552,135</u>		<u>4,191,282</u>
Capital and reserves					
Expendable endowment	15		3,787,280		3,548,525
Unrestricted general funds	15		<u>764,855</u>		<u>642,757</u>
Shareholders' funds			<u>4,552,135</u>		<u>4,191,282</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

The notes on pages 11 to 21 form part of these financial statements

Approved by the Board and authorised for issue on 19/12/2011


Lord Balmiel
Director


S P Weil
Director

Company Registration No. 2101229

BALCARRES HERITAGE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of fixed asset investments and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities (revised 2005) and the Companies Act 2006

The Trust has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.2 Incoming resources

Incoming resources are recognised on an accruals basis Incoming resources from the Charity's endowment fund is unrestricted

1.3 Resources Expended

Resources expended are included in the statement of financial activities on an accruals basis

All costs have been directly attributed to one of the functional categories of resources expended in the statement of financial activities as follows -

- Cost of generating funds - these are costs associated with raising funds from all the possible sources of incoming resources and typically include investment management costs
- Charitable activities - these are costs relating to expenditure on preserving and maintaining Charity assets and incurred in meeting its charitable objectives
- Governance costs - these are costs associated with meeting the constitutional and statutory requirements of the charity and include professional fees and other similar costs linked to the strategic management of the Charity

1.4 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties valued by the Council on an existing use open market value basis Other tangible fixed assets are stated at cost or valuation less depreciation Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Heritage assets	Nil
Land and buildings leasehold	Straight line basis over the remaining life of the lease (expires 2037)
Tools and equipment	20% straight line
Tractors and motor vehicles	25% reducing balance

Investment properties are depreciated on a straight line basis over the remaining length of the lease that they are held under

BALCARRES HERITAGE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2011

1 Accounting policies

(continued)

The Charity has expended sums in improving properties which are the subject of a lease expiring on 7 April 2037. These improvements have been depreciated over the remaining period of the lease.

Heritage assets are the tangible assets of the Charity that are of historical importance and are held to advance the preservation, conservation and educational objectives of the Charity. Due to the historic and unique nature of the assets concerned, conventional valuation approaches lack sufficient reliability and as a consequence the heritage assets are stated in the balance sheet at their original cost. Expenditure on the conservation and preservation of the assets is charged to the statement of financial activities when it is incurred. The company has taken advantage of the exemptions of the Financial Reporting Standard for Smaller Entities in respect of complying with Financial Reporting Standard 30, however, it does apply the provisions of the charities SORP (revised 2005). As heritage assets have long expected useful lives, together with high residual values, and most of them are loaned to the Charity, they are not subject to depreciation.

1.5 Leasing

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

1.6 Investments

Fixed asset investments comprise investment properties and listed investments. These are stated at market value at the balance sheet date. However, in respect of investment properties, the Council are of the opinion that current market value is equivalent to depreciated historic cost as these assets are held under a lease that expires in 2037. Gains or losses on the actual disposal of investments are shown in the Statement of Financial Activities. The gain or loss is calculated by reference to their market value at the beginning of the accounting period or their cost in the case of investments purchased and sold in the same accounting period. Realised and unrealised gains and losses of the year are shown in the Statement of Financial Activities on the same basis. Cumulative gains and losses are shown in the revaluation reserve, which forms part of the Trust's expendable endowment fund. Income from investments for the year is included as unrestricted income inclusive of any reclaimable tax.

1.7 Donations

Donations are added to the Charity's unrestricted funds except where designated for a specific purpose. The figure for donations shown in the financial statements includes, where appropriate, any tax reclaimable.

1.8 Funds accounting

The Charity has two funds, being an expendable endowment and an unrestricted general reserves fund. The unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council. The expendable endowment is held on trust for the benefit of the Charity as a capital fund. The Council has the power to convert endowed capital into unrestricted general reserves. Net incoming resources are added to unrestricted reserves other than those parts relating to the investment portfolio and other capital assets that the Charity holds.

BALCARRES HERITAGE TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2011****1 Accounting policies****(continued)****1.9 Taxation**

The Charity is a registered charity and is not liable to United Kingdom income or corporation tax on charitable activities. Any taxation incurred represents foreign tax deducted from overseas investment income.

