

Registered number: 02101229

Charity number: 296766

**BALCARRES HERITAGE TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)  
COUNCIL MEMBERS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016**

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# **BALCARRES HERITAGE TRUST LIMITED**

**(A company limited by guarantee)**

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**BALCARRES HERITAGE TRUST LIMITED**

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 5 APRIL 2016****Council members**

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

**Company registered number**

02101229

**Charity registered number**

296766

**Registered office**

50 Broadway, Westminster, London, SW1H 0BL

**Company secretary**

Broadway Secretaries Limited

**Independent auditors**

EQ Accountants LLP, 14 City Quay, Dundee, DD1 3JA

**Bankers**

The Royal Bank of Scotland, Durie Street, Leven, Fife, KY8 4EW

**Solicitors**

Bircham Dyson Bell LLP, 50 Broadway, Westminster, London, SW1H 0BL

**Investment managers**

James Hambro & Partners LLP, Ground Floor, Ryder Court, 14 Ryder Street, London, SW1Y 6QB

## **BALCARRES HERITAGE TRUST LIMITED**

**(A company limited by guarantee)**

### **COUNCIL MEMBERS' REPORT FOR THE YEAR ENDED 5 APRIL 2016**

The Council members (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Balcarres Heritage Trust (the company) for the ended 5 April 2016. The Council members confirm that the Annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

#### **Objectives and Activities**

##### **a. POLICIES AND OBJECTIVES**

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

##### **b. STRATEGIES FOR ACHIEVING OBJECTIVES**

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

Another purpose of the Charity is the advancement of education. Previous reports have demonstrated scale of the printed and manuscript collections deposited on loan and made available for research in the National Library of Scotland (NLS). These continue to be frequently consulted by academics, scholars and writers. Over the years the Charity has been involved in digitising some of the collections in order for a greater number of individuals to gain access to them from allover the world.

The house is open to the public for a specified number of days but is available to be visited by organised groups throughout the year. The garden is also open for six months but is also open to organised groups throughout the year.

#### **Achievements and performance**

##### **a. REVIEW OF ACTIVITIES**

Over the past few years the Trustees have made considerable efforts to make their collections more readily available to public access in order to satisfy the two main objectives of the Charity, being the 'advancement of education' and the 'advancement of the arts, heritage, culture and science'. In the year under review the Council have continued with their long standing loan of several important paintings to the National Gallery of Scotland. The Trustees would like to thank the Directors and staff of the National Galleries of Scotland for the care they take as custodians of some of the Charity's assets and for making them available to the public free of charge.

A similar arrangement exists with the National Library of Scotland (NLS). Again the Trustees would like to thank the directors and Dr Graham Hogg and Kenneth Dunn who are both responsible for the care and administration

## **BALCARRES HERITAGE TRUST LIMITED**

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### **COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2016**

of the Charity's assets in their custodianship.

Much work is done in the NLS to promote the collections and in the year under review several items from the Charity's collections have featured in exhibitions. Material was provided for their winter exhibition 'Plague! A cultural history of contagious diseases in Scotland' which was seen by just over 63,000 visitors. In conjunction with the exhibition various items were also made available on the Learning Zone of the Library's website.

Other activity carried out by the NLS includes making the digitised texts of the Bibliotheca Lindesiana printed catalogues available via the Library's Digital Gallery on its website. The promotion of the Crawford English Ballad EB.1-1466 collection continues. In the past few years the Trustees allowed for low-resolution images, text transcriptions and, in some instances, sound recordings. These now appear on the English Broadside Ballad Archive (EBBA) website. In January these records were loaded onto the NLS main catalogue giving unrestricted access to the images, their transcription and some sound recordings sung by members of the EBBA Music Team.

The later ballads (EB.1467-) have been accessible through the Digital Gallery on the NLS website since 2012. There continues to be interest in this material with just over 20,500 'page views' in the year. This collection ranks in the top 25 of the NLS's ever expanding list of over 70 Digital Gallery features.

Additionally during the year there were a significant number of enquiries relating to family papers from academics, researchers, students and historians. This involved a great deal of voluntary work by a Member of Council.

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

On the conservation front a program of furniture restoration was put in place and excellent progress has been made. One painting underwent a significant amount of repair following flaking paint. In the garden a major restoration of the main fountain in the Rose Garden was carried out.

