

Company Registration No. 2101229 (England and Wales)  
English Charity No. 296766  
Scottish Charity No. SCO39480

**BALCARRES HERITAGE TRUST LIMITED**  
**REPORT OF THE COUNCIL AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2012**



***Saffery Champness***  
CHARTERED ACCOUNTANTS

## **BALCARRES HERITAGE TRUST LIMITED**

### **LEGAL AND ADMINISTRATIVE DETAILS**

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

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# BALCARRES HERITAGE TRUST LIMITED

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## **BALCARRES HERITAGE TRUST LIMITED**

### **REPORT OF THE COUNCIL FOR THE YEAR ENDED 5 APRIL 2012**

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The Council presents its report and financial statements for the year ended 5 April 2012. 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 2011:

The Earl of Crawford and Balcarres  
Lord Balniel  
N J Barker  
The Hon 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 2012**

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#### **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 Balmiel 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**

The National Gallery of Scotland and the National Library of Scotland (NLS) continue to maintain, care for and make available to the public many of the Charity's assets. A significant amount of work is undertaken by both these institutions in providing information and most importantly, access to both the paintings and the library collections currently on loan. The Trustees are very grateful to Dr Brian Hillyard and his staff at the NLS who have been very active in advancing our project for the English Broadside Ballad Archive (EBBA).

Additionally during the year there were a significant number of enquiries relating to family papers and the organisation of exhibitions handled by one of the Trustees directly from researchers, students and historians.

It has been another busy and eventful year for the Trust and listed below are some of the key achievements and projects undertaken.

#### **The Buglione Altarpiece Resoration**

A major restoration of a glazed terracotta altarpiece by the Florentine sculptor Benedetto Buglione (1460 - 1521) was completed during the year. With financial assistance of the Lindsay Trust (Charity No 240875) the Balcarres Heritage Trust employed Graciela Ainsworth, a highly experienced conservator from Edinburgh, to repair and install the altarpiece in the front entrance hall at Balcarres. The work took 6 months to complete and is a significant and important addition to the public rooms at the house.

#### **Library Project**

A project was initiated to create a copy specific catalogue of the historic earliest books in the library. William Zachs and Meg Ford, two eminent and knowledgeable bibliophiles have volunteered to work on the project which is concerned with the early 16th and 17th century history of the Bibliotheca Lindesiana library. A card index of all the books (about 140 books) known to have been in the library is being used as a base for collating a list of all known books in the former library. Some of the books are still in the existing library, others are known to be in other libraries whilst the whereabouts of the majority is not known. The first challenge is to track down those that are currently unaccounted for. The scale of the task was highlighted when it was discovered that there was an 11 day sale of the library in Edinburgh in 1792. It has not been possible so far to find the sale catalogue and it was hoped that the Bodleian library in Oxford would have a copy but it has not yet been forthcoming.

## **BALCARRES HERITAGE TRUST LIMITED**

### **REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2012**

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#### **Achievements and performance (continued)**

The first part of the project is to compile as complete a list as possible of all the books known to have been in the library. This would be a bibliographical list and would be primarily for specialists in the field. It will give an indication of the contents of what was a very significant a scholarly library.

The second stage, being pursued at the moment, is to approach an academic to write an intellectual history of the library, its formation and its use. The history would be concerned with the intellectual motivation and the political links of a group of like-minded people who had an interest in the original library. Major political figures were involved during these troubled times in Scotland at the time.

#### **The English Broadside Ballad Archive Project**

Progress has been made with the English Broadside Ballad Archive (EBBA) based at the University of California following a letter of support from the Balcarres Heritage Trust. The Trust's letter of support provided in April 2011 formed a critical part of the application for grant assistance and in March 2012 the project secured a grant of \$280,000 from the US funding body, the National Endowment for the Humanities. It is unlikely to be 2013-14 before any images become accessible to the public on either the EBBA website or the NLS website.

