

COMPANY NUMBER: 3394958
INCORPORATED IN ENGLAND & WALES ON 30TH JUNE 1997

THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

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THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

FOR THE YEAR ENDED 31ST MARCH 2014

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THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31ST MARCH 2014

<u>Company Number:</u>	Incorporated in England & Wales on 30 June 1997 Company number 3394958
<u>Registered Charity Number</u>	1066272
<u>Board of Trustees:</u>	Andrew W M Fane (Chairman) John R C Arkwright Richard Broyd Juliet Colman Jeffrey P Haworth Christopher Honeyman Brown Mark A Jackson-Stops Robert C Morley Jeremy G D Musson Duncan W A Stirling Annabel Westman
<u>Secretary:</u>	Mark A Jackson-Stops
<u>Registered Office and Principal Office:</u>	Stowe House Stowe Buckingham MK18 5EH
<u>Auditors:</u>	Holmes Peat Thorpe Registered Auditors Chartered Accountants Basepoint Business & Innovation Centre 110 Butterfield, Great Marlings Luton LU2 8DL
<u>Solicitors:</u>	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
<u>Bankers:</u>	Barclays Commercial Bank Oxford Team PO Box 858, Wytham Court 11 West Way Oxford OX2 0XP
<u>Main Contractor</u>	Fairhurst Ward Abbotts 225 London Road Greenhithe Kent DA9 9RR
<u>Chief Executive Officer</u>	N Morris
<u>Finance Officer</u>	J Hill

THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2014

Financial Statements

The trustees, who are also the directors for the purposes of Company Law, present their annual report and audited financial statements of The Stowe House Preservation Trust, a charitable company, and its subsidiary undertaking for the year ended 31 March 2014, which have been prepared in accordance with the small company regime (section 419 (2)) of the Companies Act 2006 and the Charity Act 2011.

Statement of the Trustees' Responsibilities

Charity Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of its results for that year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the policies adopted are in accordance with the Charities SORP
- state whether the policies adopted are in accordance with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the relevant law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The trustees confirm they have complied with their duty set out in section 17(5) of the 2011 Charities Act having due regard to the guidance published by the Charity Commission with regards to a public benefit statement.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Charity is constituted as a company limited by guarantee and is governed by its Memorandum and Articles of Association upon incorporation on 30 June 1997 as amended by special resolution on 22 September 1999. The charity was registered on 26 November 1997. Its activities are controlled and governed by the trustees who meet regularly throughout the year. All members are trustees. Trustees' appointments are confirmed in Annual General Meetings.

THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2014

Governance

The Trust is governed by its Memorandum and Articles of Association upon incorporation on 30 June 1997 as amended by Special Resolution on 22 September 1999. New trustees are recruited and appointed by the trustees; the number of trustees connected with Stowe School is not to exceed one third of the total number of trustees.

The trustees are responsible for the overall management and control of the Trust and meet formally four times a year to receive reports from the Chief Executive who is responsible for implementing their policies and coordinating the work of the Project Management Teams and professional advisers and, through them, the appointed contractors.

The Trust has a wholly owned trading subsidiary, Stowe House Enterprises Limited that donates all its profits to the Trust.

Trustees

The trustees who served during the year were:

Andrew W M Fane (Chairman)
John R C Arkwright**
Richard Broyd
Juliet Colman** *
Jeffrey P Haworth
Christopher Honeyman Brown** *

Mark A Jackson-Stops
Robert C Morley*
Jeremy G D Musson
Duncan W A Stirling
Annabel Westman

* These trustees retire by rotation under the Articles of Association, and being eligible, offer themselves for re-election.

** These trustees are also trustees of Stowe School Limited.

Training of Trustees

New trustees are encouraged to take part in an induction into the workings of SHPT through a visit programme, discussion, and an introductory pack. Trustees also have access to ongoing training and a portal gives access to a discrete area of the website housing significant documents and records for their information

Lease Arrangements

Stowe House is leased to The Stowe House Preservation Trust with a coterminous leaseback to Stowe School Ltd for 99 years effective from 1 January 2000. The arrangements were confirmed under Charity Order 0149530D dated 10 November 1999. The cost of the acquisition of the lease was nil. An open market valuation could not be determined and there is an extensive repairing obligation. The trustees therefore included the acquisition at cost.

