

REGISTERED COMPANY NUMBER: SC328535 (Scotland)
REGISTERED CHARITY NUMBER: SC037425

**Report of the Trustees and
Audited Financial Statements for the Year Ended 31 December 2017
for
The Abbotsford Trust**

SATURDAY



A29 *A7FHTVUA* #23
29/09/2018
COMPANIES HOUSE

Douglas Home & Co (Audit) Limited
47-49 The Square
Kelso
TD5 7HW

**Contents of the Financial Statements
for the Year Ended 31 December 2017**

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**Reference and Administrative Details
for the Year Ended 31 December 2017**

TRUSTEES

J E Holloway
A Douglas-Home (resigned 15.12.17)
Lord Sanderson of Bowden
J R Wright
P J Scott Plummer
G R Dalglish
Mrs J Douglas-Home
J P H Scott
D McClay (resigned 5.4.18)
M Maxwell-Scott
G Jackson QC
Caroline, Lady Dalmeny
Mrs D Kerr
Lord Purvis of Tweed
S Spencer
Mrs C Riddell - Carre
J Waddell (appointed 15.12.17)
S J Fraser (appointed 15.12.17)
Mrs S Robertson (appointed 15.12.17)

COMPANY SECRETARY

G Ingram

REGISTERED OFFICE

Abbotsford
Melrose
Roxburghshire
TD6 9BQ

REGISTERED COMPANY NUMBER

SC328535 (Scotland)

REGISTERED CHARITY NUMBER

SC037425

AUDITORS

Douglas Home & Co (Audit) Limited
47-49 The Square
Kelso
TD5 7HW

BANKERS

Bank of Scotland
Galashiels
TD1 1BE

SOLICITORS

Anderson Strathern
3 Channel Street
Galashiels
TD1 1BE

**Report of the Trustees
for the Year Ended 31 December 2017**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the charity are:

- To advance the arts culture and heritage by the acquisition, preservation, protection and improvement of the buildings, land and policies of Abbotsford, together with its contents and any amenity or other land associated with Abbotsford or with Sir Walter Scott and his family or with the works of Sir Walter Scott, together with any moveables of family literary, historic or cultural significance, all for the benefit and enjoyment of the public; and
- To advance the education of the public in relation to the arts and literature and Scottish culture, and particularly the life and works and family of Sir Walter Scott and the history of Abbotsford.

The strategies employed to achieve the charity's objectives are to open Abbotsford from 1st March to 30th November every year as a minimum, 7 days a week, and to allow visits by appointment for the rest of the year, so that Abbotsford's unique architecture and contents as well as the garden and grounds, almost all the creation of Sir Walter Scott himself and much of it as it was when he died in 1832, is available for appreciation and learning to as many people as possible. In addition, the principal factor underlying all the trustees' work is to increase visitor numbers and educational opportunities for all by improving visitor facilities and interpretation of Scott's life and work, to secure the fabric of the house and gardens and to improve the financial viability of the Abbotsford Trust so that it can survive and prosper to the benefit of all for the long term. To this end a long term plan has been formulated whose sole aim is to enhance the opportunity for delivery of the charity's objectives as laid out above.

The Trust has continued throughout 2017 to engage with and be indebted to the invaluable services provided by volunteers in almost all aspects of Abbotsford activities and operations.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

2017 continued to be a year of consolidation and development of professional business practices, as the Trust entered its fourth full year of operation since the finalisation of the £12 million regeneration and renewal project. Scottish Enterprise, the Heritage Lottery Fund, and Historic Environment Scotland continued to support this transition process through well directed grant funding and advice.

Abbotsford had a successful admissions season in 2017, with more inbound visitors as a result of favourable exchange rates and digital marketing improvements which drove a 30% increase in website visits. In total, 41,598 visitors paid to see the House and Gardens during 2017, an increase of 5% on 2016. A further 3,874 visited the House free of charge as members of partner organisations and an annual free community day. Approximately 15,000 visitors came free of charge for the estate and Visitor Centre. Abbotsford met the average growth rate for Southern Scotland attractions (4.8%) but failed to match the rate for Scotland as a whole (9.7%).

The total number of school children involved in learning activities in 2017 was 876, representing a 45% increase on the previous year. During 2017 the annual pass offer allowing unlimited access year-round was extended to school-children participating in our educational programme, encouraging them to return free of charge in the company of family members. External research enquiries relating to the Collection increased by 20% in 2017.

The Trading Company made a loss for a second successive year of £16,699 in 2017. Although revenue increased from retail, events and lettings, this was insufficient to meet the continued fall in catering revenue due to changes in the catering contract commission structure from late 2016, and increases in operational costs.

The invested Endowment Fund per Note 19 was valued at £3,272,180 (Dec 2016 £2,972,095), with a projected income return of £100,000 in 2018. Other significant donations and grants awarded in the year included £125,240 from EU Leader and the Heritage Lottery Fund for a 2 year community project in Abbotsford's gardens, £27,501 for a new minibus to link Abbotsford with Tweedbank railway station, £32,375 towards the restoration of Scott's iconic Portcullis Gate, and various small funds including for the restoration of rare books.

**Report of the Trustees
for the Year Ended 31 December 2017**

The trustees consider that the continued improvement in professional business practices and the increasing level of Endowment Funds allows them to look at the future with a high level of confidence.

FINANCIAL REVIEW

Principal funding sources

During the year, the charity received donations and grants totalling £613,526, with £562,246 given to Restricted funds and £50,645 to Unrestricted Funds.

Resources expended within restricted funds are clearly shown in Note 25.

The subsidiary, The Abbotsford Trading Company Limited, made a loss of £16,699 as detailed under the charitable activities review.

The Trust itself made an overall surplus in the year of £393,435, this comprising surpluses on the Unrestricted fund of £106,802, the Endowment fund of £295,123 and a deficit on the Restricted funds of £8,490.

Reserves policy

The Abbotsford Board retains its policy of achieving its target of no less than £150,000 in unrestricted reserves. At the year end, the 31/12/16 position of consolidated unrestricted reserves of £37,879 were improved to £127,982 and it is anticipated that progress towards the target of £150,000 will continue to be made over the coming years.

FUTURE PLANS

The trustees adopted a business plan for 2015-2018 in May 2015 based on wholly conservative and prudent assumptions. The plan shows that with the continued development of visitor admissions and trading performance the Trust can prosper and repay its bank loan in full during 2018.

Significant works to improve the visitor experience and complete outstanding conservation work were realised in 2017-18 in the estate through the WIAT woodlands and paths restoration project which has improved free community access to Scott's historic estate, and through accessibility improvements to garden paths. These will contribute to Abbotsford's growing reputation as a garden and estate visitor attraction as well as historic house.

The advantage of the Borders Railway link was further developed by the establishment of a new minibus transfer service in 2018.

The trustees believe that there is an increasingly firm foundation on which to generate increases in admissions and trading revenue. Together with continued fund raising towards the Endowment Fund and its sound investment, the Trust aims to improve its position year-on-year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is operated as a limited company, which is limited by guarantee and has no share capital. The charity's affairs are governed by its Memorandum and Articles of Association. It is registered as a charity in Scotland. The Board members are also Members of the company, each of whom agree to contribute £10 in the event of the charity winding up. Any individual or Corporate Body may apply to be a Member; the application will be considered by the Trustees.

Recruitment and appointment of new trustees

Potential new trustees being Members of the company can apply to the Board.

The trustees may at any time appoint any person to be a member of the Board either to fill a casual vacancy or as an addition to the existing membership (but not so as to exceed the maximum number of 15 trustees).