#### **The War diaries of the 27th Earl of Crawford**

In 1984 the Manchester University Press published Professor John Vincent's edition of the journals (1892-1940) of the 27th Earl of Crawford. These are considered by historians to be an important source for the study of Britain's general and cultural history of the time. However, the Crawford papers did not include his 15 months service in the Royal Army Medical Corps in France in 1915-16.

These diaries were written in very small booklets, in tiny manuscript, filled with abbreviations and acronyms and very difficult to decipher. The considerable task of editing the diaries has now been completed by Christopher Armander.

Pen and Sword Publishers will hopefully publish them in a shortened version of about 85,000 words under the title 'Private Lord Crawford's War Diaries 1915-16 - the only Great War Cabinet Minister to serve in the ranks'.

Other activities during the year included the conservation work by the NLS. Given their historical significance, they have undertaken extensive conservation on two volumes of Sir David Lindsay's letters, an enormously significant series in early 17th century correspondence. The work has involved cleaning and repairing pages, rebinding and re-casing.

The Charity also completed the creation of a Reading Room which will be used by students, historians and other visitors when studying books from the library.

In addition to its activities in the sphere of education and academic work, the Charity has continued to maintain Balcarres House, its ancillary buildings and gardens. Significant expenditure was incurred in repairing stonework and also upgrading the security system for the house.

## **BALCARRES HERITAGE TRUST LIMITED**

### **REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2012**

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#### **Review of investment portfolio**

The Eurozone crisis has dominated markets through 2011 and 2012. Governments fell, bailouts increased and policy was in apparent disarray. Equity markets endured a volatile 12 months, initially selling off during August and September, before staging a recovery post the EU announcement of the LTRO. The use of single currency and 'one size fits all' monetary policy stoked political tensions and exacerbated the economic plight of the so-called 'periphery' nations, unlike the UK, they have been unable to use their traditional escape route of currency devaluation.

At the beginning of the period 80% of the portfolio was exposed to equities with the majority committed to UK equities (52% of the total). By the end of July 2011 the overall equity exposure had reduced to 68% as a more cautious approach was adopted. The proceeds of the equity sales were redeployed into UK Index-Linked bonds and also a range of corporate bond funds. At the beginning of August the very real fear of Greece defaulting on its national debt led to contagion fears in other European periphery nations and also the potential collapse of the Euro itself. Global equity markets took fright with the FTSE World index falling by 14% at one stage during August.

The defensive action taken earlier in the year helped protect the portfolio from the worst ravages of what became a very skittish and nervous market. This more defensive tilt was broadly maintained through the latter part of 2011 and into 2012.

Against this backdrop the portfolio performed steadily during the year, delivering a total return of 5.28% vs its benchmark return of 3.61% (2.11% vs 0.57% in capital terms).

#### **Financial review**

The results of the Charity for the year ended 5 April 2012 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 £281,556 have been received in the year and include donations from Lord Balmiel of £100,025.

Total resources expended in the year are £257,000. 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 £189,873 include the costs of running and preserving Balcarres House and certain other properties used in furtherance of the Charity's objectives.

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 losses on the previous year's valuation of £189,215. This balance is included in the Charity's expendable endowment fund. Overall net movement in funds is £60,631, which is considerably lower than the prior year's movement but that performance was substantially driven by a fall in investment values.

## **BALCARRES HERITAGE TRUST LIMITED**

### **REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2012**

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

Total funds at 5 April 2012 are £4,612,766 compared to £4,552,135 at 5 April 2011. The actual free reserves of the Charity at 5 April 2012 are £4,004,390.

#### **Future plans**

The Charity will be lending two panel paintings to an exhibition of an important early renaissance Italian painter to be held in Perugia in the summer of 2012. Other plans to lend four further paintings to another exhibition in Prato outside Florence are well in advance.

Work on digitalisation of the Crawford Ballads 1-1466 will commence.