Risk Management

Trustees have examined the principal areas of the Trust's operations and considered the major risks that may arise in the areas of: financial funding; achievement of the business plan; restoration and maintenance; and health and safety. In the opinion of the trustees, the Trust has established resources and review systems which, under normal conditions, should allow the risks identified by them to be mitigated to an acceptable level in its day to day operations.

THE STOWE HOUSE PRESERVATION TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2014

OBJECTIVES AND ACTIVITIES

Principal Activities and Objectives

The Charity's objectives are as set out in the Memorandum of Association - to protect and preserve for the benefit of the public and of the Nation, Stowe House, in the county of Buckinghamshire.

Aims and Intended Impact

The Stowe House Preservation Plan envisaged a phased restoration of the building within the Grade I curtilage as defined in the lease. A significant proportion of this work has now been completed. The aim is to continue the restoration progress, maintain the Grade 1 curtilage, increase visitor attendance and improve the facilities available to visitors.

Objectives for the Year

The main objectives for the year were to undertake:

- Preparation for the restoration of the Blue Room and the flooring in the adjacent corridors
- Purchase and restoration of Valdrè's painting "The Dance of the Hours" and design of a chandelier for the Music Room
- Purchase and commissioning of a replica sarcophagus, sphinxes and painted panels in the Egyptian Hall
- Further research into the whereabouts of artefacts sold in the two great sales at Stowe
- Completion of the installation of the original Medici lions on the South Front and the manufacture and installation of replica lions in Stanley Park, Blackpool
- Preparation and completion of the HLF bid for the new Visitors Centre

To help achieve these objectives the trustees have continued to use professional advice.

ACHIEVEMENTS AND PERFORMANCE

Operational Performance

Blue Room: Restoration of the oak floor in the Blue Room and the adjacent corridor space plus the stone floor in the corridor between the ante library and North Hall was completed over the summer of 2013. At the same time, strengthening work was completed on the supporting joists, which had allowed significant deflection of the Blue Room floor, and on the base beneath the stone corridor floor where supporting beams had been cut at some time in the past, again, allowing an unacceptable amount of deflection. The reasons for these structural anomalies were not established but a full archaeological survey of the corridor floor provided useful detail on the development and construction of the House. Following extensive research of the development of the Blue Room, trustees agreed a recommendation from the specialist Interiors Working Group, a sub group of the Board, to complete the restoration of the room with a decorative scheme dated to 1860, the time at which the Temple Grenville family made some attempt to upgrade the House.

Egyptian Hall: The replica sarcophagus and painted panels were close to completion and will transform the Hall from a bare and functional passage way into a feature worthy of the intentions of the Marquess of Buckingham when he commissioned the work. The search for a definitive model for the sphinxes continues and, in the meantime, suitable modern representations have been installed to give an appropriate impression.

THE STOWE HOUSE PRESERVATION TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2014

Artefacts:

Lions: Since their return to the South Front in April 2013, the Medici lions have proved a popular and interesting addition to the House. Their return and the reciprocal arrangement of providing copies for Stanley Park in Blackpool has proved an exemplar of restoration and the combatting of sculpture theft.

Dance of the Hours Painting: Following completion of the Music Room restoration in August 2012, the original of Valdrè's painting "The Dance of the Hours" became available for purchase. The Trust successfully completed the purchase and contracted the restoration of the painting to its original condition, with removal of successive re-touchings of varying success. In the course of the conservation work, it was initially thought that the painting had been intended to be seen without a central chandelier beneath it and plans to procure a replica chandelier were put on hold. Deeper investigation revealed that the painting had been re-touched by the original artist and the procurement action therefore resumed. Detailed designs have been drawn up and negotiations completed with a specialist manufacturer, who is also a supplier to the Royal Household. Procurement will take a year so Dance of the Hours will be initially re-instated without the chandelier.

Heritage Lottery Fund Bid: Work has started on the construction, with funding from the Heritage Lottery Fund and other grant giving bodies, of a visitor welcome area, interpretation centre and education facility in the lower ground floor of the Mansion. Following separate competitive tender exercises, three contracts were let; the construction work with Fairhurst Ward Abbots, the exhibition design and build with Opera Amsterdam and the audio visual displays with 59 Productions. The contract with 59 Productions was terminated after two months by mutual agreement and has since been re-let with Centre Screen, who were the second placed bidder and who have maintained their original tender price and bid content.