Any person so appointed shall hold office only until the following annual general meeting and shall then be eligible for re-election for a three year term. A Trustee shall be eligible for re-election at any AGM following the expiry of such three year period, provided he or she is willing to continue to act. There is no limit on the number of three year terms (including consecutive terms) that a Trustee can hold office.

The board of trustees administers the charity, meeting at least quarterly. It has sought to attract trustees with an interest in the Borders, in Sir Walter Scott and with business or other relevant experience. The Board has appointed a Chief Executive to manage the day to day operations of the charity and to act as company Secretary.

**Report of the Trustees
for the Year Ended 31 December 2017**

Trustee Declared Conflicts of Interest

None of the trustees has any conflicts of interest. Specifically, A. Douglas Home has had no contract with nor interest of any sort in the firm of Douglas Home & Co Ltd for many years.

Related parties

The charity owns the share capital of The Abbotsford Trading Company Limited which carried out related trading activities at Abbotsford, such as operation of the shop and tea room plus weddings and other events.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees continue to reassess the major risks to which the charity is exposed and put into place systems to mitigate these risks. During 2017 the Corporate Risk Register was thoroughly reviewed, including through ongoing quarterly reviews by all trustees. Underlying this is the Collections Risk Register, adopted in 2016 by trustees and reviewed quarterly. Trustees are of the opinion that risks are being identified, assessed, mitigated for and reviewed on a timely basis.

Of all the risks, the one foremost in the minds of the trustees continues to be financial risk and the consequences were the Trust to fail for lack of funds. With the continued emphasis on improving trading performance, supported by the recruitment of experienced new trustees, continued investment in staff and volunteers, and with the support of the Endowment Fund, the trustees are confident that the Trust remains a going concern and will have sufficient funds to continue trading successfully well into the future

The consolidated unrestricted reserves at 31/12/17 were £127,982 (2016 £37,879), and it remains the trustees' policy to build those reserves back up to a minimum of £150,000 over the next few years.

COMMENCEMENT OF ACTIVITIES

The charity was set up to receive the property of Abbotsford, land and policies from a charitable trust also called 'The Abbotsford Trust' and all remaining property held by the Executors of Dame Jean Maxwell-Scott, the last descendant of Sir Walter Scott to live at Abbotsford.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Abbotsford Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable 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 charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

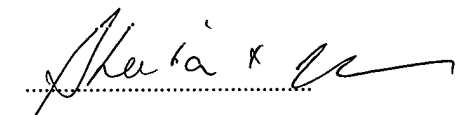
**Report of the Trustees
for the Year Ended 31 December 2017**

AUDITORS

The auditors, Douglas Home & Co (Audit) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

Approved by order of the board of trustees on21/9/18..... and signed on its behalf by:


.....
Mrs S Robertson - Trustee

**Report of the Independent Auditors to the Trustees and Members of
The Abbotsford Trust (Registered number: SC328535)**

Opinion

We have audited the group and parent financial statements of The Abbotsford Trust (the 'charitable company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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).

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 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

**Report of the Independent Auditors to the Trustees and Members of
The Abbotsford Trust (Registered number: SC328535)**

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) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 group and parent charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Alan Drummond BA CA FMAAT (Senior Statutory Auditor)
for and on behalf of Douglas Home & Co (Audit) Limited
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
47-49 The Square
Kelso
TD5 7HW

Date: 24th September 2018

**Consolidated Statement of Financial Activities
for the Year Ended 31 December 2017**

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.12.17 Total funds £	31.12.16 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	50,645	562,246	635	613,526	866,594
Charitable activities	5					
House and Gardens		296,166	-	-	296,166	264,943
Other trading activities	3	29	34,013	-	34,042	-
Commercial trading operation	3	316,138	-	-	316,138	309,913
Investment income	4	109,469	-	-	109,469	84,339
Other income		<u>1,143</u>	<u>-</u>	<u>-</u>	<u>1,143</u>	<u>7,491</u>
Total		773,590	596,259	635	1,370,484	1,533,280
EXPENDITURE ON						
Raising funds						
Raising donations and legacies	6	75,531	83,333	-	158,864	156,989
Commercial trading operation	3	297,477	-	-	297,477	293,794
Investment management costs	7	<u>205</u>	<u>359</u>	<u>9,889</u>	<u>10,453</u>	<u>9,164</u>
		373,213	83,692	9,889	466,794	459,947
Charitable activities	8					
House and Gardens		<u>344,525</u>	<u>486,806</u>	<u>-</u>	<u>831,331</u>	<u>586,399</u>
Total		717,738	570,498	9,889	1,298,125	1,046,346
Net gains/(losses) on investments		<u>-</u>	<u>-</u>	<u>304,377</u>	<u>304,377</u>	<u>264,044</u>
NET INCOME		55,852	25,761	295,123	376,736	750,978
Transfers between funds	25	<u>34,251</u>	<u>(34,251)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		90,103	(8,490)	295,123	376,736	750,978
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>37,879</u>	<u>5,908,425</u>	<u>5,256,537</u>	<u>11,202,841</u>	<u>10,451,863</u>
TOTAL FUNDS CARRIED FORWARD		<u>127,982</u>	<u>5,899,935</u>	<u>5,551,660</u>	<u>11,579,577</u>	<u>11,202,841</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**Statement of Financial Activities
for the Year Ended 31 December 2017**

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.12.17 Total funds £	31.12.16 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	50,645	562,246	635	613,526	866,594
Charitable activities	5					
House and Gardens		296,166	-	-	296,166	264,943
Other trading activities	3	29	34,013	-	34,042	-
Investment income	4	144,829	-	-	144,829	118,183
Other income		<u>1,143</u>	<u>-</u>	<u>-</u>	<u>1,143</u>	<u>7,491</u>
Total		492,812	596,259	635	1,089,706	1,257,211
EXPENDITURE ON						
Raising funds						
Raising donations and legacies	6	75,531	83,333	-	158,864	156,989
Investment management costs	7	<u>205</u>	<u>359</u>	<u>9,889</u>	<u>10,453</u>	<u>9,164</u>
		75,736	83,692	9,889	169,317	166,153
Charitable activities	8					
House and Gardens		<u>344,525</u>	<u>486,806</u>	<u>-</u>	<u>831,331</u>	<u>586,399</u>
Total		420,261	570,498	9,889	1,000,648	752,552
Net gains/(losses) on investments		<u>-</u>	<u>-</u>	<u>304,377</u>	<u>304,377</u>	<u>264,044</u>
NET INCOME		72,551	25,761	295,123	393,435	768,703
Transfers between funds	25	<u>34,251</u>	<u>(34,251)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		106,802	(8,490)	295,123	393,435	768,703
RECONCILIATION OF FUNDS						
Total funds brought forward		170,522	5,908,425	5,256,537	11,335,484	10,566,781
TOTAL FUNDS CARRIED FORWARD		<u>277,324</u>	<u>5,899,935</u>	<u>5,551,660</u>	<u>11,728,919</u>	<u>11,335,484</u>

CONTINUING OPERATIONS

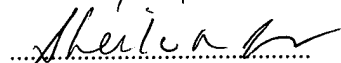
All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Consolidated Statement of Financial Position
At 31 December 2017

