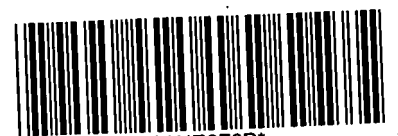


**Company Registration No. 02101229 (England and Wales)**  
**English Charity No. 296766**  
**Scottish Charity No. SCO39480**

**BALCARRES HERITAGE TRUST LIMITED**  
**REPORT OF THE COUNCIL AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2014**

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## **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>	02101229
<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 2014**

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The Council presents its report and financial statements for the year ended 5 April 2014. 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 2013:

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 charitable company limited by guarantee governed by its Memorandum and Articles of Association. Each member guarantees the charity'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 2014**

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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 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**

In order to promote the advancement of the arts, heritage and culture the Charity has had a longstanding policy of, where possible, making their collection of works of art and collections of books and papers more accessible to the public either by long term loans or to temporary exhibitions organised by national institutions. The longstanding loans of a considerable number of paintings to the National Galleries of Scotland have been continued and these remain available to be seen by the public free of charge.

Apart from these loans the Charity lent four panels of the Apostles by the 15th Century Florentine artist Fra Diamante to a major exhibition called 'Da Donatello a Filippo Lippi' held in the Museo di Palazzo Pretorio in Prato, Florence. The exhibition was curated by Andrea de Marchi and was highly acclaimed and was well attended.

Another purpose of the Charity is the advancement of education. Previous reports have demonstrated scale of the printed and manuscript collections deposited on loan and made available for research in the National Library of Scotland (NLS). These continue to be frequently consulted by academics, scholars and writers. Over the years the Charity has been involved in digitising some of the collections in order for a greater number of individuals to gain access them from all over the world. The collection of 'later' English Ballads continues to be well consulted and during the year just under 22,400 page views were received on the NLS website. As a collection it ranks in the top 20 of the NLS's expanding digital Gallery.

Other collections that were heavily consulted were the English Tracts as well as the French Revolutionary Tracts.

In the last report it was mentioned that discussions had commenced with an international educational publisher to create a digital collection of the Charity's English Newspaper Collection. The project received a setback in July when the parent company of the publisher filed for bankruptcy. However, the non-US subsidiaries were not included in the bankruptcy filings and they continue to operate as before. The Trustees are seeking further clarification on the intentions of the publisher.

In September the War diaries of the 27th Earl of Crawford were published using original material deposited at Balcarres and also in the NLS. The book, "Lord Crawford's Great War Diaries 1915-16: From Orderly to Cabinet Minister" was edited by Christopher Arnander and published by Pen and Sword. This was a result of a significant amount of work and interaction and correspondence between the editor and one of the trustees.

## **BALCARRES HERITAGE TRUST LIMITED**

### **REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2014**

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

In addition to its activities in the sphere of academic and educational work, the Charity has continued to maintain Balcarres House, its ancillary buildings and gardens and to conserve the works of art, books and furnishings held within the house.

On the conservation front a portrait of the 5th Earl of Balcarres painted by Allan Ramsay was cleaned with significant restoration work done to its frame. The Charity agreed to a photograph of its pair, a portrait of his wife, Anne Countess of Balcarres, also by Allan Ramsay to appear in the catalogue for an exhibition titled Allan Ramsay, Portraits of Enlightenment held at the Hunterian Gallery, University of Glasgow. Other books that were published during the year incorporating the Charity's paintings include *Il giardino dell'anima* and *Atlante delle Tebaidi e dei temi figurativi* both by Alessandra Maliquori.

The renovation of the Gardener's Cottage was completed and the property is currently let on a Short Term duration tenancy. Work was also completed on the replacement of weathered stone in the courtyard as well as more general maintenance work such as exterior painting and electrical work.

The garden is cared for by the Charity and is open for six months of the year. The garden had many visits but perhaps the highlight was the hosting of the summer meeting of the Garden Society of Scotland in July. Other visiting groups of note included a group from the Southern States of America in May, the Swiss Association of Flower Arrangers in June and the St Andrews University Archaeological Society also in June.

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

2013 proved to be an excellent period for equity markets with the MSCI World Index up 21.8%. North America and Japan were the clear winners with their respective indices rising 27.2% and 22.6% in Sterling terms. Meanwhile, bond markets lagged and commodities showed poor returns with one of the worst performers being gold, down 28.1% over the year. Currency movements were marked with the Japanese Yen and the Australian Dollar falling 19.4% and 15.9% respectively against Sterling, whilst the Euro surprised as the only major currency to strengthen against Sterling over the year.

Going into 2014, investor liquidity remained abundant and this, against a backdrop of continuing global recovery, pushed up global equity markets. The expected reductions in monetary support from the US Federal Reserve resulted in further strength in the US economy which drove their equity market higher. Global interest rates remained low and inflation expectations moderated further as there was excess capacity across the whole of the global economy.