#### **Council Members' Remuneration**

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

#### **Auditors**

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

#### **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 2011 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.

**BALCARRES HERITAGE TRUST LIMITED**

**REPORT OF THE COUNCIL (continued)  
FOR THE YEAR ENDED 5 APRIL 2012**

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**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  
2011 12

## **BALCARRES HERITAGE TRUST LIMITED**

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

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We have audited the financial statements of Balcarres Heritage Trust Limited for the year ended 5 April 2012 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 2012 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**

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**Opinion on other matter prescribed by the Companies Act 2006**

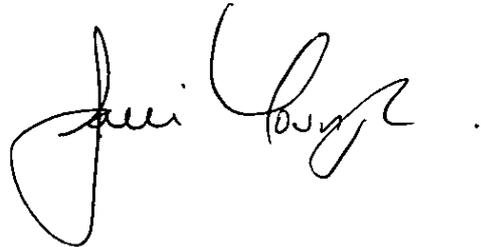
In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements

**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 and the Charities Accounts (Scotland) Regulation 2006 (as amended) requires us to report to you if, in our opinion

- proper and 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
- the Council members were not entitled to prepare the financial statements in accordance with the small companies regime

**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)



**Chartered Accountants**  
**Statutory Auditors**

Edinburgh Quay  
133 Fountainbridge  
Edinburgh  
EH3 9BA

26/11/12

**BALCARRES HERITAGE TRUST LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 5 APRIL 2012**

	Note	Expendable Endowment 2012 £	Unrestricted General Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
<b>Incoming resources</b>					
Voluntary income	2	-	116,767	116,767	163,502
Investment income	3	-	164,279	164,279	156,696
Other incoming resources	4	-	510	510	17,000
<b>Total incoming resources</b>		-	281,556	281,556	337,198
<b>Resources expended</b>					
Cost of generating funds	5	(22,749)	(23,457)	(46,206)	(42,731)
Charitable activities	6	-	(189,873)	(189,873)	(176,270)
Governance costs	7	-	(20,921)	(20,921)	(16,501)
<b>Total resources expended</b>		(22,749)	(234,251)	(257,000)	(235,502)
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>	9	(22,749)	47,305	24,556	101,696
<b>Other recognised gains and losses</b>					
Realised gain on sale of investments		225,290	-	225,290	70,695
Unrealised (loss)/gain on revaluation of investments		(189,215)	-	(189,215)	188,462
<b>Net movement in funds</b>		13,326	47,305	60,631	360,853
Total funds at 6 April 2011		3,787,280	764,855	4,552,135	4,191,282
<b>Total funds at 5 April 2012</b>		3,800,606	812,160	4,612,766	4,552,135

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**

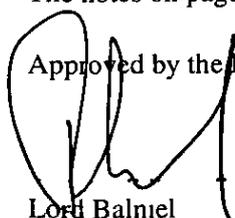
**BALANCE SHEET  
AS AT 5 APRIL 2012**

	Notes	2012		2011	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		176,666		183,917
Heritage assets	10		38,362		38,362
<b>Investments</b>					
Investment properties	11		393,348		409,738
Listed investments	12		3,925,207		3,758,947
			<u>4,533,583</u>		<u>4,390,964</u>
<b>Current assets</b>					
Debtors	13	32,332		17,975	
Cash at bank and in hand		69,951		169,630	
			<u>102,283</u>	<u>187,605</u>	
<b>Creditors: amounts falling due within one year</b>	14	(23,100)		(26,434)	
<b>Net current assets</b>			<u>79,183</u>		<u>161,171</u>
<b>Total assets less current liabilities</b>			<u>4,612,766</u>		<u>4,552,135</u>
<b>Capital and reserves</b>					
Expendable endowment	15		3,800,606		3,787,280
Unrestricted general funds	15		812,160		764,855
<b>Total reserves</b>			<u>4,612,766</u>		<u>4,552,135</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 20 11 12