	Notes	Group 31/12/17 £	Group 31/12/16 £	Charity 31/12/17 £	Charity 31/12/16 £
FIXED ASSETS					
Intangible assets	16	3,728	4,392	3,728	4,392
Tangible assets	17	3,913,288	4,011,381	3,911,070	4,009,884
Heritage assets	18	3,845,459	3,845,459	3,845,459	3,845,459
Investments	19	3,272,180	2,972,095	3,273,180	2,973,095
		<u>11,034,655</u>	<u>10,833,327</u>	<u>11,033,437</u>	<u>10,832,830</u>
CURRENT ASSETS					
Stock		65,623	49,929	-	-
Debtors	20	313,675	93,609	555,986	299,790
Cash at bank and in hand		360,297	399,482	298,345	346,012
		<u>739,595</u>	<u>543,020</u>	<u>854,331</u>	<u>645,802</u>
CREDITORS					
Amounts falling due within one year	21	(194,673)	(143,506)	(158,849)	(113,148)
		<u>544,922</u>	<u>399,514</u>	<u>695,482</u>	<u>532,654</u>
NET CURRENT ASSETS					
		<u>544,922</u>	<u>399,514</u>	<u>695,482</u>	<u>532,654</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,579,577</u>	<u>11,232,841</u>	<u>11,728,919</u>	<u>11,365,484</u>
CREDITORS					
Amounts falling due after more than one year	22	-	(30,000)	-	(30,000)
		<u>11,579,577</u>	<u>11,202,841</u>	<u>11,728,919</u>	<u>11,335,484</u>
NET ASSETS					
		<u>11,579,577</u>	<u>11,202,841</u>	<u>11,728,919</u>	<u>11,335,484</u>
FUNDS	25				
Unrestricted funds		127,982	37,879	277,324	170,522
Restricted funds		5,899,935	5,908,425	5,899,935	5,908,425
Endowment funds		5,551,660	5,256,537	5,551,660	5,256,537
		<u>11,579,577</u>	<u>11,202,841</u>	<u>11,728,919</u>	<u>11,335,484</u>
TOTAL FUNDS		<u>11,579,577</u>	<u>11,202,841</u>	<u>11,728,919</u>	<u>11,335,484</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies. The financial statements were approved by the Board of Trustees on 21/9/18 and were signed on its behalf by:



Mrs S Robertson - Trustee

The notes form part of these financial statements

**Consolidated Statement of Cash Flows
for the Year Ended 31 December 2017**

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities:			
Cash generated from operations	1	(40,114)	328,769
Interest paid		<u>(6,827)</u>	<u>(12,193)</u>
Net cash provided by (used in) operating activities		<u>(46,941)</u>	<u>316,576</u>
Cash flows from investing activities:			
Purchase of intangible fixed assets		(1,685)	(6,555)
Purchase of tangible fixed assets		(40,090)	(5,587)
Purchase of fixed asset investments		(195,055)	(1,113,460)
Sale of fixed asset investments		199,347	298,856
Interest received		468	239
Dividends received		<u>104,025</u>	<u>78,975</u>
Net cash provided by (used in) investing activities		<u>67,010</u>	<u>(747,532)</u>
Cash flows from financing activities:			
Loan repayments in year		(50,000)	(20,000)
Income attributable to endowment		635	412,988
Expenditure attributable to endowment		<u>(9,889)</u>	<u>(10,838)</u>
Net cash provided by (used in) financing activities		<u>(59,254)</u>	<u>382,150</u>
Change in cash and cash equivalents in the reporting period		<u>(39,185)</u>	<u>(48,806)</u>
Cash and cash equivalents at the beginning of the reporting period	2	<u>399,482</u>	<u>448,288</u>
Cash and cash equivalents at the end of the reporting period	2	<u><u>360,297</u></u>	<u><u>399,482</u></u>

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2017

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.12.17	31.12.16
	£	£
Net income for the reporting period (as per the statement of financial activities)	376,736	750,978
Adjustments for:		
Depreciation charges	140,532	162,679
Gain on investments	(304,377)	(264,044)
Interest received	(528)	(239)
Interest paid	6,827	12,193
Dividends received	(104,025)	(78,975)
Income attributable to endowment	(635)	(412,988)
Expenditure attributable to endowment	9,889	10,838
(Increase)/decrease in stock	(15,694)	(2,386)
(Increase)/decrease in debtors	(220,006)	139,406
Increase/(decrease) in creditors	<u>71,167</u>	<u>11,307</u>
Net cash provided by (used in) operating activities	<u>(40,114)</u>	<u>328,769</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	31.12.17	31.12.16
	£	£
Cash at bank and in hand	<u>360,297</u>	<u>399,482</u>
Total cash and cash equivalents	<u>360,297</u>	<u>399,482</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2017**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary The Abbotsford Trading Company Limited on a line by line basis.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

Charitable activities include expenditure associated with conserving Abbotsford, public admissions and educational activities and include both direct costs and support costs relating to these activities.

Governance costs

Governance costs include those incurred in the general running of the charity including constitutional and statutory requirements and strategic planning costs contributing to the future development of the charity.

Allocation and apportionment of costs

Support costs are those administrative costs that cover all the above activities and have been allocated to each category on a basis consistent with the use of resources e.g. staff costs by time spent and other costs by proportional usage.

Computer software

Computer software is capitalised as an intangible asset and valued at cost less amortisation. Amortisation is charged on a straight line basis over the estimated useful life of three years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Visitor reception building	- Straight line over 50 years
Equipment	- 20% on cost
Fixtures and fittings	- 10% on reducing balance and 2%-50% on cost
Motor vehicles	- 25% on reducing balance

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

1. ACCOUNTING POLICIES - continued

Heritage assets

The land and buildings at Abbotsford are reported in the financial statements at estimated market value at the time of the gift plus subsequent cost (see note 18). Ongoing repair and maintenance is charged to the Income & Expenditure Account when incurred. The life of the asset is indeterminate and the residual value is high and the Trustees do not therefore consider it appropriate to charge depreciation in respect of the property.

The collection items are reported in the financial statements at an estimate of value at the time of the gift. These items are deemed to have indeterminate lives and a high residual value, hence the Trustees do not consider it appropriate to charge depreciation. Further information on the collections is given in Note 18 to the financial statements.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

The heritage property received from the estate is kept in an endowment fund, as it cannot be used as if it were income, but must be conserved under the objectives of the charity. Also in endowment funds are assets donated into the collection and donations received towards an endowment fund to generate income for the charity.

The general fund is an unrestricted income fund.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Financial instruments

Financial assets and liabilities not specifically mentioned above are of a kind that qualify as basic financial instruments. They are initially recognised at transaction value and subsequently measured at their settlement value.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value.

Subsequent measurement is as follows:

Shares in group undertakings are unlisted and measured at cost,

Listed investments are measured at fair value as at the balance sheet date using closing quoted market price,

Cash held as part of the portfolio is measured at settlement value.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions and investor attitude.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. DONATIONS AND LEGACIES

	31.12.17	31.12.16
	£	£
Donations	51,645	448,620
Grants	<u>561,881</u>	<u>417,974</u>
	<u>613,526</u>	<u>866,594</u>

3. OTHER TRADING ACTIVITIES

Timber sales generated in relation to the WIAT project totalled £34,013.