It has been another busy and eventful year with house visits and stays. In July the House was rented for 10 days over the Golf Open and in August a major international headhunting company rented the house for their annual Strategy Group. Other visitors included the St Andrews University Parents Graduation Tour, a Victorian & Albert Museum fundraising dinner and the annual St Andrews University Patrons visit.

#### **b. INVESTMENT POLICY AND PERFORMANCE**

##### **REVIEW OF INVESTMENT PORTFOLIO ACTIVITY & PERFORMANCE**

**Provided by James Hambro & Partners LLP**

**6th April 2015 to 5th April 2016**

Investors have enjoyed strong returns since markets' low point in March 2009 to their peak on 10th April 2015, just after the beginning of the period under review. Furthermore, the rise was largely free from significant setbacks and supported by evidence of a long, slow recovery in economic conditions as a result of a concerted quantitative easing programme by a number of central banks.

From that peak in early April, however, there have been repeated corrections in risk assets as a succession of geopolitical and macroeconomic concerns have come to the fore. The last year to 31st March 2016 saw the FTSE All World Equity Index fall by 0.5% and the UK All Share by 3.9%, whereas the UK All Stocks Gilt Index returned 3.3% (all figures are total return in sterling). Meanwhile, headline return figures were significantly influenced by currencies, notably the depreciation of sterling, and often masked an underlying disparity of outcomes within individual markets.

From a UK perspective, the past year has been bracketed by concerns over the European Union's (EU) relationship with its members; first with the tensions between Greece and its creditors and lately with the rising fears of a potential British exit from the EU. There were also wider worries of a Chinese economic slowdown,

## **BALCARRES HERITAGE TRUST LIMITED**

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### **COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2016**

weaker corporate earnings, low inflation and the diverging path of global interest rates to contend with. The price of oil reaching an eleven year low in January 2016, before starting to recover, added to the unease.

In such an environment we continued to believe that it is at least as important to avoid the pitfalls of those investments that have the potential to permanently lose you capital, as it is to identify and back the winners. We have had little exposure to commodities and emerging market equities, which served us well over the majority of the year, and avoided high yield and emerging market debt funds which we perceived to be overvalued. Instead, portfolio protection has been steadily increased over the past year. A modest reduction to our equity allocation was made, while we rotated away from more cyclically exposed stocks in favour of defensively orientated companies. Furthermore, we added to US treasuries, index-linked bonds, absolute return funds and cash; cash rose from 1.4% of the portfolio at 31st March 2015 to over 10% mid-way through the period under review, and has remained at elevated levels since that time.

Looking ahead, the outlook remains uncertain, not least because of the EU referendum vote and the US presidential election in November. Market valuations are neither conspicuously expensive nor obviously cheap, particularly after the 'catch-up' by assets that had underperformed in 2015: emerging markets, Asia Pacific, crude oil and mining shares for example. Bond-like proxies, such as the regulated utility and telecommunications sectors have also performed well, perhaps indicating the nervousness of investor sentiment, but also highlighting the continued attraction of income in a low interest rate environment. Central banks are unwilling to allow the gradual global recovery to falter by raising rates too quickly and we therefore continue to hold financially sound equities, offering good dividend growth prospects, at the core of our portfolios.

Overall the value of the portfolio fell 1.4% over the year to 5th April 2016. This is ahead of the composite benchmark index, which fell 1.6%, and the ARC Steady Growth peer group which declined 2.4%. Whilst disappointing to be down, it was reassuring to see that the defensive measures taken did help protect the portfolio in more uncertain times. As we look forward we maintain our cautious approach and will invest the cash balance once we feel more confident about the investment outlook.

#### **Financial review**

##### **a. GOING CONCERN**

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

##### **b. RESERVES POLICY**

All incoming resources of the charity are included in the unrestricted general fund for the year. The principal sources of income arise from investment income in respect of dividends, rental income and from donations. Total incoming resources of £235,430 have been received in the year and include donations from Lord Balniel of £16,502.

Total resources expended in the year are £231,762. These are primarily included in unrestricted general funds, except for investment management fees, which form part of the expendable endowment fund. Costs of generating funds also include the direct costs associated with let property held for investment purposes in the year. Costs of charitable activities of £182,105 include the costs of running and preserving Balcarres House and certain other properties used in furtherance of the charity's objectives.