  
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 2012

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### 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 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 2012

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#### 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 Statement of Recommended Practice Accounting and Reporting for Charities (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 2012****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**

	2012 £	2011 £
The voluntary income was made up of donations as follows		
Lord Balmiel	100,025	151,581
The Lindsay Trust	14,000	10,000
Visiting Groups	2,742	1,921
	<u>116,767</u>	<u>163,502</u>

**3 Investment Income**

	2012 £	2011 £
<b>Investment properties</b>		
Rent and service charge income	<u>45,380</u>	<u>50,194</u>
<b>Listed investments</b>		
Received from UK listed investments	101,822	94,920
Received from overseas listed investments	<u>17,077</u>	<u>11,582</u>
Income from listed investments	<u>118,899</u>	<u>106,502</u>
<b>Total investment income</b>	<u>164,279</u>	<u>156,696</u>

**4 Other incoming resources**

	2012 £	2011 £
Income in respect of digitalisation of documents	-	17,000
Income in respect of the sale of snowdrops	<u>510</u>	<u>-</u>
	<u>510</u>	<u>17,000</u>

**BALCARRES HERITAGE TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2012**

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**5 Resources expended: cost of generating funds**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Expendable endowment</b>		
Investment management fees	22,749	20,402
	<hr/>	<hr/>
	22,749	20,402
	<hr/>	<hr/>
<b>Unrestricted general funds</b>		
Investment property costs		
- Insurance	1,135	1,340
- Repairs	5,038	2,943
- Council tax	894	1,656
- Depreciation	16,390	16,390
	<hr/>	<hr/>
	23,457	22,329
	<hr/>	<hr/>
<b>Total cost of generating funds</b>	<u>46,206</u>	<u>42,731</u>

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2012****6 Resources expended: charitable activities**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Maintenance and upkeep of property</b>		
Repairs and maintenance	73,623	75,021
Insurance	13,420	12,695
Heat and Light	19,693	17,248
Sundry	435	501
	<u>107,171</u>	<u>105,465</u>
<b>Gardens</b>		
Wages and council tax	41,755	40,063
Seeds and Plants	-	66
Chemicals	514	207
Petrol and oil	2,081	1,314
Vehicle and machinery repairs	5,970	986
Sundries	2,057	1,660
Depreciation	7,251	8,394
	<u>59,628</u>	<u>52,690</u>
<b>Conservation and restoration</b>	<u>23,074</u>	<u>18,115</u>
	<u>189,873</u>	<u>176,270</u>

**7 Resources expended: governance costs**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Telephone	341	360
Legal fees	10,680	8,036
Audit	3,000	3,200
Accountancy	6,900	4,905
	<u>20,921</u>	<u>16,501</u>

**BALCARRES HERITAGE TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2012**

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**8 Employees**

**Number of employees**

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

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Gardens	<u>2</u>	<u>2</u>
Wages and salaries	37,675	36,896
Social security costs	3,086	2,173
Council tax	994	994
	<u>41,755</u>	<u>40,063</u>

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 Operating loss**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging		
Depreciation of tangible assets	23,641	24,784
Auditors' remuneration	3,000	3,200
	<u>26,641</u>	<u>27,984</u>

**BALCARRES HERITAGE TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2012**

**10 Tangible fixed assets**

	<b>Heritage assets</b>	<b>Land and buildings leasehold</b>	<b>Tools and equipment</b>	<b>Tractors and motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>					
At 6 April 2011 & at 5 April 2012	38,362	229,730	16,562	20,620	305,274
<b>Depreciation</b>					
At 6 April 2011	-	48,237	16,084	18,674	82,995
Charge for the year	-	7,260	478	(487)	7,251
At 5 April 2012	-	55,497	16,562	18,187	90,246
<b>Net book value</b>					
At 5 April 2012	38,362	174,233	-	2,433	215,028
At 5 April 2011	38,362	181,493	478	1,946	222,279