Commercial Trading

The wholly owned trading subsidiary The Abbotsford Trading Company Ltd, incorporated in the United Kingdom, operates the gift shop, lettings, weddings and corporate events carried on at Abbotsford. The charity owns the entire share capital of 1,000 ordinary shares of £1 each. A summary of the trading results is shown below:

	2017	2016
	£	£
Turnover	279,206	269,228
Commissions	8,464	7,588
Rents received	26,400	31,683
Grants received and other income	2,068	1,414
Cost of sales and administration costs	(297,477)	(293,794)
Rental paid to charity	<u>(35,360)</u>	<u>(33,844)</u>
Net profit/(loss) retained in subsidiary	<u>(16,699)</u>	<u>(17,725)</u>

The assets and liabilities of the subsidiary were:

	£	£
Tangible Assets	2,218	1,497
Current Assets	144,217	117,424
Current Liabilities	(35,824)	(30,358)
Amount due to Parent Undertaking	<u>(258,953)</u>	<u>(220,206)</u>
	<u>(148,342)</u>	<u>(131,643)</u>
Share Capital	1,000	1,000
Reserves	<u>(149,342)</u>	<u>(132,643)</u>
	<u>(148,342)</u>	<u>(131,643)</u>

4. INVESTMENT INCOME

	Group 2017	Group 2016	Charity 2017	Charity 2016
	£	£	£	£
Rents received	4,976	5,125	40,336	38,969
Dividends	104,025	78,975	104,025	78,975
Deposit account interest	468	239	468	239
	<u>109,469</u>	<u>84,339</u>	<u>144,829</u>	<u>118,183</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

5. INCOME FROM CHARITABLE ACTIVITIES

		31.12.17	31.12.16
	Activity	£	£
Admission Fees	House and Gardens	292,947	261,760
Learning & engagement	House and Gardens	<u>3,219</u>	<u>3,183</u>
		<u>296,166</u>	<u>264,943</u>

6. RAISING DONATIONS AND LEGACIES

		31.12.17	31.12.16
		£	£
Staff costs		9,579	16,161
Fundraising costs		3,265	9,594
Professional costs		17,884	1,250
Sundry expenses		-	7,577
Depreciation		-	31
Support costs		<u>128,136</u>	<u>122,376</u>
		<u>158,864</u>	<u>156,989</u>

7. INVESTMENT MANAGEMENT COSTS

		31.12.17	31.12.16
		£	£
Portfolio management		9,889	7,500
Property repairs		<u>564</u>	<u>1,664</u>
		<u>10,453</u>	<u>9,164</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 9)	Support costs (See note 10)	Totals
	£	£	£
House and Gardens	<u>615,495</u>	<u>215,836</u>	<u>831,331</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

9. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.12.17	31.12.16
	£	£
Staff costs	211,276	179,353
Rates and water	2,162	690
Insurance	30,525	34,036
Light and heat	20,148	25,377
Learning & education costs	17,755	16,673
PR and marketing	26,039	26,106
Repairs & renewals	39,313	31,452
Sundry expenses	9,408	2,383
Gardens and estates	242,996	28,912
Household and cleaning	518	1,076
Volunteer expenses	12,344	11,561
Finance costs	3,011	-
	<u>615,495</u>	<u>357,619</u>

10. SUPPORT COSTS

	Management	Governance costs	Totals
	£	£	£
Raising donations and legacies	104,440	23,696	128,136
House and Gardens	<u>189,743</u>	<u>26,093</u>	<u>215,836</u>
	<u>294,183</u>	<u>49,789</u>	<u>343,972</u>

Support costs, included in the above, are as follows:

Management

	Raising donations and legacies	House and Gardens	Total activities	Total activities
	£	£	£	£
Wages	35,268	50,942	86,210	78,984
Light and heat	3,982	5,752	9,734	10,332
Telephone	4,501	6,501	11,002	9,357
Postage and stationery	1,335	1,929	3,264	4,317
Sundries	2,958	2,827	5,785	6,882
Staff recruitment	733	1,059	1,792	39
Staff training	833	1,204	2,037	747
Motor and travel	588	1,380	1,968	2,526
PR and marketing	4,166	9,722	13,888	8,320
IT costs	3,265	4,717	7,982	11,521
Repairs and renewals	1,398	2,020	3,418	4,153
Amortisation of intangible fixed assets	2,349	-	2,349	2,163
Depreciation of tangible and heritage assets	40,606	97,176	137,782	160,133
Bank interest and charges	693	1,001	1,694	4,332
Bank loan interest	1,765	2,549	4,314	6,398
Subscriptions	-	964	964	1,520
Professional fees	-	-	-	1,000
	<u>104,440</u>	<u>189,743</u>	<u>294,183</u>	<u>312,724</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

10. SUPPORT COSTS - continued

Governance costs

			31.12.17	31.12.16
	Raising donations and legacies	House and Gardens	Total activities	Total activities
	£	£	£	£
Trustees' expenses	1,488	1,488	2,976	1,146
Wages	5,878	5,878	11,756	10,771
Auditors' remuneration	7,687	7,688	15,375	12,383
Auditors' remuneration for non audit work	2,779	2,779	5,558	6,000
Light and heat	663	664	1,327	1,409
Telephone	750	750	1,500	1,276
Postage and stationery	222	223	445	-
Professional fees	2,362	4,749	7,111	589
Staff recruitment	122	122	244	5
Staff training	139	139	278	102
IT costs	543	545	1,088	1,571
Sundry expenses	323	327	650	870
Motor & travel	98	98	196	281
Repairs & renewals	233	233	466	566
Bank interest and charges	115	116	231	591
Bank loan interest	294	294	588	872
	<u>23,696</u>	<u>26,093</u>	<u>49,789</u>	<u>38,432</u>

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.12.17	31.12.16
	£	£
Auditors' remuneration	15,375	12,383
Other non-audit services	5,558	6,000
Depreciation - owned assets	137,781	160,189
Computer software amortisation	<u>2,349</u>	<u>2,163</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There was no trustee's remuneration or other benefits for the year ended 31 December 2017 nor for the preceding year. Employee benefits in respect of other key management amounted to £70,985 (2016 - £69,560).

Trustees' expenses

Expenses reimbursed to two trustees for travel to meetings, accommodation and subsistence during the year totalled £2,608 (2016 £930).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

13. STAFF COSTS

Total staff costs for the Group comprise:

	31/12/17 £	31/12/16 £
Wages and salaries	404,462	377,066
Social security	23,720	20,447
Pension costs	<u>10,164</u>	<u>8,719</u>
	<u>438,346</u>	<u>406,232</u>

The average monthly number of employees during the year was as follows:

31/12/17	31/12/16
<u>30</u>	<u>28</u>

One employee received employee benefits (excluding employer pension costs) for the year in excess of £60,000.

Included in wages and salaries are termination payments totalling £2,335.

Pension contributions were paid during the year into individual employee's personal pensions and into a scheme set up for auto-enrolment for employees electing to join at this stage, at a rate of 4% for both employees and employers.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

14. GROUP COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES 2016

	Unrestricted fund £	Restricted funds £	Endowment fund £	31/12/16 Total funds £	31/12/15 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	34,649	418,972	412,973	866,594	1,114,183
Charitable activities					
House and Gardens	264,554	389	-	264,943	267,249
Other trading activities	-	-	-	-	60,480
Commercial trading operation	309,913	-	-	309,913	330,499
Investment income	84,324	-	15	84,339	50,831
Other income	7,491	-	-	7,491	11,933
Total	700,931	419,361	412,988	1,533,280	1,835,175
EXPENDITURE ON					
Raising funds					
Raising donations and legacies	84,605	69,046	3,338	156,989	168,422
Commercial trading operation	293,794	-	-	293,794	283,208
Investment management costs	1,664	-	7,500	9,164	4,399
	380,063	69,046	10,838	459,947	456,029
Charitable activities					
House and Gardens	315,832	270,567	-	586,399	577,880
Total	695,895	339,613	10,838	1,046,346	1,033,909
Net gains/(losses) on investments	-	-	264,044	264,044	16,672
NET INCOME	5,036	79,748	666,194	750,978	817,938
Transfers between funds	12,224	(12,224)	-	-	-
Net movement in funds	17,260	67,524	666,194	750,978	817,938
RECONCILIATION OF FUNDS					
Total funds brought forward	20,619	5,840,901	4,590,343	10,451,863	9,633,925
TOTAL FUNDS CARRIED FORWARD	37,879	5,908,425	5,256,537	11,202,841	10,451,863

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

15. TAXATION

The company is a registered charity and is exempt from income and corporation tax.

The subsidiary is subject to corporation tax to the extent that profits are not gift aided to the parent charity. The subsidiary has tax losses not utilised against deferred tax and trading profits amounting to approximately £151,420.