2 Voluntary Income

	2011	2010
	£	£
The voluntary income was made up of donations as follows		
Lord Balmiel	151,581	-
The Lindsay Trust	10,000	-
Visiting Groups	1,921	1,621
	<u>163,502</u>	<u>1,621</u>

3 Investment Income

	2011	2010
	£	£
Investment properties		
Rent and service charge income	<u>50,194</u>	<u>41,438</u>
Listed investments		
Received from UK listed investments	94,920	87,874
Received from overseas listed investments	<u>11,582</u>	<u>16,925</u>
Income from listed investments	<u>106,502</u>	<u>104,799</u>
Total investment income	<u>156,696</u>	<u>146,237</u>

4 Other incoming resources

	2011	2010
	£	£
Income in respect of digitalisation of documents	<u>17,000</u>	<u>340</u>
	<u>17,000</u>	<u>340</u>

BALCARRES HERITAGE TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2011**

5 Resources expended: cost of generating funds

	2011	2010
	£	£
Expendable endowment		
Investment management fees	20,402	19,237
	<u>20,402</u>	<u>19,237</u>
Unrestricted general funds		
Investment property costs		
- Insurance	1,340	701
- Repairs	2,943	452
- Council tax	1,656	1,365
- Depreciation	16,390	15,783
	<u>22,329</u>	<u>18,301</u>
Total cost of generating funds	<u><u>42,731</u></u>	<u><u>37,538</u></u>

BALCARRES HERITAGE TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2011****6 Resources expended: charitable activities**

	2011	2010
	£	£
Maintenance and upkeep of property		
Maintenance of Trust leasehold and freehold properties	75,021	28,661
Insurance	12,695	13,719
Heat and light	17,248	15,246
Wages	-	480
Sundry	501	608
	<u>105,465</u>	<u>58,714</u>
Gardens		
Wages and council tax	40,063	38,866
Seeds and plants	66	158
Chemicals	207	1,162
Petrol and oil	1,314	2,276
Vehicle and machinery repairs	986	345
Sundries	1,660	1,650
Depreciation	8,394	7,948
	<u>52,690</u>	<u>52,405</u>
Conservation and restoration	18,115	894
	<u>176,270</u>	<u>112,013</u>

7 Resources expended: governance costs

	2011	2010
	£	£
Telephone	360	779
Legal fees	8,036	14,922
Audit	3,200	2,600
Accountancy	4,905	5,732
Taxation	-	200
	<u>16,501</u>	<u>24,233</u>

BALCARRES HERITAGE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2011

8 Employees

Number of employees

The average monthly number of employees (excluding Council) during the year was

	2011 Number	2010 Number
Gardens	2	2

Employment costs

	2011 £	2010 £
Wages and salaries	36,896	35,430
Social security costs	2,173	2,930
Council tax	994	986
	40,063	39,346

No employees received emoluments over £60,000 during the year. No members of the Council waived any emoluments during the year, nor were any amounts paid personally in respect of remuneration or expenses.

9 Net incoming resources

	2011 £	2010 £
Net incoming resources are stated after charging		
Depreciation of tangible assets	24,784	23,731
Auditors' remuneration	3,200	2,600

BALCARRES HERITAGE TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2011**

10 Tangible fixed assets

	Heritage assets	Land and buildings leasehold	Tools and equipment	Tractors and motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 6 April 2010 & at 5 April 2011	38,362	229,730	16,562	20,620	305,274
Depreciation					
At 6 April 2010	-	40,978	15,598	18,025	74,601
Charge for the year	-	7,259	486	649	8,394
At 5 April 2011	-	48,237	16,084	18,674	82,995
Net book value					
At 5 April 2011	38,362	181,493	478	1,946	222,279
At 5 April 2010	38,362	188,752	964	2,595	230,673

The tools and equipment, tractors and motor vehicles are utilised in the maintenance of the gardens and grounds

Heritage assets comprise works of art, books and papers having an association with Balcarres, which the Charity has acquired for the appreciation of Balcarres as a place of historic interest and the education of the public in the arts. These assets are on public display and are managed by the Council and personnel at Balcarres House. A register is maintained of these assets and it is the intention of the Council that they will be held for the long term.