As reported last year the application to the Heritage Lottery Fund (HLF) for development of a visitor reception and interpretation centre to complement the work of the National Trust in their new visitor reception and interpretation facilities at New Inn was successful. The HLF granted £804,000 towards the total costs of £1,407,167. The balance will be funded from existing donations made specifically for this purpose and a grant of £30,000 recently obtained from the Esmée Fairbairn Foundation. The HLF had already awarded a grant of up to £45,716, being 50% of the total eligible development cost.

Maintenance: A maintenance regime for the House is in place with appropriate allowance made in the Trust's cashflow. Trustees recognise that it is prudent to plan on between £250,000 and £450,000 being required over a period for maintenance. During the year £100,000 was contributed towards the conservation aspects of the Vanburgh's Brew House refurbishment.

Public Benefit: The Trust provides a benefit to the public by allowing visitors from all over the world to have access to Stowe House, a building of immense grandeur and beauty, whose international importance is well established. The number of visitors viewing the House during the year through the purchase of tickets was 7,756 (2013: 7,665). In addition 12,039 (2013: 12,698) visitors contributed income through commercial events. Wider access was provided to visitors through School events and activities. The continuing increase in the number of paying visitors was achieved by: improving publicity at the New Inn entrance; raising awareness through the volunteer team; and attracting groups and coach parties. A "pop up" tea room in the cellar with the former chapel as an occasional alternative also attracted a large number of visitors, filling a gap in the facilities available on site.

THE STOWE HOUSE PRESERVATION TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2014

Events: The turnover of the trading subsidiary increased to £124,462 (2013 £112,248) and the donated sum to the net income of the charity to £58,104 (2013: £43,472). Once again, the variety and frequency of events has been increased, with "twilight" tours and occasional roof top access proving particularly popular. Donations raised by the Trust were £12,486 (2013: £101,630).

Volunteer Staff: The contribution of volunteers has continued to grow year on year with a particular emphasis this year on the professional development of the volunteers. The Visitor Services Manager has maintained a focus on sustaining the morale of, and standards achieved by, the volunteer force. The time given by those involved with the charity is commended. The costs associated with this volunteer input cannot be quantified and are not included in the SOFA.

Partnership: The Stowe House Preservation Trust continues to work closely with its partners on the Stowe site, Stowe School Limited and The National Trust, on the restoration of the House and improving the visitor experience in the House and Landscape Gardens. Stowe School Limited continues to subsidise a number of The Stowe House Preservation Trust's administrative and support functions.

THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2014

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Financial Results

The net income for the year was £86,082 (2013 £819,621).

Principal funding sources for the year were from Fidelity and Mellon Estate via World Monuments Fund Britain. A significant contribution was made by an anonymous donor.

Further restoration work was carried out and £416,073 was capitalised during the year (2013 £1,129,700).

The accounts are prepared on an accruals basis and, as required, the restoration work is capitalized and will therefore be reflected in the SOFA over the period of its useful economic life by way of depreciation charges.

The detailed results are set out on page 10 and in the associated notes, and the financial position of the subsidiary is shown on page 14 and page 15.

Reserves Policy

Trustees are conscious that unrestricted reserves are committed to the funding of the restoration work and therefore represent building work conducted or to be conducted. The trustees recognise the need to maintain sufficient general unrestricted reserves to enable the charity to meet its expenditure commitments for the foreseeable future, in particular the upkeep and repair of restoration work already completed.

Part of the unrestricted fund is set aside as a designated fund to reflect the extent to which private donations have been committed to complement public sector grants, for expenditure on restoration work.

Investment Policy and Objectives

Until the Trust establishes sufficient funds for investment, the day to day management of surpluses is the responsibility of the Chief Executive Officer. Cash balances are placed to maximise interest rates when possible i.e. in short-term treasury funds held with a London clearing bank or major building society.