The charity's investment policy is to hold funds in a medium risk strategy and in order to achieve a balance of income and capital growth but free from the imposition of moral or ethical constraints. At the year end the investment portfolio reported unrealised losses on the previous years valuation of £456,755. This balance is included in the charity's expendable endowment fund. Overall the net movement in funds was a decrease of £187,332, resulting in unrestricted funds of £727,787 and expendable endowment funds of £5,025,530 at the year end.

## **BALCARRES HERITAGE TRUST LIMITED**

**(A company limited by guarantee)**

### **COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2016**

#### **Structure, governance and management**

##### **a. CONSTITUTION**

The company, which is a recognised charity in Scotland, is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 18/02/1987. Each member guarantees the charity's liabilities to the extent of £100 in the event of the charity winding up.

##### **b. METHOD OF APPOINTMENT OR ELECTION OF COUNCIL MEMBERS**

The management and overall strategy of the charity is in the hands of the Council members. Council members are appointed by the existing Council such that the number of members of Council will not be less than 5 or more than 8. Council members hold office until the sixth Annual General Meeting following their election or re-election. Whilst there is no formal training or induction process place, the Council works within the guidelines of the Memorandum and Articles of Association.

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

##### **c. RISK MANAGEMENT**

The Council members have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

#### **Plans for future periods**

##### **a. FUTURE DEVELOPMENTS**

The Charity will be lending four drawings by Winifred Knights for a major exhibition of her works to the Dulwich Picture Gallery, London which will take place from 8th June – 18th Sept 2016. The exhibition will tour the UK for several months after the Dulwich show.

The Charity will also be lending the painting Woman at her Devotions by Leandro Bassano to an exhibition at the Fitzwilliam Museum, Cambridge called Domestic Devotions: The Place of Piety in the Italian Renaissance Home. The exhibition will take place from 14th February 2016 – 23rd April.

Faber & Faber will be publishing a book by Stephen Taylor called The Life and Choices of Lady Anne Barnard. A very significant amount of information has been provided and much time spent assisting the author.

It is proposed to re-lay a section of cobble stones in the courtyard. This area is seen as a hazard when garden visitors arrive and from a Health and Safety perspective it is important that this work is completed.

#### **COUNCIL MEMBERS' RESPONSIBILITIES STATEMENT**

The Council members (who are also directors of Balcarres Heritage Trust for the purposes of company law) are responsible for preparing the Council members' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council members to prepare financial statements for each financial year. Under company law the Council members must not approve the financial statements unless they are satisfied that they

## **BALCARRES HERITAGE TRUST LIMITED**

**(A company limited by guarantee)**

### **COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2016**

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 these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Council members are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Council members at the time when this Council members' report is approved has confirmed that:

- so far as that Council member is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Council member has taken all the steps that ought to have been taken as a Council member in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

In preparing this report, the Council members have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Council members on 14 November 2016 and signed on their behalf by:



**S P Weil**  
Council member



## **BALCARRES HERITAGE TRUST LIMITED**

**(A company limited by guarantee)**

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

We have audited the financial statements of Balcarres Heritage Trust Limited for the year ended 5 April 2016 set out on pages 9 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Council members, 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 the charitable company's Council members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's Council members, as a body, for our audit work, for this report, or for the opinion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF COUNCIL MEMBERS AND AUDITORS**

As explained more fully in the Council members' responsibilities statement, the Council members (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 auditors under the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Council members' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **BALCARRES HERITAGE TRUST LIMITED**

(A company limited by guarantee)

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

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Council members' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the 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 Council members were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption in preparing the Council members' report.

*EQ Accountants LLP*

Mark Gallacher (Senior statutory auditor)

for and on behalf of

**EQ Accountants LLP**

Chartered Accountants

14 City Quay

Dundee

DD1 3JA

Date:

EQ Accountants LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 5 APRIL 2016**