16. INTANGIBLE FIXED ASSETS

Group & Charity	Computer software £
COST	
At 1 January 2017	6,555
Additions	<u>1,685</u>
At 31 December 2017	<u>8,240</u>
AMORTISATION	
At 1 January 2017	2,163
Charge for year	<u>2,349</u>
At 31 December 2017	<u>4,512</u>
NET BOOK VALUE	
At 31 December 2017	<u>3,728</u>
At 31 December 2016	<u>4,392</u>

17. TANGIBLE FIXED ASSETS

Group:	Visitor reception building £	Equipment £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2017	3,733,504	29,693	924,978	12,900	4,701,075
Additions	<u>-</u>	<u>1,422</u>	<u>11,151</u>	<u>27,495</u>	<u>40,068</u>
At 31 December 2017	<u>3,733,504</u>	<u>31,115</u>	<u>936,129</u>	<u>40,395</u>	<u>4,741,143</u>
DEPRECIATION					
At 1 January 2017	106,348	18,599	544,121	10,605	689,673
Charge for year	<u>23,432</u>	<u>3,398</u>	<u>107,291</u>	<u>4,040</u>	<u>138,182</u>
At 31 December 2017	<u>129,432</u>	<u>21,997</u>	<u>661,433</u>	<u>14,645</u>	<u>827,855</u>
NET BOOK VALUE					
At 31 December 2017	<u>3,603,724</u>	<u>9,118</u>	<u>274,696</u>	<u>25,750</u>	<u>3,913,288</u>
At 31 December 2016	<u>3,627,156</u>	<u>10,519</u>	<u>370,836</u>	<u>2,295</u>	<u>4,011,381</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

17. TANGIBLE FIXED ASSETS - continued

Charity:	Visitor reception building £	Equipment £	Fixtures and fittings £	Motor Vehicles £	Totals £
COST					
At 1 January 2017	3,733,504	28,142	923,775	12,900	4,698,321
Additions	-	1,025	10,426	27,495	38,946
At 31 December 2017	<u>3,733,504</u>	<u>29,167</u>	<u>934,201</u>	<u>40,395</u>	<u>4,737,267</u>
DEPRECIATION					
At 1 January 2017	106,348	17,623	553,840	10,605	688,416
Charge for year	<u>23,432</u>	<u>3,180</u>	<u>107,129</u>	<u>4,040</u>	<u>137,781</u>
At 31 December 2017	<u>129,780</u>	<u>20,803</u>	<u>660,969</u>	<u>14,645</u>	<u>826,197</u>
NET BOOK VALUE					
At 31 December 2017	<u>3,603,724</u>	<u>8,364</u>	<u>273,232</u>	<u>25,750</u>	<u>3,911,070</u>
At 31 December 2016	<u>3,627,156</u>	<u>10,519</u>	<u>369,935</u>	<u>2,295</u>	<u>4,009,905</u>

18. HERITAGE ASSETS

Group & Charity	Total £
MARKET VALUE	
At 1 January 2017 and 31 December 2017	<u>3,845,459</u>
NET BOOK VALUE	
At 31 December 2017	<u>3,845,459</u>
At 31 December 2016	<u>3,845,459</u>

Heritage Assets includes land & buildings, being the building, land and policies of Abbotsford House and these have been valued by the Trustees at the amount used by the estate for inheritance tax purposes prior to transfer of the property in 2007 of £2,000,000. This value represents, in the opinion of the Trustees, the open market value at that time for a house of this size, location and condition. In addition are amounts spent on the house to renovate, as well as create accommodation and offices during the restoration project, this is stated at cost. Due to its historical connections it is likely that the property could realise significantly more than this if it were to be sold on the open market.

Other heritage assets comprise gifted paintings, statues and books connected with the house or Sir Walter Scott. These are recorded at the value at the time of the gift, established by the Trustees/curatorial staff with reference where possible to commercial markets.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

18. HERITAGE ASSETS – continued

Five year financial summary of heritage asset transactions:

	2017	2016	2015	2014	2013
	£	£	£	£	£
Purchases:					
Work on Abbotsford House	-	-	-	-	434,895
Donations:					
Paintings	-	-	-	300,000	125,112
Statues	-	-	-	-	10,000
Other	-	-	5,000	-	50
Total Additions	-	-	5,000	300,000	570,057

Further information on the Trust's heritage assets:

The Abbotsford Trust's collection comprises of approximately 4600 catalogued entries, some of which have been catalogued in composite lots. The vast majority of the collection comprises of those items originally found in the private residence at Abbotsford rather than the spaces on view to the public. These items primarily consist of furniture and ceramics (mostly from the Victorian period and first half of the twentieth century), textiles and clothing, and books and assorted family papers. A proportion of the larger pieces in the collection now furnish the letting accommodation wing where guests can enjoy them, and smaller items, particularly when precious or valuable, are housed in our collection stores. However, there are also approximately three hundred items in the collection collected by Sir Walter Scott himself that form part of the material on display to the public in the historic house. Some of these objects, particularly the paintings and artefacts, are amongst the most valuable in the collection.

In 2015 Abbotsford staff began the work needed in order to provide HMRC with the full inventory of the chattels by 2019, with work ongoing in 2017. This work involves aligning object data records on our system with their corresponding HMRC numbers and will take a considerable amount of time. We have also completed a top-line survey of the uncatalogued paper ephemera referred to in the conditional exemption as the archive. This was commissioned with the aim of exploring the overall condition, breadth and historical significance of the material in this category. This work was completed with the help of a Manuscripts Curator from the National Library of Scotland and has informed next steps with regards to the cataloguing process.

Following the initial survey, and having discussed the matter with the Trust's insurers, the trustees are of the opinion that the costs of valuing the chattels and ephemera would exceed the benefit derived. As the items are either entirely unique or a significant part of value is due to their association with Scott and his descendants, they cannot be valued through a direct comparison with similar items on the market. As they cannot be replaced on a like for like basis, they have been insured on a repair only basis, and as such a valuation would serve no insurance benefit.

Security over Assets

A charge over the heritable land & buildings has been granted to Historic Environment Scotland.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

19. FIXED ASSET INVESTMENTS

Group and charity	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 January 2017	2,819,207	152,888	2,972,095
Additions	195,055	-	195,055
Disposals	(56,863)	(122,280)	(179,143)
Revaluations	284,173	-	284,173
At 31 December 2017	<u>2,819,207</u>	<u>30,608</u>	<u>3,272,180</u>
NET BOOK VALUE			
At 31 December 2017	<u>3,241,572</u>	<u>30,608</u>	<u>3,272,180</u>
At 31 December 2016	<u>2,819,207</u>	<u>152,888</u>	<u>2,972,095</u>

Listed investments are all traded in quoted public markets, primarily the London Stock Exchange. They comprise 76.6% equities, 15.6% bonds and 7.8% alternatives. The investments are managed by Cazenove Capital.