FUTURE PLANS

The main objectives for the forthcoming year are to:

- Complete the restoration of the Blue Room
- Restoration of the North Hall ceiling
- Re-instatement of Valdrè's painting "The Dance of the Hours" and a chandelier in the Music Room
- Delivery of the Enlightenment for All project, creating a new welcome centre, interpretation facility and activity space with an associated programme of outreach and activity
- Continuing research into the whereabouts of artefacts sold in the two great sales at Stowe
- Initiation and continuing research into future restoration projects

**THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2014**

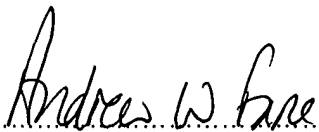
Statement as to disclosure of information to auditors

So far as each of the directors is aware, there is no relevant audit information (as defined by section 418(1) to (4) of the Companies Act 2006) of which the company's auditors are unaware, and each of the directors has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Holmes Peat Thorpe, will be proposed for re-appointment in accordance with Section 495 of the Companies Act 2006.

Approved by the trustees and signed on its behalf by:


.....

Dated: ...15/10/14....

Mr. Andrew W M Fane
For and on behalf of the Board of Trustees

THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STOWE HOUSE
PRESERVATION TRUST**

We have audited the financial statements of The Stowe House Preservation Trust for the year ended 31 March 2014, which comprise the Consolidated Statement of Financial Activities, Balance Sheet, Consolidated Statement of Cash Flow and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of the trustees' responsibilities on page 1 of the Report of the Trustees, the trustees (who are also the directors of the charitable 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 auditor under the Companies Act 2006 and in accordance with regulations under Section 154 of the Charities Act 2011 and report in accordance with 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees 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 state of the group's and parent charitable company's affairs as at 31 March 2014 and the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the requirements of the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

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

THE STOWE HOUSE PRESERVATION TRUST
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STOWE HOUSE
PRESERVATION TRUST**

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 Act 2011 requires us to report to you if, in our opinion:

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



Peter Cooper FCA (Senior Statutory Auditor)
for and on behalf of

Holmes Peat Thorpe
Chartered Accountants
Statutory Auditors
Basepoint Business & Innovation Centre
110 Butterfield
Great Marlings
Luton
Bedfordshire, LU2 8DL

Date: 15 October 2014

THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST MARCH 2014

Income and expenditure account

	Notes	Designated Unrestricted Funds £	General Unrestricted Funds £	Restricted Funds £	31-Mar 2014 £	31-Mar 2013 £
Incoming resources						
Incoming resources from generated funds						
<i>Voluntary Income - donations</i>		-	3,986	8,500	12,486	101,630
<i>Activities for generating funds:</i>						
Income of trading subsidiary		-	124,462	-	124,462	112,248
Rent receivable		-	138,167	-	138,167	122,597
Misc Income		-	80	-	80	-
<i>Investment income - interest receivable</i>		-	1,878	-	1,878	3,405
Incoming resources from charitable activities						
Grants for restoration	2	-	-	457,086	457,086	968,111
Total incoming resources		-	268,573	465,586	734,159	1,307,991
Resources expended						
Costs of generating funds:						
Fundraising Trading - Cost of sales		-	65,857	-	65,857	67,467
		-	65,857	-	65,857	67,467
Charitable activities	5	-	290,218	286,767	576,985	415,802
Governance costs	6	-	5,235	-	5,235	5,101
		-	295,453	286,767	582,220	420,903
Total resources expended		-	361,310	286,767	648,077	488,370
Net income for the year						
Net incoming resources before transfers		-	(92,737)	178,819	86,082	819,621
Transfers						
Gross transfers between funds	19	(51,542)	51,542	-	-	-
Net movement in funds		(51,542)	(41,195)	178,819	86,082	819,621
Total funds brought forward		1,088,746	940,894	18,815,202	20,844,842	20,025,221
Total funds carried forward		1,037,204	899,699	18,994,021	20,930,924	20,844,842

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources expended derive from continuing activities.

The notes on pages 13 to 20 form part of these financial statements.