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 2012**

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**11 Tangible fixed assets**

	<b>Investment properties £</b>
<b>Cost or valuation</b>	
At 6 April 2011 & at 5 April 2012	554,919
<b>Depreciation</b>	
At 6 April 2011	145,181
Charge for the year	16,390
At 5 April 2012	161,571
<b>Net book value</b>	
At 5 April 2012	393,348
At 5 April 2011	409,738

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2012****12 Fixed asset investments**

	<b>Listed investments £</b>
<b>Cost or valuation</b>	
At 6 April 2011	3,758,947
Purchases/additions	1,501,075
Revaluation	(189,215)
Disposals	(1,145,600)
	<u>3,925,207</u>
At 5 April 2012	3,925,207
<b>Net book value</b>	
At 5 April 2012	<u>3,925,207</u>
At 5 April 2011	<u>3,758,947</u>
Market value of listed investments at 5 April 2012, split by geographical region	
- United Kingdom	3,502,432
- Overseas	422,775
	<u>3,925,207</u>

The historical cost of listed investments held at 5 April 2012 is £3,258,128. Bank balances, as stated on the balance sheet at 5 April 2012, include £65,822 of cash held by the Charity's investment managers within the portfolio.

<b>13 Debtors</b>	<b>2012 £</b>	<b>2011 £</b>
Other debtors	<u>32,332</u>	<u>17,975</u>

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2012**

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<b>14 Creditors: amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	3,013
Taxation and social security	1,226	-
Other creditors	21,874	23,421
	<u>23,100</u>	<u>26,434</u>

**15 Statement of movements on reserves**

	<b>Expendable endowment fund</b>	<b>Unrestricted general fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 6 April 2011	3,787,280	764,855	4,552,135
Net (outgoing)/incoming resources for the year	(22,749)	47,305	24,556
Revaluation of investments during the year	(189,215)	-	(189,215)
Gain on sale of investments	225,290	-	225,290
	<u>3,800,606</u>	<u>812,160</u>	<u>4,612,766</u>
Balance at 5 April 2012	<u>3,800,606</u>	<u>812,160</u>	<u>4,612,766</u>

**Analysis of net assets between funds**

Tangible fixed assets	13,980	594,396	608,376
Investments	3,925,207	-	3,925,207
Net current assets	-	79,183	79,183
	<u>3,939,187</u>	<u>673,579</u>	<u>4,612,766</u>

## BALCARRES HERITAGE TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2012

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#### 16 Contingent liabilities

The Charity 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 Charity 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 sub-let to the Earl of Crawford and Balcarres and Lord Balmiel at rents independently set each year by Strutt and Parker, Chartered Surveyors. The rent due by the Earl of Crawford and Balcarres in respect of this sub-lease in the year under review was £5,520 (2011 £5,280) and £15,665 (2011 £14,280) by Lord Balmiel.

The Charity paid premiums for insurance which include cover for parts of Balcarres House occupied by the Earl of Crawford and Balcarres and Lord Balmiel and the Charity was reimbursed in full (the amount of the reimbursed premiums in the current year were £226 and £677 respectively). The Charity also paid premiums for part of the contents of Balcarres House owned by Lord Balmiel, being ones that fall within the charitable objects of the Trust and subject to a loan agreement between the Charity and Lord Balmiel. In the current year this amounted to £9,728 (2011 £9,726).

There were no amounts outstanding from the Earl of Crawford and Balcarres and Lord Balmiel at 5 April 2012 or 5 April 2011.

Lord Balmiel is a partner in James Hambro & Partners LLP who provide investment management services to the Charity. The value of these services in the year under review was £22,749 (2011 £20,402). The Charity owed that firm £5,859 at 5th April 2012 (2011 £5,631).

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 £10,680 (2011 £10,872). There were no amounts outstanding by the Charity at 5 April 2012 in respect of these services (2011 £630).