Material holdings within the portfolio (>6%) are as follows:

	Value £	
Scottish Mortgage Investment Trust	488,323	15.06%
AXA US Short Duration High	207,871	6.41%
Schroder Strategic Credit Fund	208,885	6.44%
M&G Global Dividend Fund	247,395	7.63%
Majedie Asset UK Income Fund	226,913	7.00%
Schroder Income Fund	232,106	7.16%
Vanguard FTSE 100 UCITS ETF	228,470	7.05%

Charity:

The charitable company's investments at the balance sheet date in the share capital of companies include the following:

The Abbotsford Trading Company Limited

Nature of business: Wedding, events and retail activities

Class of share:	% holding
Ordinary	100

The trading subsidiary The Abbotsford Trading Company Limited is wholly owned by the charity and operates the shop, tea room, weddings and corporate events. The subsidiary has been valued in the financial statements at the original nominal value of £1,000.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

20. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31/12/17 £	Group 31/12/16 £	Charity 31/12/17 £	Charity 31/12/16 £
Trade debtors	52,230	21,919	38,733	13,177
Amounts owed by group undertakings	-	-	258,953	220,206
Other debtors	238,095	71,690	234,950	66,407
Prepayments	12,183	-	12,183	-
VAT	11,167	-	11,167	-
	<u>313,675</u>	<u>93,609</u>	<u>555,986</u>	<u>299,790</u>

Although amounts due to the charity by its subsidiary are payable on demand, the charity will only demand payment as the subsidiary generates profits and cash to enable this to occur. This recognises the complementary nature of the services provided by the subsidiary in achieving the charitable objectives and the support required until trading operations become established.

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31/12/17 £	Group 31/12/16 £	Charity 31/12/17 £	Charity 31/12/16 £
Bank loans	30,000	50,000	30,000	50,000
Trade creditors	97,964	24,269	91,388	21,903
Social security and other taxes	3,829	6,812	3,829	6,812
VAT	-	13,383	-	13,383
Other creditors	7,534	3,749	7,534	3,749
Accruals and deferred income	55,346	45,293	26,098	17,301
	<u>194,673</u>	<u>143,506</u>	<u>158,849</u>	<u>113,148</u>

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 31/12/17 £	Group 31/12/16 £	Charity 31/12/17 £	Charity 31/12/16 £
Bank loans - 1-2 years	-	30,000	-	30,000
Bank loans - 2-5 years	-	-	-	-
	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>

23. OBLIGATIONS UNDER OPERATING LEASES

The group has obligations under non-cancellable operating leases for each of the following periods:

	31/12/17 £	31/12/16 £
Within one year	58	233
Between one and five years	-	58
	<u>58</u>	<u>291</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted fund	Restricted funds	Endowment fund	31.12.17 Total funds	31.12.16 Total funds
	£	£	£	£	£
Fixed assets	71,921	5,390,554	2,300,000	7,762,475	7,861,232
Investments	-	-	3,272,180	3,272,180	2,972,095
Net current assets (liabilities)	56,061	509,381	(20,520)	554,922	399,514
Long term liabilities	-	-	-	-	(30,000)
	<u>127,982</u>	<u>5,899,935</u>	<u>5,551,660</u>	<u>11,579,577</u>	<u>11,202,841</u>

Charity	Unrestricted fund	Restricted funds	Endowment fund	31.12.17 Total funds	31.12.16 Total funds
	£	£	£	£	£
Fixed assets	69,703	5,390,554	2,300,000	7,760,257	7,859,735
Investments	1,000	-	3,272,180	3,273,180	2,973,095
Net current assets/(liabilities)	206,621	509,381	(20,520)	695,482	532,654
Long term liabilities	-	-	-	-	(30,000)
	<u>277,324</u>	<u>5,899,935</u>	<u>5,551,660</u>	<u>11,728,919</u>	<u>11,335,484</u>

25. MOVEMENT IN FUNDS

	At 1.1.17 £	Net movement in funds £	Transfers between funds £	At 31.12.17 £
Unrestricted funds:				
General fund - Group	37,879	55,852	34,251	127,982
General fund - Charity	170,522	72,551	34,251	277,324
Restricted funds: Group & Charity				
Restricted funds				
Orangery	250,334	(283)	-	250,051
Outdoor Learning Project	12,300	(3,851)	-	8,449
Learning and Engagement	1,000	(668)	-	332
Garden Fund	1,450	(1,450)	-	-
Various Small Funds	401	2,109	(1,000)	1,510
Finnis Scott	5,965	-	(5,965)	-
Restoration Fund	5,393,576	(129,624)	-	5,263,952
Commissioned Painting of Abbotsford	115,112	-	-	115,112
Heritage and Engagement	29,514	3,770	-	33,284
Travel Fund for Schools	3,870	(1,070)	-	2,800
Anne's Harp	5,441	-	-	5,441
HLF Transition	56,123	(48,274)	-	7,849
Scottish Enterprise Business Improvement	864	(863)	(1)	-
Ranger	2,999	(2,000)	-	999
Bank of Scotland - Cornerstone	8,942	(6,572)	-	2,370
Historic Environment Scotland	-	20,004	-	20,004
Portcullis Gate	10,530	28,475	-	39,005
Jim McCallum	4	-	(4)	-
Play Equipment	10,000	-	-	10,000
Learning in a Heritage Landscape	-	59,566	-	59,566
WIAT	-	59,126	-	59,126
Adopt-a-Book	-	1,004	-	1,004
Minibus Fund	-	27,281	(27,281)	-
Walled Garden Access	-	19,081	-	19,081
	5,908,425	25,761	(34,251)	5,899,935
Endowment funds				
Endowment Fund	5,256,537	295,123	-	5,551,660
TOTAL RESTRICTED FUNDS	<u>11,164,962</u>	<u>320,884</u>	<u>(34,251)</u>	<u>11,451,595</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

25. MOVEMENT IN FUNDS - continued

Net movement in restricted funds, included in the above are as follows:

Restricted Funds: Group & Charity	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted funds				
Orangery	-	(283)	-	(283)
Outdoor Learning Project	-	(3,851)	-	(3,851)
Learning and Engagement	-	(668)	-	(668)
Garden Fund	-	(1,450)	-	(1,450)
Various Small Funds	3,339	(1,230)	-	2,109
Restoration Fund	-	(129,624)	-	(129,624)
Heritage and Engagement	50,000	(46,230)	-	3,770
HLF Transition	(2,907)	(45,367)	-	(48,274)
Scottish Enterprise Business Improvement	40,105	(40,968)	-	(863)
Ranger	-	(2,000)	-	(2,000)
Bank of Scotland - Cornerstone	-	(6,572)	-	(6,572)
Historic Environment Scotland	60,025	(40,021)	-	20,004
Portcullis Gate	32,375	(3,900)	-	28,475
Learning in a Heritage Landscape	81,585	(22,019)	-	59,566
WIAT	280,125	(220,999)	-	59,126
SERI	4,000	(4,000)	-	-
Adopt-a-Book	1,030	(26)	-	1,004
Minibus Fund	27,501	(220)	-	27,281
Walled Garden Access	19,081	-	-	19,081
Travel Fund for Schools	-	(1,070)	-	(1,070)
	596,259	(570,498)	-	25,761
Endowment funds				
Endowment Fund	635	(9,889)	304,377	295,123
TOTAL RESTRICTED FUNDS	<u>596,894</u>	<u>(580,387)</u>	<u>304,377</u>	<u>320,884</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

25. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.16 £	Net movement in funds £	Transfers between funds £	At 31.12.16 £
Unrestricted Funds				
General fund - Group	20,619	5,036	12,224	37,879
General fund - Charity	135,537	22,761	12,224	170,522
Restricted Funds: Group & Charity				
Restricted funds				
Orangery	787	249,547	-	250,334
Robertson Trust	4,381	(4,381)	-	-
Outdoor Learning Project	1,981	10,319	-	12,300
Learning and Engagement	-	1,000	-	1,000
Garden Fund	11,418	(9,968)	-	1,450
Eco Conservation	1,667	(1,667)	-	-
Various Small Funds	2,075	(773)	(901)	401
Finnis Scott	8,605	(2,525)	(115)	5,965
Restoration Fund	5,549,230	(144,446)	(11,208)	5,393,576
Commissioned Painting of Abbotsford	115,112	-	-	115,112
Heritage and Engagement	34,087	(4,573)	-	29,514
Travel Fund for Schools	4,107	(237)	-	3,870
Anne's Harp	6,250	(809)	-	5,441
HLF Transition	89,036	(32,913)	-	56,123
Scottish Enterprise Business Improvement	-	864	-	864
Ranger	667	2,332	-	2,999
Bank of Scotland - Cornerstone	498	8,444	-	8,942
Portcullis Gate	11,000	(470)	-	10,530
Jim McCallum	-	4	-	4
Play Equipment	-	10,000	-	10,000
	5,840,901	79,748	(12,224)	5,908,425
Endowment funds				
Endowment Fund	4,590,343	666,194	-	5,256,537
TOTAL RESTRICTED FUNDS	<u>10,431,244</u>	<u>745,942</u>	<u>(12,224)</u>	<u>11,164,962</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