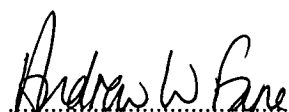
THE STOWE HOUSE PRESERVATION TRUST
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CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31ST MARCH 2014

	Note	Group 2014 £	2013 £	Charity 2014 £	2013 £
Fixed assets					
Heritage assets	7	20,009,648	19,884,077	20,009,648	19,884,077
Investments	8	-	-	2	2
		<u>20,009,648</u>	<u>19,884,077</u>	<u>20,009,650</u>	<u>19,884,079</u>
Current Assets					
Stock		2,116	2,316	-	-
Debtors and prepayments	9	104,971	231,113	150,587	273,823
Bank Current Account		14,619	49,238	11,367	44,977
Bank Deposit Accounts		1,101,719	950,686	1,050,985	900,984
		<u>1,223,425</u>	<u>1,233,353</u>	<u>1,212,939</u>	<u>1,219,784</u>
Liabilities					
Amounts falling due within one year	10	302,149	272,588	298,966	266,323
Net current assets		<u>921,276</u>	<u>960,765</u>	<u>913,973</u>	<u>953,461</u>
Net assets		<u>20,930,924</u>	<u>20,844,842</u>	<u>20,923,623</u>	<u>20,837,540</u>
The funds of the charity					
Unrestricted funds: Designated	19	1,037,204	1,088,746	1,037,204	1,088,746
Unrestricted funds: General		892,398	933,593	892,398	933,593
Funds retained within non-charitable subsidiary		7,301	7,301	-	-
Total unrestricted funds	11	<u>1,936,903</u>	<u>2,029,640</u>	<u>1,929,602</u>	<u>2,022,339</u>
Restricted funds	11 & 18	<u>18,994,021</u>	<u>18,815,202</u>	<u>18,994,021</u>	<u>18,815,202</u>
Total Charity Funds		<u>20,930,924</u>	<u>20,844,842</u>	<u>20,923,623</u>	<u>20,837,541</u>

Approved by the Board of Trustees and signed on its behalf by:



Mr Andrew W M Fane

Dated: ...15/10/14

The notes on pages 12 to 18 form part of these financial statements.

THE STOWE HOUSE PRESERVATION TRUST
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CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	15	530,609	644,387
Returns on investments and servicing of finance : Deposit interest received		1,878	3,405
 Capital expenditure and financial investment:			
Payments to restore heritage assets		(416,073)	(1,129,700)
 Net cash outflow before management of liquid resources and financing		116,414	(481,908)
 Management of liquid resources			
(Increase)/Reduction in short term deposits		(151,033)	479,119
 Decrease in cash in the year		(34,619)	(2,789)
 Net cash resources at 1 April 2013		49,238	52,027
 Net cash resources at 31 March 2014		14,619	49,238

THE STOWE HOUSE PRESERVATION TRUST
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2014

1) Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005), applicable accounting standards and the Companies Act 2006. The principle accounting policies adopted in the preparation of the financial statements are as follows:

Group Financial Statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Stowe House Enterprises Limited (SHEL) on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. The summarised profit and loss account and balance sheet of SHEL are given in note 3.

Fund accounting

The charity's general fund consists of funds which the charity may use for its purpose at its discretion. Trustees recognise that part of the unrestricted funds comprise voluntary sector income that has been utilised as partnership funding in the restoration work fixed asset. They have therefore created a designated fund to recognise the restriction on their discretion that this affects. The charity's restricted funds are those where the donor has imposed restrictions on the use of the funds.

Donations and voluntary income

Donations and voluntary income are recorded as incoming resources on a receivable basis. Income tax recoverable on covenanted giving and Gift Aid donations is accounted for in the year of receipt of the associated income on an accruals basis.

Grants receivable

Grants receivable are credited to the Statement of Financial Activities (SOFA) in the year for which they are receivable, to the extent that the costs to which the grant relates are incurred. Where grants are received for future periods these are carried forward as deferred income. The grants are for the restoration costs of Stowe House which are capitalised. The grants are held in a restricted fund which will be amortised in line with the depreciation of the restoration costs.

Investment income and rental income

Income from bank deposits and from the leasing of property are included in the SOFA in the year in which they are receivable. All investment income arises from investments in the U.K.

Expenditure

All expenditure is included on an accruals basis, and includes non-recoverable VAT where applicable. Costs have been directly attributed to one of the functional categories of resources expended in the SOFA as follows:

Cost of generating funds: Subsidiary trading costs

Charitable activities: depreciation and support costs

Governance costs: audit, legal, accountancy and trustee training fees

Impairment Reviews

Impairment reviews are undertaken on an ongoing basis and expenditure is accounted for when incurred.