BALCARRES HERITAGE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2011

11 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 6 April 2010 & at 5 April 2011	<u>554,919</u>
Depreciation	
At 6 April 2010	128,791
Charge for the year	<u>16,390</u>
At 5 April 2011	<u>145,181</u>
Net book value	
At 5 April 2011	<u>409,738</u>
At 5 April 2010	<u>426,128</u>

BALCARRES HERITAGE TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2011****12 Fixed asset investments**

	Listed investments £
Cost or valuation	
At 6 April 2010	3,458,025
Purchases/additions	1,383,559
Revaluation	188,462
Disposals	(1,271,099)
	<u>3,758,947</u>
At 5 April 2011	<u>3,758,947</u>
Net book value	
At 5 April 2011	<u>3,758,947</u>
At 5 April 2010	<u>3,458,025</u>
 Market value of listed investments at 5 April 2011, split by geographical region	
- United Kingdom	3,336,172
- Overseas	422,775
	<u>3,758,947</u>

The historical cost of listed investments held at 5 April 2011 is £2,837,498. Bank balances, as stated on the balance sheet at 5 April 2011, include £169,630 of cash held by the Charity's investment managers within the portfolio.

13 Debtors	2011 £	2010 £
Other debtors	<u>17,975</u>	<u>24,083</u>

BALCARRES HERITAGE TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2011**

14 Creditors: amounts falling due within one year	2011	2010
	£	£
Bank loans and overdrafts	3,013	-
Taxation and social security	-	11,587
Other creditors	23,421	73,743
	<u>26,434</u>	<u>85,330</u>

15 Statement of movements on reserves

	Expendable endowment fund	Unrestricted general fund	Total funds
	£	£	£
Balance at 6 April 2010	3,548,525	642,757	4,191,282
Net (outgoing)/incoming resources for the year	(20,402)	122,098	101,696
Revaluation of investments during the year	188,462	-	188,462
Gain on sale of investments	70,695	-	70,695
	<u>3,787,280</u>	<u>764,855</u>	<u>4,552,135</u>
Balance at 5 April 2011			

Analysis of net assets between funds

Tangible fixed assets	14,008	618,009	632,017
Investments	3,758,947	-	3,758,947
Net current assets	-	161,171	161,171
	<u>3,772,955</u>	<u>779,180</u>	<u>4,552,135</u>

BALCARRES HERITAGE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2011

16 Contingent liabilities

The Trust has sub-let the property known as The Bothies on the basis that the tenant will spend a minimum of £250,000 on developing and improving the property. Once the tenant has incurred expenditure of £250,000 the Trust will be required to pay compensation if the lease is terminated at any time prior to 31st December 2030. Until 31 December 2020 the level of compensation is fixed at £100,000, thereafter it reduces by £10,000 for each year or part of a year which lapses. The tenant had incurred expenditure of £250,000 by 5th April 2010.

17 Related party relationships and transactions

Parts of the property leased by the Charity are sublet to Lord Crawford and Lord Balniel at rents independently set each year by Strutt and Parker, Chartered Surveyors. The rent due by Lord Crawford in respect of this sub-lease in the year under review was £5,280 and £14,890 by Lord Balniel (2010 £5,280 and £14,280).

The Charity paid premiums for insurance which include cover for parts of Balcarres House occupied by Lord Crawford and Lord Balniel and the Charity was reimbursed in full (the amount of the reimbursed premiums in the current year were £210 and £630 respectively). The Trust also paid premiums for part of the contents of Balcarres House owned by Lord Balniel, being ones that fall within the charitable objects of the Trust and subject to a loan agreement between the Charity and Lord Balniel. In the current year this amounted to £9,726 (2010 £9,645).

There were no amounts outstanding from Lord Crawford and Lord Balniel at 5 April 2011 (2010 £257 and £10,416).

Lord Balniel is a partner in James Hambro & Partners who provide investment management services to the Trust. The value of these services in the year under review were £20,402 (2010 £19,237). The Trust owed that firm £5,631 at 5th April 2011 (2010 £10,056).

Mr Simon Weil is a partner in the legal practice of Bircham Dyson Bell which provides legal services to the Charity. In the year under review the value of services provided was £10,872 (2010 £14,922). The Trust owed Bircham Dyson Bell £630 at 5 April 2011 (2010 £10,596).