25. MOVEMENT IN FUNDS - continued

Comparative net movement in restricted funds, included in the above are as follows:

Restricted Funds: Group & Charity	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted funds				
Orangery	250,000	(453)	-	249,547
Robertson Trust	-	(4,381)	-	(4,381)
Outdoor Learning Project	30,000	(19,681)	-	10,319
Learning and Engagement	1,556	(556)	-	1,000
Garden Fund	1,613	(11,581)	-	(9,968)
Eco Conservation	-	(1,667)	-	(1,667)
Various Small Funds	1,065	(1,838)	-	(773)
Finnis Scott	-	(2,525)	-	(2,525)
Restoration Fund	11,208	(155,654)	-	(144,446)
Heritage and Engagement	49,999	(54,572)	-	(4,573)
Anne's Harp	-	(809)	-	(809)
HLF Transition	-	(32,913)	-	(32,913)
Scottish Enterprise Business Improvement	45,137	(44,273)	-	864
Ranger	3,000	(668)	-	2,332
Bank of Scotland - Cornerstone	10,299	(1,855)	-	8,444
Portcullis Gate	-	(470)	-	(470)
NLS Exhibition Catalogue	1,883	(1,883)	-	-
Jim McCallum	3,601	(3,597)	-	4
Play Equipment	10,000	-	-	10,000
Travel Fund for Schools	-	(237)	-	(237)
	419,361	(339,613)	-	79,748
Endowment funds				
Endowment Fund	412,988	(10,838)	264,044	666,194
TOTAL RESTRICTED FUNDS	<u>832,349</u>	<u>(350,451)</u>	<u>264,044</u>	<u>745,942</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

25. MOVEMENT IN FUNDS - continued

Restoration Fund

As the restoration is now completed this fund represents the assets created. At the year end the balance comprised the completed Visitor Reception Building £3,603,744, Heritage Land & Buildings of £1,399,752, fixtures and fittings of £260,450.

The Orangery Fund

This fund was established to allow the trust to start work on conserving the Grade A listed Orangery designed by Sir Walter Scott along with supporting the learning and engagement programmes that will utilise the space and interpreting the structure for visitors. This project had been put on hold as of last year, with only immediate repairs being carried out during the year. At the year end the balance on the fund was represented by cash at bank of £250,051.

Outdoor Learning Project

The aim of this project was to develop the use of the outdoor spaces at Abbotsford for learning, engagement and leisure purposes by local audiences and especially those from disadvantaged communities. During the year expenditure was incurred with the balance at the year end being represented by cash at bank of £8,449.

Abbotsford Gardens Fund

This fund was established to support work in connection with the gardens including salaries. The fund was fully expended during the year.

Finnis Scott Fund

This fund comprises money received towards restoring and improving access to, the gardens and estate at Abbotsford. At last year end the balance on the fund was represented by fixed assets £5,965, which have been transferred to the general fund as this project is now completed.

Travel Fund for Schools

This fund was set up with funds from Southern & Scottish Energy to subsidise the travel costs for local schools to visit Abbotsford House. At the year end the fund was represented by cash at bank of £2,800.

Commissioned Painting of Abbotsford

In 2011 the K T Wiedemann Foundation Inc commissioned for a historical oil painting of Abbotsford House to be painted by Richard Schmit. When completed the painting was gifted to Abbotsford and shipped from America to the trust and is currently displayed within the visitor reception building. The balance on the fund is therefore represented by Heritable assets of £115,112.

Heritage and Engagement Fund

This fund comprises grants to assist toward the cost of the Heritage and Engagement department salaries and curatorial costs. At the year end the balance on the fund is represented by cash at bank of £33,284.

S. E Business Improvement Fund

This fund was established by a grant from Scottish Enterprise towards a temporary specialist change manager, and marketing support. The fund was fully expended with the year end balance represented by a debtor for the final claim of £18,525 less cash at bank £(18,525).

HLF Transition

This fund comprises a grant awarded by the Heritage Lottery Fund to cover the implementation of the transition plan to establish the future of the Trust. At the year end the balance is represented by fixed assets £6,084, cash at bank £(5,040) and net current assets £6,805.

BoS - Cornerstone

This fund was set up with a grant award to cover staff costs for a project in conjunction with a local charity to enable beneficiaries to develop new skills and confidence by engaging in activities within the Abbotsford Estate. During the year further expenditure was incurred and at the year end this fund had a balance represented by cash at bank of £2,370.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

25. MOVEMENT IN FUNDS - continued

Anne's Harp

This fund was set up to acquire and restore Anne Scott's harp for display within the house. At the year end the balance was represented by a Heritage asset of £5,000 together with cash at bank of £441.

Portcullis Gate

This fund was set up to receive donations towards the restoration of the portcullis gate. At the year end fundraising was ongoing with the balance represented by cash at bank of £39,005. A condition report had been obtained and work will commence once sufficient funds have been raised.

Play Equipment

This fund was set up to fund the provision of toddler play equipment. The balance on the fund at the year end is represented by cash at bank of £10,000.

Learning in a Heritage Landscape

This fund was set up to finance a project transforming the approach of Abbotsford Trust to sharing, caring for and developing the heritage gardens and estate by creating programmes for engagement and learning. Funding was received from HLF and LEADER and the fund balance at the year end was represented by debtors £44,685, cash at bank £14,906 less creditors of £(25).

Historic Environment Scotland

This fund was set up to develop trading revenue and volunteering within the group. At the year end expenditure incurred had been claimed and the balance was represented by fixed assets £384, debtor of £27,901 less cash at bank £(6,710) and creditors £(1,570).

WIAT

This fund was set up with assistance from the Forestry Commission and a trust grant to implement the woodland management plan for the estate. At the year end the work was substantially complete with the fund balance represented by a debtor for the work to be claimed £167,899 less cash at bank £(67,074) and creditors £(41,699).

Adopt-a-book

Towards the year end the Trust began a scheme to adopt particular books in the library, the donation for each book to cover the renovation cost. At the year end donations had been received and the fund balance was represented by cash at bank £1,004.

Minibus Fund

During the year funds were raised to buy a minibus. Once purchased this was transferred to general fund hence the fund was fully expensed at the year end.

Walled Garden Access

This fund was set up with a grant to be used for disability access in the walled gardens. Work had still to commence at the year end and at 31 December 2017 this fund was represented by cash at bank of £19,081.

Other Restricted Funds

The remaining restricted funds either relate to monies received towards specific one-off projects which have largely been expensed during the year. The total balance on these funds at the year end is represented by cash at bank £1,510.

ENDOWMENT FUNDS

The endowment funds are capital funds of a permanent nature. The capital fund initially represented the building, land and policies of Abbotsford House, gifted from the Abbotsford Trust (originally gifted from the estate of Dame Jean Maxwell-Scott), together with gifted shares and donated heritage assets. In addition, in 2012 the trust was awarded a grant from the Heritage Lottery Fund via their Catalyst Fund where any donations received towards the endowment fund will be matched £1 for £1. The funds were gained over a 5 year period up to a maximum of £1 million.