THE STOWE HOUSE PRESERVATION TRUST
(A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2014

1) Heritage assets

The restoration costs of Stowe House are capitalised as appropriate and written off over a period of expected useful life of 75 years from completion of the project. The "Medici" Lions are amortised over 50 years.

No depreciation is provided until the particular section of a phase of the restoration phase is complete.

2) Incoming Resources

Grants	2014 £	2013 £
Phase 3		
Robert W Wilson Challenge via World Monuments Fund in Britain	73,917	263,587
Anonymous Donor	275,454	216,838
Mellon Estate	67,612	189,752
Henderson, Warburg and Others	-	155,768
Heritage Lottery Fund	-	45,716
Fidelity	200,000	-
Add Opening deferred income	8,362	104,810
Less Closing deferred income	(168,259)	(8,360)
Total	<u>457,086</u>	<u>968,111</u>

The grants are receivable under an agreed programme of restoration and funded according to claimed and funder approved expenditure.

The majority of the closing deferred income relates to the grant from Fidelity received during the year, which is deferred until the Interpretation Centre restoration work is undertaken.

3) Net income from trading activity of subsidiary

The charity has a wholly owned subsidiary Stowe House Enterprises Ltd (SHEL), a company incorporated in England and Wales. The Company carries out the trading and commercial activity from Stowe House within the overall restriction of activities being commensurate with its status. The purpose is to raise money for donation to the charity.

A summary of its financial activity is given below:

Profit and loss account of SHEL for the year ended 31 March 2014

	£
Turnover	124,462
Cost of sales	65,121
Gross profit	<u>59,341</u>
Other operating income: Interest receivable & similar	32
	<u>59,373</u>
Administrative expenses	1,269
Charitable donation to SHPT	58,104
Profits on ordinary activities before taxation	<u>-</u>
Taxation	-
Retained profit for the period	<u><u>-</u></u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2014

Summarised balance sheet of SHEL at 31 March 2014

	£
Current assets	71,720
Creditors: Amounts falling due within one year	64,417
Net assets	<u>7,303</u>
Share capital	2
Reserves	<u>7,301</u>
	<u>7,303</u>

4) Staff costs

Other than the officials who provide services on a voluntary basis, the average number of employees during the year was 2 (2013: 2.50). No employees were paid in excess of £60,000 per annum.

Total Staff Costs were:	2014	2013
	£	£
Salaries	41,120	41,702
Social security costs	4,177	4,009
Pension costs	2,739	2,696
	<u>48,036</u>	<u>48,407</u>

The Charity has had the benefit of the time spent by Stowe School staff on accounting issues in the year. No payment has been made. The amount of potential costs is not considered material.

The trustees have not been remunerated during the year. Expenses and subsistence to the value of £1,098 (2013: £626) have been reimbursed to 4 (2013: 3) trustees.

5) Charitable expenditure

	2014	2013
	£	£
Charitable expenditure comprises:		
Depreciation of completed phases of the restoration	290,502	271,805
Support costs	286,483	143,997
	<u>576,985</u>	<u>415,802</u>

Support costs includes:

Salaries	48,036	48,407
Other project costs	28,219	14,317
Maintenance costs	201,394	47,344
Administration costs	8,835	33,929
	<u>286,484</u>	<u>143,997</u>

The Charity's increase in maintenance costs was a result of the conservation work associated with the refurbishment of Vanburgh's Brew House (£100,000), and repairs to the Grenville staircase (£29,650) and Cobham roof (£26,569).

6) Governance

Included in Governance costs is £5,235 (2013 £5,101) paid to the auditors in respect of external scrutiny.