Performance during the year to 5 April 2014 was ahead of both the portfolio benchmark and the comparative ARC (Asset Risk Consultants) peer group. The Charity portfolio rose by 7.88% on a total return basis whilst the portfolio benchmark rose 6.91% and the ARC peer group by 5.93% (ARC is an independent consultant that compiles Private Client Indices based on historical performance. The ARC indices are based on 53 discretionary private client managers contributing actual portfolio performance data net of fees. This provides an objective and independent means of placing investment performance into context.)

## **BALCARRES HERITAGE TRUST LIMITED**

### **REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2014**

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#### **Review of investment portfolio (continued)**

The major asset allocation change during the year was the reduction in fixed interest assets in favour of alternatives. At the beginning of the period the portfolio had an 18% fixed interest exposure which, by 5th April 2014 had reduced to 13.2%. The overall equity weighting within the portfolio also fell marginally as gains were taken in positions that had done well, however, the higher cash balance at the end of the year was largely as a result of these sales but the intention is to invest this as opportunities present themselves. Asian equities and emerging market equities were reduced in favour of global funds with a greater focus on the US. Alternatives were increased but primarily in income producing investments (property & infrastructure) in order to maintain an appropriate level of income.

#### **Financial review**

The results of the charity for the year ended 5 April 2014 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 £222,591 have been received in the year and include donations from Lord Balniel of £31,256.

Total resources expended in the year are £229,870. 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 £164,229 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 £73,553. This balance is included in the charity's expendable endowment fund. Overall net movement in funds is an increase of £192,199.

#### **Future plans**

During the forthcoming year, expenditure will have to be incurred repairing the stonework of the chapel in the garden. This work is becoming increasingly pressing and follows a visit from Louise Roger, Heritage Management Field Officer from Historic Scotland. The work will involve the removal of plant growth in the stonework and repointing to ensure water ingress into the walls is curtailed.

Steps will be taken to examine the viability of installing a biomass boiler to reduce the significant cost of heating.

Discussions are to be developed with SRUC Elwood College, Cupar with regard to providing temporary work placements for their horticultural students in the Gardens and Park.

The Charity has agreed to lend a painting 'Portrait of Giambologna' by the artist Pieter de Witte to an exhibition titled 'Why did Renaissance Sculptors Draw?'. The exhibition will be held from late September 2014 to December 2014 at the Isabella Stewart Gardiner Museum in Boston, USA.

## **BALCARRES HERITAGE TRUST LIMITED**

### **REPORT OF THE COUNCIL (continued) FOR THE YEAR ENDED 5 APRIL 2014**

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#### **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 charity.

#### **Council members' responsibilities in relation to the financial statements**

The Council members (who are also directors and trustees of the charitable company 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 charity and of the profit or loss of the charity 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 charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity 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 charity'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 charity'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

Director

.....  
22/12/14



## **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 2014 set out on pages 8 to 20. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## BALCARRES HERITAGE TRUST LIMITED

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

---

#### 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 5 April 2014 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).

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

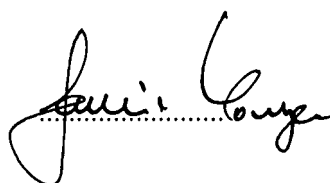
In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### 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**

22/12/14

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 2014

	Note	Expendable Endowment 2014 £	Unrestricted General Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
<b>Incoming resources</b>					
Voluntary income	2	-	35,961	35,961	92,421
Investment income	3	-	185,356	185,356	163,494
Other incoming resources	4	-	1,274	1,274	522
<b>Total incoming resources</b>		-	222,591	222,591	256,437
<b>Resources expended</b>					
Cost of generating funds	5	(26,921)	(20,364)	(47,285)	(45,854)
Charitable activities	6	-	(164,229)	(164,229)	(128,578)
Governance costs	7	-	(18,356)	(18,356)	(27,050)
<b>Total resources expended</b>		(26,921)	(202,949)	(229,870)	(201,482)
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>	9	(26,921)	19,642	(7,279)	54,955
<b>Transfers between funds</b>		(25,201)	25,201	-	-
<b>Other recognised gains and losses</b>					
Realised gain on sale of investments		273,031	-	273,031	250,559
Unrealised (loss)/gain on revaluation of investments		(73,553)	-	(73,553)	208,009
<b>Net movement in funds</b>		147,356	44,843	192,199	513,523
<b>Total funds at 6 April 2013</b>		4,234,554	891,735	5,126,289	4,612,766
<b>Total funds at 5 April 2014</b>		4,381,910	936,578	5,318,488	5,126,289

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

The notes on pages 10 to 20 form part of these financial statements.