At 31 December 2017, the fund is represented by heritage assets £2,300,000, investments £3,272,180 and cash at bank £(20,520).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

26. CONTINGENT LIABILITIES

Grant monies received and subject to a 10 year clawback if certain preconditions are not met are as follows:

	£
Received in 2009	94,839
Received in 2010	665,063
Received in 2011	1,516,437
Received in 2012	919,353
Received in 2013	418,449
	<hr/>
	<u>3,614,141</u>

Grant money received and subject to clawback if certain preconditions are not met are as follows.
This clawback has no time restriction:

	£
Received in 2014	473,078
Received in 2015	477,937
Received in 2016	<u>207,985</u>
	<hr/>
	<u>1,159,000</u>

27. RELATED PARTY DISCLOSURES

During the year The Abbotsford Trust paid for goods and services totalling £200,693 on behalf of its fully owned subsidiary, The Abbotsford Trading Company Limited. The Abbotsford Trust received rental income of £35,360 from The Abbotsford Trading Company Limited. At 31st December 2017, The Abbotsford Trading Company Limited were due The Abbotsford Trust £258,953. This loan is unsecured, interest free and repayable on demand.

During the year unconditional donations received from trustees and related parties amounted to £12,500.

**Detailed Consolidated Statement of Financial Activities
for the Year Ended 31 December 2017**

	Unrestricted funds £	Restricted funds £	Endowment funds £	31.12.17 Total funds £	31.12.16 Total funds £
INCOME AND ENDOWMENTS					
Donations and legacies					
Donations	50,645	1,000	-	51,645	448,620
Grants	<u>-</u>	<u>561,246</u>	<u>635</u>	<u>561,881</u>	<u>417,974</u>
	50,645	562,246	635	613,526	866,594
Other trading activities					
Plants, Fruit and woodlands	29	34,013	-	34,042	-
Commercial trading operations	<u>316,138</u>	<u>-</u>	<u>-</u>	<u>316,138</u>	<u>309,913</u>
	316,167	34,013	-	350,180	309,913
Investment income					
Rents received	4,976	-	-	4,976	5,125
Dividends	104,025	-	-	104,025	78,975
Deposit account interest	<u>468</u>	<u>-</u>	<u>-</u>	<u>468</u>	<u>239</u>
	109,469	-	-	109,469	84,339
Charitable activities					
Admission Fees	292,947	-	-	292,947	261,760
Learning & engagement	<u>3,219</u>	<u>-</u>	<u>-</u>	<u>3,219</u>	<u>3,183</u>
	296,166	-	-	296,166	264,943
Other income					
Other income	<u>1,143</u>	<u>-</u>	<u>-</u>	<u>1,143</u>	<u>7,491</u>
Total incoming resources	773,590	596,259	635	1,370,484	1,533,280
EXPENDITURE					
Raising donations and legacies					
Wages	9,434	145	-	9,579	16,161
Fundraising costs	3,239	26	-	3,265	9,594
Professional costs	-	17,884	-	17,884	1,250
Sundry expenses	-	-	-	-	7,577
Depn of fixtures & fittings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>
	12,673	18,055	-	30,728	34,613
Investment management costs					
Portfolio management	-	-	9,889	9,889	7,500
Property repairs	<u>205</u>	<u>359</u>	<u>-</u>	<u>564</u>	<u>1,664</u>
	205	359	9,889	10,453	9,164
Other trading operations					
Commercial trading operations	<u>297,477</u>	<u>-</u>	<u>-</u>	<u>297,477</u>	<u>293,794</u>

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**Detailed Consolidated Statement of Financial Activities
for the Year Ended 31 December 2017**

	Unrestricted funds £	Restricted funds £	Endowment funds £	31.12.17 Total funds £	31.12.16 Total funds £
Charitable activities					
Wages	135,526	75,750	-	211,276	179,353
Rates and water	2,162	-	-	2,162	690
Insurance	30,525	-	-	30,525	34,036
Light and heat	20,148	-	-	20,148	25,377
Learning & education costs	806	16,949	-	17,755	16,673
PR and marketing	494	25,545	-	26,039	26,106
Repairs & renewals	27,248	12,065	-	39,313	31,452
Sundry expenses	6,789	2,619	-	9,408	2,383
Gardens and estates	16,360	226,636	-	242,996	28,912
Household and cleaning	518	-	-	518	1,076
Volunteer expenses	6,651	5,693	-	12,344	11,561
Finance costs	3,011	-	-	3,011	-
	<u>250,238</u>	<u>365,257</u>	<u>-</u>	<u>615,495</u>	<u>357,619</u>
Support costs					
Management					
Wages	43,558	42,652	-	86,210	78,984
Light and heat	9,734	-	-	9,734	10,332
Telephone	10,928	74	-	11,002	9,357
Postage and stationery	2,975	289	-	3,264	4,317
Sundries	3,934	1,851	-	5,785	6,882
Staff recruitment	1,792	-	-	1,792	39
Staff training	2,037	-	-	2,037	747
Motor and travel	1,811	157	-	1,968	2,526
Subscriptions	964	-	-	964	1,520
Professional fees	-	-	-	-	1,000
PR and marketing	13,888	-	-	13,888	8,320
IT costs	5,188	2,794	-	7,982	11,521
Repairs and renewals	3,418	-	-	3,418	4,153
Amortisation computer software	186	2,163	-	2,349	2,163
Depreciation of property	-	23,432	-	23,432	24,680
Depreciation plant & machinery	2,326	854	-	3,180	3,349
Depn of fixtures & fittings	833	106,297	-	107,130	131,338
Depreciation motor vehicles	4,040	-	-	4,040	766
Bank interest and charges	1,694	-	-	1,694	4,332
Bank loan interest	4,314	-	-	4,314	6,398
	<u>113,620</u>	<u>180,563</u>	<u>-</u>	<u>294,183</u>	<u>312,724</u>
Governance costs					
Trustees' expenses	2,976	-	-	2,976	1,146
Wages	5,970	5,786	-	11,756	10,771
Auditors' remuneration	15,375	-	-	15,375	12,383
Auditors' remuneration for non audit work	5,558	-	-	5,558	6,000
Light and heat	1,327	-	-	1,327	1,409
Telephone	1,500	-	-	1,500	1,276
Postage and stationery	445	-	-	445	-
Professional fees	7,111	-	-	7,111	589
Carried forward	40,262	5,786	-	46,048	33,574

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**Detailed Consolidated Statement of Financial Activities
for the Year Ended 31 December 2017**

	Unrestricted funds £	Restricted funds £	Endowment funds £	31.12.17 Total funds £	31.12.16 Total funds £
Governance costs					
Brought forward	40,262	5,786	-	46,048	33,574
Staff recruitment	244	-	-	244	5
Staff training	278	-	-	278	102
IT costs	707	381	-	1,088	1,571
Sundry expenses	553	97	-	650	870
Motor & travel	196	-	-	196	281
Repairs & renewals	466	-	-	466	566
Bank interest and charges	231	-	-	231	591
Bank loan interest	588	-	-	588	872
	<u>43,525</u>	<u>6,264</u>	<u>-</u>	<u>49,789</u>	<u>38,432</u>
Total resources expended	<u>717,738</u>	<u>570,498</u>	<u>9,889</u>	<u>1,298,125</u>	<u>1,046,346</u>
Net income before gains and losses	55,852	25,761	(9,254)	72,359	486,934
Net recognised gains and losses					
Net gains/(losses) on fixed asset investments	-	-	304,377	304,377	264,044
Net income	<u>55,852</u>	<u>25,761</u>	<u>295,123</u>	<u>376,736</u>	<u>750,978</u>