	Note	Unrestricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and legacies	2	16,502	-	16,502	60,098
Investments	3	189,528	-	189,528	186,495
Charitable activities	4	29,400	-	29,400	48,589
Other income	5	-	-	-	508
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>235,430</b>	<b>-</b>	<b>235,430</b>	<b>295,690</b>
<b>EXPENDITURE ON:</b>					
Raising funds	6	20,157	29,500	49,657	48,808
Charitable activities	7 & 8	182,105	-	182,105	206,823
<b>TOTAL EXPENDITURE</b>		<b>202,262</b>	<b>29,500</b>	<b>231,762</b>	<b>255,631</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>33,168</b>	<b>(29,500)</b>	<b>3,668</b>	<b>40,059</b>
Transfers between Funds	16	(2,887)	2,887	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>		<b>30,281</b>	<b>(26,613)</b>	<b>3,668</b>	<b>40,059</b>
Gains/(losses) on investment assets	13	-	(191,000)	(191,000)	478,439
<b>NET MOVEMENT IN FUNDS</b>		<b>30,281</b>	<b>(217,613)</b>	<b>(187,332)</b>	<b>518,498</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds at 6 April 2015		697,506	5,139,480	5,836,986	5,318,488
<b>TOTAL FUNDS AT 5 APRIL 2016</b>		<b>727,787</b>	<b>4,921,867</b>	<b>5,649,654</b>	<b>5,836,986</b>

The notes on pages 12 to 20 form part of these financial statements.

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****SUMMARY INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 5 APRIL 2016**

	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
<b>GROSS INCOME IN THE REPORTING PERIOD</b>	<b>235,430</b>	<b>295,690</b>
Less: Total expenditure	<b>202,262</b>	<b>226,872</b>
<b>NET INCOME FOR THE FINANCIAL YEAR</b>	<b>30,281</b>	<b>68,818</b>

The notes on pages 12 to 20 form part of these financial statements.

**BALCARRES HERITAGE TRUST LIMITED**

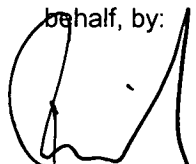
(A company limited by guarantee)  
 REGISTERED NUMBER: 02101229

**BALANCE SHEET**  
**AS AT 5 APRIL 2016**

		2016		2015	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11	267,509		262,592	
Investment property	12	327,609		344,089	
Total tangible assets			595,118		606,681
Investments	13		5,025,530		5,125,581
			5,620,648		5,732,262
<b>CURRENT ASSETS</b>					
Debtors	14	46,999		47,789	
Cash at bank and in hand		6,366		74,193	
		53,365		121,982	
<b>CREDITORS:</b> amounts falling due within one year	15	(24,359)		(17,258)	
<b>NET CURRENT ASSETS</b>			29,006		104,724
<b>NET ASSETS</b>			5,649,654		5,836,986
<b>CHARITY FUNDS</b>					
Endowment funds	16		4,921,867		5,139,480
Unrestricted funds	16		727,787		697,506
<b>TOTAL FUNDS</b>			5,649,654		5,836,986


The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Council members on 14 November 2016 and signed on their behalf, by:



Lord Balniel

Council member



S P Weil

Council member

The notes on pages 12 to 20 form part of these financial statements.

# **BALCARRES HERITAGE TRUST LIMITED**

**(A company limited by guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016**

### **1. ACCOUNTING POLICIES**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

#### **1.2 Company status**

The company is a company limited by guarantee. The members of the company are the Council members named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £100 per member of the company.

#### **1.3 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Council members in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Expendable endowment funds are held on trust for the benefit of the charity as a capital fund. The Council has the power to convert endowed capital into unrestricted general reserves.

Net incoming resources are added to unrestricted funds other than those parts relating to the investment portfolio and other capital assets that the charity hold.

#### **1.4 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

#### **1.5 Expenditure**

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

## **BALCARRES HERITAGE TRUST LIMITED**

**(A company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 Tangible fixed assets and depreciation**

Heritage assets are the tangible assets of the charity that are of historical importance and are held to advance the preservation, conservation and educational objectives of the charity. Due to the historic and unique nature of the assets concerned, conventional valuation approaches lack sufficient reliability and as a consequence the heritage assets are stated in the balance sheet at their original cost. As heritage assets have long expected useful lives, together with residual values, and most of them are loaned to the charity, they are not subject to depreciation.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land & buildings leasehold	-	straight line basis over the term of the lease (expires 2037)
Tools & equipment	-	20% straight line
Tractors & motor vehicles	-	25% reducing balance
Heritage assets	-	nil

##### **1.7 Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

##### **1.8 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

##### **1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

##### **1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

##### **1.11 Creditors and provisions**

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016****2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lord Balniel	16,502	-	16,502	32,598
The Lindsay Trust	-	-	-	15,000
Donation	-	-	-	12,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	16,502	-	16,502	60,098
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and legacies, £ 45,098 was to unrestricted funds and £ 15,000 was to restricted funds

**3. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Rent and service charge income	62,248	-	62,248	62,286
UK listed investments	104,532	-	104,532	112,848
Foreign listed investments	22,735	-	22,735	11,361
Other interest received	13	-	13	-
	<hr/>	<hr/>	<hr/>	<hr/>
	189,528	-	189,528	186,495
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £ 189,495 was to unrestricted funds and NIL was to restricted funds.