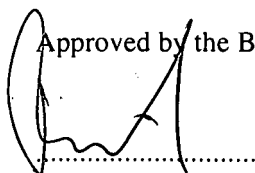
# BALCARRES HERITAGE TRUST LIMITED


## BALANCE SHEET AS AT 5 APRIL 2014

	Notes	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	10		168,629		178,598
Heritage assets	10		103,362		103,362
Investments					
Investment properties	11		360,569		377,614
Listed investments	12		4,368,011		4,341,714
			<u>5,000,571</u>		<u>5,001,288</u>
<b>Current assets</b>					
Debtors	13	17,121		23,926	
Cash at bank and in hand		329,228		127,650	
		<u>346,349</u>		<u>151,576</u>	
<b>Creditors: amounts falling due within one year</b>	14	(28,432)		(26,575)	
<b>Net current assets</b>			<u>317,917</u>		<u>125,001</u>
<b>Total assets less current liabilities</b>			<u>5,318,488</u>		<u>5,126,289</u>
<b>Capital and reserves</b>					
Expendable endowment	15		4,381,910		4,234,554
Unrestricted general funds	15		936,578		891,735
<b>Total reserves</b>			<u>5,318,488</u>		<u>5,126,289</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 10 to 20 form part of these financial statements.

  
 Lord Balniel  
 Director

Approved by the Board and authorised for issue on 22/12/14  
  
 S P Weil  
 Director

Company Registration No. 02101229

# BALCARRES HERITAGE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2014

---

### 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 charity 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 2014**

---

### **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 charity 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 charity'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 2014****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**

	2014 £	2013 £
The voluntary income was made up of donations as follows:		
Lord Balniel	31,256	25,000
Lady Balniel	-	65,000
The Lindsay Trust	-	1,000
Visiting Groups	4,705	1,421
	<u>35,961</u>	<u>92,421</u>

**3 Investment Income**

	2014 £	2013 £
<b>Investment properties</b>		
Rent and service charge income	<u>55,288</u>	<u>46,322</u>
<b>Listed investments</b>		
Received from UK listed investments	109,805	93,994
Received from overseas listed investments	<u>20,263</u>	<u>23,178</u>
Income from listed investments	<u>130,068</u>	<u>117,172</u>
<b>Total investment income</b>	<u>185,356</u>	<u>163,494</u>

**4 Other incoming resources**

	2014 £	2013 £
Other income	<u>1,274</u>	<u>522</u>

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2014****5 Resources expended: cost of generating funds**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Expendable endowment</b>		
Investment management fees	26,921	24,620
	<u>26,921</u>	<u>24,620</u>
<b>Unrestricted general funds</b>		
Investment property costs:		
- Insurance	1,534	3,148
- Repairs	-	1,458
- Council tax	1,785	894
- Depreciation	17,045	15,734
	<u>20,364</u>	<u>21,234</u>
<b>Total cost of generating funds</b>	<u><u>47,285</u></u>	<u><u>45,854</u></u>



**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2014****6 Resources expended: charitable activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Maintenance and upkeep of property</b>		
Repairs and maintenance	50,858	31,873
Insurance	17,682	9,933
Heat and Light	19,453	21,577
Sundry	584	404
	<u>88,577</u>	<u>63,787</u>
<b>Gardens</b>		
Wages and council tax	48,061	43,787
Chemicals	-	95
Petrol and oil	1,510	1,684
Vehicle and machinery repairs	1,607	2,859
Sundries	6,752	4,521
Depreciation	10,487	10,747
Loss on sale of fixed assets	-	1,098
	<u>68,417</u>	<u>64,791</u>
<b>Conservation and restoration</b>	<u>7,235</u>	<u>-</u>
	<u>164,229</u>	<u>128,578</u>

**7 Resources expended: governance costs**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Telephone	173	317
Legal fees	7,883	12,933
Audit	5,150	4,140
Accountancy	5,150	9,660
	<u>18,356</u>	<u>27,050</u>

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2014****8 Employees****Number of employees**

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

	2014 Number	2013 Number
Gardens	2	2
Housekeeping	1	1
	<u>3</u>	<u>3</u>
Wages and salaries	41,906	39,021
Social security costs	6,235	4,190
Council tax	(80)	576
	<u>48,061</u>	<u>43,787</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 Net (outgoing)/incoming resources**

	2014 £	2013 £
Net (outgoing)/incoming resources are stated after charging:		
Depreciation of tangible assets	27,532	26,481
Auditors' remuneration	<u>5,150</u>	<u>4,140</u>