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FOR THE YEAR ENDED 31ST MARCH 2014

7) Heritage assets

	Restoration Phase 1 £	Restoration Phase 2 £	Restoration Phase 3 £	TOTAL £
Cost				
As at 1 April 2013	6,238,663	7,149,760	8,255,839	21,644,262
Restoration work done in the year			416,073	416,073
As at 31 March 2014	6,238,663	7,149,760	8,671,912	22,060,335
Depreciation				
As at 1 April 2013	873,042	724,491	162,652	1,760,185
Charge for the year	83,181	95,331	111,990	290,502
As at 31 March 2014	956,223	819,822	274,642	2,050,687
Net Book Value				
As at 31 March 2014	5,282,440	6,329,938	8,397,270	20,009,648
As at 31 March 2013	5,365,621	6,425,269	8,093,187	19,884,077

Phase 1: the North Front and Colonnades

Phase 2: the Central Pavilion and South Portico

Phase 3: the South Front and the State Rooms

The heritage assets consist of Stowe House at leasehold cost and the costs of restoration works.

No depreciation is provided until the completion of the relevant section of the phase of the restoration project. Thereafter depreciation is provided to amortise the improvement expenditure over the estimated life of the asset.

Heritage assets acquired during each of the last 5 accounting periods are as follows:

	Heritage Assets
	£
Year to 31 March 2010	2,288,223
Year to 31 March 2011	3,085,859
Year to 31 March 2012	1,191,905
Year to 31 March 2013	1,129,700
Year to 31 March 2014	416,073

Stowe House is one of the finest 18th century houses in the world and constitutes the grandest temple in the world famous landscape gardens. A visitor attraction since the 18th century, Stowe House is one of the greatest and most imitated estates in Europe. It is an architectural masterpiece on an immense and palatial scale which has inspired countless artists, architects and poets. The House includes the work of a number of leading 18th century designers, notably Sir John Vanburgh, Robert Adam, James Gibbs, William Kent and Sir John Soane.

Stowe House is leased to The Stowe House Preservation Trust with a co-terminous leaseback to Stowe School Ltd for 99 years effective from 1 January 2000. The arrangements were confirmed under Charity Order 0149530D dated 10 November 1999. The cost of the acquisition of the lease was nil. An open market valuation could not be determined and there is an extensive repairing obligation. The trustees therefore included the acquisition at cost. A valuation is impractical and conventional valuation techniques cannot be applied.

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FOR THE YEAR ENDED 31ST MARCH 2014

Chattels

Under an agreement dated 31 December 1999, the chattels present in Stowe House at the time of the grant of the lease have also been loaned to the Charity under a 25 year agreement also at nil cost and effective from 1 January 2000. These are Stowe School Limited's, Hall Bequest's and Fortesque Trust's chattels, essentially paintings, busts and other artefacts on display in Stowe House.

8) Fixed asset investments

	2014 Unlisted £	2013 Unlisted £
Net book values:		
As at 31 March 2014	2	2
	<u>2</u>	<u>2</u>
As at 31 March 2013	2	2
	<u>2</u>	<u>2</u>

As at the balance sheet date the Company held the following investments in subsidiary undertakings:

<u>Subsidiary</u>	<u>Holding</u>	<u>Nature of business</u>	<u>Country of incorporation</u>
Stowe House Enterprises Ltd	100% ordinary £1 shares	Fund raising for Stowe House	England & Wales

9) Debtors and prepayments

	2014		2013	
	Group £	Charity £	Group £	Charity £
Due from Group company	-	58,104	-	43,472
Trade debtors	15,321	-	1,592	24
Prepayments	31	-	31	-
Accrued income	266	-	199	-
Grants receivable	80,483	80,483	178,578	178,578
VAT recoverable	8,072	11,202	48,469	49,506
Taxation recoverable	798	798	2,244	2,243
	<u>104,971</u>	<u>150,587</u>	<u>231,113</u>	<u>273,823</u>

10) Creditors: Amounts falling due within one year

	2014		2013	
	Group £	Charity £	Group £	Charity £
Accrued expenditure	45,054	43,375	145,215	144,534
Deferred income	202,801	202,801	42,903	42,903
Other creditors	43,326	41,821	53,514	47,930
VAT payable	337	337	-	-
Building work retention	10,632	10,632	30,956	30,956
	<u>302,149</u>	<u>298,966</u>	<u>272,588</u>	<u>266,323</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2014

11) Total funds	<u>Designated</u> <u>Unrestricted</u> <u>Funds</u> £	<u>General</u> <u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total</u> £
As at 1 April 2013	1,088,746	940,894	18,815,202	20,844,842
Incoming resources	-	268,573	465,586	734,159
Resources expended	-	(361,310)	(286,767)	(648,077)
Transfers	(51,542)	51,542	-	-
As at 31 March 2014	1,037,204	899,699	18,994,021	20,930,924

Represented by:	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total</u> £
Tangible fixed assets	1,037,204	18,972,444	20,009,648
Current assets	983,020	240,405	1,223,425
Current liabilities	(83,321)	(218,828)	(302,149)
Total net assets	1,936,903	18,994,021	20,930,924

The restricted funds comprise funds for the restoration of Stowe House.