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Visiting groups	29,400	-	29,400	48,589
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from charitable activities, £ 48,589 was to unrestricted funds and NIL was to restricted funds.



**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016****5. OTHER INCOMING RESOURCES**

	Unrestricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other income	-	-	-	508

In 2015, of the total other incoming resources, £ 508 was to unrestricted funds and *NIL* was to restricted funds.

**6. INVESTMENT MANAGEMENT COSTS**

	Unrestricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment management fees	-	29,500	29,500	28,758
Investment property insurance	1,685	-	1,685	1,909
Investment property council tax	(803)	-	(803)	1,661
Investment property repairs	2,795	-	2,795	-
Investment property depreciation	16,480	-	16,480	16,480
	<b>20,157</b>	<b>29,500</b>	<b>49,657</b>	<b>48,808</b>

**7. DIRECT COSTS**

	Basis of Allocation	Activities £	Total 2016 £	Total 2015 £
Property repairs and maintenance	Actual	19,248	19,248	54,470
Property insurance	Actual	16,137	16,137	15,961
Property heat & light	Actual	14,146	14,146	15,795
Property subscriptions	Actual	-	-	121
Sundry expenses	Actual	4,456	4,456	3,944
Property rent	Actual	1,800	1,800	600
Staff costs - council tax	Actual	1,988	1,988	1,988
Garden petrol & oil	Actual	931	931	1,275
Garden vehicle & machinery repair	Actual	3,198	3,198	1,876
Garden sundry costs	Actual	9,209	9,209	12,636
Garden depreciation	Actual	12,578	12,578	9,399
Garden subscriptions	Actual	163	163	100
Recruitment expenses	Actual	1,080	1,080	-
Conservation and restoration	Actual	10,605	10,605	7,471
Wages and salaries	Actual	54,821	54,821	48,895
National insurance	Actual	-	-	4,120
		<b>150,360</b>	<b>150,360</b>	<b>178,651</b>

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016****8. GOVERNANCE COSTS**

	<b>Unrestricted funds 2016 £</b>	<b>Endowment funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Auditors' remuneration	5,500	-	5,500	5,150
Auditors' non audit costs	8,006	-	8,006	5,100
Telephone	213	-	213	248
Legal fees	16,773	-	16,773	17,022
Sundry	1,253	-	1,253	651
	<b>31,745</b>	<b>-</b>	<b>31,745</b>	<b>28,171</b>

**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016 £</b>	<b>2015 £</b>
Depreciation of tangible fixed assets:		
- owned by the charity	12,578	9,399
Auditors' remuneration	5,500	5,150

During the year, no Council members received any remuneration (2015 - £NIL).

During the year, no Council members received any benefits in kind (2015 - £NIL).

During the year, no Council members received any reimbursement of expenses (2015 - £NIL).

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016****10. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	54,821	48,895
Social security costs	-	4,120
	<u>54,821</u>	<u>53,015</u>

The average monthly number of employees was: 3 (2015: 3) and the average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part-time staff):

	2016 No.	2015 No.
Gardens	2	2
Housekeeping	1	1
	<u>3</u>	<u>3</u>

No employee received remuneration amounting to more than £60,000 in either year.

During the year no Trustee was remunerated for their services, received expenses or benefits.

**11. TANGIBLE FIXED ASSETS**

	Land & buildings leasehold £	Tools & equipment £	Tractors & motor vehicles £	Heritage assets £	Total £
<b>Cost</b>					
At 6 April 2015	229,730	17,080	29,781	103,362	379,953
Additions	-	13,271	4,224	-	17,495
At 5 April 2016	<u>229,730</u>	<u>30,351</u>	<u>34,005</u>	<u>103,362</u>	<u>397,448</u>
<b>Depreciation</b>					
At 6 April 2015	77,186	16,770	23,405	-	117,361
Charge for the year	7,170	2,758	2,650	-	12,578
At 5 April 2016	<u>84,356</u>	<u>19,528</u>	<u>26,055</u>	<u>-</u>	<u>129,939</u>
<b>Net book value</b>					
At 5 April 2016	<u>145,374</u>	<u>10,823</u>	<u>7,950</u>	<u>103,362</u>	<u>267,509</u>
At 5 April 2015	<u>152,544</u>	<u>310</u>	<u>6,376</u>	<u>103,362</u>	<u>262,592</u>