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2014****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 2013	103,362	229,730	16,562	29,781	379,435
Additions	-	-	518	-	518
	<u>103,362</u>	<u>229,730</u>	<u>17,080</u>	<u>29,781</u>	<u>379,953</u>
At 5 April 2014	103,362	229,730	17,080	29,781	379,953
<b>Depreciation</b>					
At 6 April 2013	-	62,466	16,562	18,447	97,475
Charge for the year	-	7,550	104	2,833	10,487
	<u>-</u>	<u>70,016</u>	<u>16,666</u>	<u>21,280</u>	<u>107,962</u>
At 5 April 2014	-	70,016	16,666	21,280	107,962
<b>Net book value</b>					
At 5 April 2014	<u>103,362</u>	<u>159,714</u>	<u>414</u>	<u>8,501</u>	<u>271,991</u>
At 5 April 2013	<u>103,362</u>	<u>167,264</u>	<u>-</u>	<u>11,334</u>	<u>281,960</u>

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 2014****11 Fixed asset investments**

	<b>Investment properties £</b>
<b>Cost or valuation</b>	
At 6 April 2013 & at 5 April 2014	554,919
<b>Depreciation</b>	
At 6 April 2013	177,305
Charge for the year	17,045
At 5 April 2014	194,350
<b>Net book value</b>	
At 5 April 2014	360,569
At 5 April 2013	377,614

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2014****12 Fixed asset investments**

	<b>Listed investments £</b>
<b>Cost or valuation</b>	
At 6 April 2013	4,341,714
Purchases/additions	1,746,364
Revaluation	(73,553)
Disposals	(1,646,514)
	<u>4,368,011</u>
At 5 April 2014	<u>4,368,011</u>
<b>Net book value</b>	
At 5 April 2014	<u>4,368,011</u>
At 5 April 2013	<u>4,341,714</u>
 Market value of listed investments at 5 April 2014, split by geographical region:	
- United Kingdom	2,719,285
- Overseas	1,648,726
	<u>4,368,011</u>

The historical cost of listed investments held at 5 April 2014 is £3,500,453. Bank balances, as stated on the balance sheet at 5 April 2014, include £322,624 of cash held by the charity's investment managers within the portfolio.

<b>13 Debtors</b>	<b>2014 £</b>	<b>2013 £</b>
Other debtors	<u>17,121</u>	<u>23,926</u>
 <b>14 Creditors: amounts falling due within one year</b>	 <b>2014 £</b>	 <b>2013 £</b>
Taxation and social security	1,145	898
Other creditors	<u>27,287</u>	<u>25,677</u>
	<u>28,432</u>	<u>26,575</u>

**BALCARRES HERITAGE TRUST LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 5 APRIL 2014****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 2013	4,234,554	891,735	5,126,289
Net (outgoing)/incoming resources for the year	(26,921)	19,642	(7,279)
Revaluation of investments during the year	(73,553)	-	(73,553)
Gain on sale of investments	273,031	-	273,031
Transfer between funds	(25,201)	25,201	-
	<u>4,381,910</u>	<u>936,578</u>	<u>5,318,488</u>
Balance at 5 April 2014	<u>4,381,910</u>	<u>936,578</u>	<u>5,318,488</u>

**Analysis of net assets between funds**

Tangible fixed assets	13,899	618,661	632,560
Investments	4,368,011	-	4,368,011
Net current assets	-	317,917	317,917
	<u>4,381,910</u>	<u>936,578</u>	<u>5,318,488</u>

## BALCARRES HERITAGE TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2014

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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 31 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 5 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 Balniel 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 £5,690 (2013: £5,580) and £15,920 (2013: £15,610) by Lord Balniel.

The charity paid premiums for insurance which include cover for parts of Balcarres House occupied by the Earl of Crawford and Balcarres and Lord Balniel and the charity was reimbursed in full (the amount of the reimbursed premiums in the current year was £1,269 (2013: £953)). The charity 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 charity and subject to a loan agreement between the charity and Lord Balniel. In the current year this amounted to £9,579 (2013: £8,768).

There were no amounts outstanding from the Earl of Crawford and Balcarres and Lord Balniel at 5 April 2014 or 5 April 2013.

Lord Balniel 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 £26,921 (2013: £24,620). The charity owed that firm £6,720 at 5 April 2014 (2013: £6,548)

Mr Simon Weil is a partner in the legal practice of Bircham Dyson Bell LLP which provides legal services to the charity. In the year under review the value of services provided was £7,883 (2013: £12,933). There were no amounts outstanding by the charity at 5 April 2014 in respect of these services.

Lady Balniel, wife of Lord Balniel, donated a painting to the charity with a mid-value of £65,000 in the prior year. The painting, "The Madonna and Child with Saint John the Baptist and Verdiana" was donated into the charity's unrestricted reserves and can be freely traded by the charity should the trustees so wish.