12) Share capital

The Company is limited by guarantee and does not have a share capital.

13) Related party transactions

Stowe School Ltd (SSL), a charity, holds the underlease on Stowe House and granted the leasehold interest to The Stowe House Preservation Trust (SHPT) out of its freehold interest. The lease has arrangements for the payment of market rent by SSL. SHPT has purchased from SSL sundries totaling £210,066 (2013: £135,937), and has received rent of £138,167 (2013: £122,597) and other income of Nil (2013: Nil), with a consolidated balance due to SSL at 31st March 2014 of £784 (2013: 11,762).

Stowe Enterprises Ltd (SEL) is a trading subsidiary of SSL and assists in the arrangements of commercial activities with Stowe House Enterprises Ltd (SHEL), the charity's subsidiary. Profits from these ventures are shared. SHEL has trading transactions with SEL amounting to sales of £78,566 (2013: £68,463) and purchases of £12,967 (2013: £15,526), with a net balance due to the subsidiary company at 31st March 2014 of £14,040 (2013: £444 due to the subsidiary company).

Certain trustees are trustees in both charities. The composition and control of the boards of trustees however remain independent of each other. All transactions between the related charities were on an arms length basis.

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FOR THE YEAR ENDED 31ST MARCH 2014

14) Capital Commitments

Capital commitments as at 31 March 2014 are estimated to be £1,853,906 (2013: £685,622) in respect of the Blue Room, Egyptian Hall, Interpretation Centre, Music Room, Music Room and Library Lighting, North Hall and Welcome Centre phases of the restoration programme. Commitments are payable as follows:-

	2014 £	2013 £
In less than one year	1,848,376	658,421
In one to two years	5,530	27,201
	<u>1,853,906</u>	<u>685,622</u>

Movement during the year:-

	£
Capital commitments at 1 April 2013	685,622
Commitments fulfilled in year	(658,421)
New commitments	1,826,705
	<u>1,853,906</u>

15) Notes to consolidated cash flow statement

Reconciliation of surplus of income to net cash flow from operating activity

	2014 £	2013 £
Net movement in funds for the year:		
Net incoming resources before other recognised gains and losses	86,082	819,621
Investment income	(1,878)	(3,405)
Depreciation	290,502	271,805
(Increase)/Decrease in stock	200	(1,152)
(Increase)/Decrease in debtors	126,142	(218,028)
Increase/(Decrease) in creditors	29,561	(224,454)
Net cash inflow from operating activities	<u>530,609</u>	<u>644,387</u>

16) Contingent Liability

Trustees are not aware of any contingent liabilities.

17) Other Commitments

Trustees agreed in July 2011 to offer support, in the form of advancing a loan, up to a maximum of £25,000, to be repaid within three months to The Hall Bequest Fund. Any loan would have to be for a specific purpose i.e. to purchase artefacts relevant to the history of the House.

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FOR THE YEAR ENDED 31ST MARCH 2014

18) Restricted Funds	2014 £	2013 £
The restricted funds comprise the following elements:		
Restoration work – grant funded element and restricted donations net of depreciation	18,994,021	18,815,202
	<hr/>	<hr/>

19) Designated Funds

Trustees agreed in 2004 to create a designated fund from the unrestricted funds reflecting the extent to which private donations have been committed to support the public sector grants for expenditure on restoration work. As these funds have been expended on creation of a fixed asset, trustees do not feel that it is useful to describe them as unrestricted general funds. Depreciation exceeded capital expenditure financed out of unrestricted funds during the year by £51,542 and has been transferred to the designated unrestricted fund. (2013: capital expenditure exceeded depreciation by £65,090)