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016****11. TANGIBLE FIXED ASSETS (continued)**

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

**12. INVESTMENT PROPERTY**

	Freehold investment property £
<b>Cost or valuation</b>	
At 6 April 2015	344,089
Depreciation charge	(16,480)
	<u>327,609</u>
At 5 April 2016	<u>327,609</u>

The 2016 valuations were made by the Council members, on an open market value for existing use basis.

**13. FIXED ASSET INVESTMENTS**

	Listed securities £
<b>Market value</b>	
At 6 April 2015	5,125,581
Additions	2,611,461
Disposals	(3,002,732)
Revaluations	(456,755)
Gain on disposals	219,571
Cash held within the investment portfolio	528,404
	<u>5,025,530</u>
At 5 April 2016	<u>5,025,530</u>
<b>Historical cost</b>	<u>3,919,530</u>

**Investments at market value comprise:**

	UK £	Overseas £	2016 £	2015 £
Listed investments	<u>3,304,255</u>	<u>1,721,275</u>	<u>5,025,530</u>	<u>5,125,581</u>

Bank balances include £nil (2015 - £46,199) of cash held by the charity's investment managers within the portfolio.

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016****14. DEBTORS**

	2016 £	2015 £
Other debtors	28,886	31,229
Prepayments and accrued income	18,113	16,560
	<u>46,999</u>	<u>47,789</u>

**15. CREDITORS:  
Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	4,578	-
Other taxation and social security	1,068	1,075
Other creditors	281	280
Accruals and deferred income	18,432	15,903
	<u>24,359</u>	<u>17,258</u>

**16. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	697,506	235,430	(202,262)	(2,887)	-	727,787
<b>Endowment funds</b>						
Endowment Fund	5,139,480	-	(29,500)	2,887	(191,000)	4,921,867
<b>Total of funds</b>	<u>5,836,986</u>	<u>235,430</u>	<u>(231,762)</u>	<u>-</u>	<u>(191,000)</u>	<u>5,649,654</u>

**SUMMARY OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	697,506	235,430	(202,262)	(2,887)	-	727,787
Endowment funds	5,139,480	-	(29,500)	2,887	(191,000)	4,921,867
	<u>5,836,986</u>	<u>235,430</u>	<u>(231,762)</u>	<u>-</u>	<u>(191,000)</u>	<u>5,649,654</u>

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016****17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	253,610	13,899	267,509	262,592
Fixed asset investments	117,562	4,907,968	5,025,530	5,125,581
Investment property	327,609	-	327,609	344,089
Current assets	53,363	-	53,363	121,983
Creditors due within one year	(24,357)	-	(24,357)	(17,258)
	<u>727,787</u>	<u>4,921,867</u>	<u>5,649,654</u>	<u>5,836,986</u>

**18. CONTINGENT LIABILITIES**

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

**19. RELATED PARTY TRANSACTIONS**

Parts of the property leased by the charity are sub-let to the Earl of Crawford and Balcarres and Lord Balniel at rents independently set each year by Strutt and Parker, Chartered Surveyors. The rent due by the Earl of Crawford and Balcarres in respect of this sub-lease in the year under review was £5,850 (2015 - £5,850) and £16,110 (2015 - £16,110) by Lord Balniel.

The charity paid premiums insurance for part of the contents of Balcarres House owned by Lord Balniel, being ones that fall within the charitable objects of the charity and subject to a loan agreement between the charity and Lord Balniel. In the current year this amounted to £10,872 (2015 - £10,550).

In addition, during the year Lord Balniel paid expenses on behalf of the charity amounting to £16,503 (2015- £32,598).

Lord Balniel is a partner in James Hambro & Partners LLP who provide investment management services to the charity. The value of these services in the year under review was £29,500 (2015 - £28,758). The charity owed the firm £7,401 (2015 - £7,502) at the year end.

Mr Simon Weil is a partner in the legal practice of Bircham Dyson Bell LLP which provides legal services to the charity. The value of these services in the year under review was £11,997 (2015 - £17,022). There were no amounts outstanding by the charity at the year end.