

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 2020**



**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 CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 5 APRIL 2020**

**Council members**

Lord Balniel  
N J Barker  
The Hon R J Elliott  
S P Weil  
The Earl of Woolton  
Dr W Zachs

**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  
Chartered Accountants  
58 Bonnygate  
Cupar  
Fife  
KY15 4LD

**Bankers**

The Royal Bank of Scotland  
Kirkcaldy Branch  
23/25 Rosslyn Street  
Kirkcaldy  
Fife  
KY1 3HW

**Solicitors**

BDB Pitmans LLP  
50 Broadway  
Westminster  
London  
SW1H 0BL

**Investment managers**

James Hambro & Partners LLP  
45 Pall Mall  
London  
SW1Y 5JG

The Council members present their annual report together with the audited financial statements of the charity for the 6 April 2019 to 5 April 2020. 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 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015). Since the charity 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 Balmiel and situate at Balcarres House, together with pictures, statues, furniture, plate and other articles acquired by the charity for any interest and to promote the study and appreciation of these works of art or objects of historical interest, the preservation for the public benefit of Balcarres House, together with its ancillary buildings, gardens, parkland and adjacent land, to advance the education of the public in the arts and sciences and to provide the grounds and conserving the assets in its care, purchasing assets having a connection with Balcarres, lending works of art for exhibition, etc, and maintaining the house and gardens.

## Achievements and performance

### a. Review of activities

In order to promote the advancement of the arts, heritage and culture, the Charity has had a long standing policy of 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 loans of a considerable number of paintings to the National Gallery of Scotland (NGS) have been continued and 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. The Charity has also made significant and important collections of books and written material available for public viewing at the National Library of Scotland (NLS). Over the years, a program of digitalisation of several of these collections has taken place which enables greater access to the public, scholars and academics. 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 of the Charity's assets in their custodianship. During the year the NGS commenced with a major redevelopment of their main galleries which meant that the early Italian works on display in the upper galleries were closed. Unfortunately, several of the Charity's paintings on loan were exhibited in these rooms and have not been available to the public. These paintings will be rehung and viewed again when the redevelopment completes towards the end of 2021. The year started with a full program of activities and restoration programs running over two years but sadly these were severely restricted due to the Covid-19 pandemic. Loans to exhibitions were cancelled such as a book loan to the National Gallery of Scotland's exhibition titled "Titian: Love, Desire, Death" that was due to open during the Edinburgh Festival in July 2020. The Charity had agreed to lend a book to an exhibition at the Wardlaw Museum, University of St Andrews titled "Philip Colbert: The Death of Marat & The Birth of the Lobster". It was due to take place from April 2020 but was also cancelled. It is hoped that the exhibition will be rescheduled later in 2020.

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. It has been another busy and eventful year with a program

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### **COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2020**

of furniture conservation. A portrait by the Scottish artist, Alexander Nasmyth, of Alexander Lindsay, the 23rd Earl of Crawford, was sent for restoration due to flaking paint and a deteriorating frame. Over a period of several months work was carried out by Egan, Matthews and Rose, a local Dundee based picture restoration company. The work was completed and returned and now hangs in one of the public rooms.

Work commenced on a major program of repair to the roof. This project is expected to last for a period of 2 years and involves replacing defective lead roofing and a series of rooflights. Work started briefly in March as planned, however, with all building projects halted due to Covid-19, progress ground to a halt. It is anticipated that works to complete stage 1 of the roofing project will recommence in early 2021. General repairs and maintenance were carried out on the Charity properties with 2 boilers replaced in the main house and work was also undertaken to replace defective external downpipes.

Group visits to the house have included tour parties from the USA Patrons of the Soane Museum, London, the Patrons Group of St Andrews University, the American Patrons of the National Library and the American Patrons of the National Galleries of Scotland, amongst others.

Likewise, following the publication of an article in the Scottish Field in March 2019 the garden witnessed a significant rise in admissions. Group visits came from horticultural societies from as far afield as Germany (Agapanthus Gartenreisen), Belgium and the USA with the Garden Club of America. Visitor numbers from Scotland also grew this year and the Garden helped raise funds for the Scottish Garden Scheme and other local charities with a successful opening in May

#### **b. Investment policy and performance**

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

Provided by James Hambro & Partners LLP

6th April 2019 to 5th April 2020

The returns during the first 10 months of the period under review were characterised by gradually rising equity markets, with returns enhanced by the weakness of sterling against other major currencies. Positive equity returns came despite global growth becoming increasingly sluggish, especially in Europe, and concerns over trade tariffs. Donald Trump continued with his protectionist agenda, but notably this round of tariff considerations had a less meaningful impact on markets, suggesting investors are becoming less sensitive to the global trade war narrative. Monetary policy and politics remained at the forefront of investors' minds during the period. In July and September the US Federal Reserve cut interest rates, a marked change from its strategy of the previous year as it started to fight the world's problems rather than just its own. Moves were also made by central banks in Europe, China and many others to ease monetary conditions in their respective economies, reflecting a backdrop of deteriorating economic momentum, particularly across the manufacturing sector.

However, this more benign market backdrop was quickly overshadowed by the evolution of the global coronavirus crisis in the first few months of 2020. Not many would have included 'global pandemic', 'lockdown of over half the world's population' or 'shut-down of large sections of the economy' as realistic risk factors to be considered. A 50%+ drop in the oil price following a breakdown in negotiations between Saudi Arabia and Russia added further fuel to the fire of what has turned out to be an unprecedented first quarter for markets, which posted their worst quarterly decline in over 30 years with daily market moves reminiscent of the depths of the financial crisis in 2008.

The MSCI World Index fell by 21% over the first three months of 2020 with every market sector posting at least double-digit percentage declines. Other risky assets, such as high yield bonds and commodities also fell sharply. As would be expected in times of market stress, protective assets were in high demand; Gilts, US Treasuries and Gold all delivered modest positive returns over the period. Returns for sterling-based investors were somewhat cushioned by currency moves, with the pound weakening by around 5% against the US dollar, euro and yen. Given elevated market valuations and record-high index price levels as recently as mid-February, in many respects the market reaction could have been much worse.

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**COUNCIL MEMBERS' REPORT (continued)**  
**FOR THE YEAR ENDED 5 APRIL 2020**

With lessons learnt from prior crises, central banks and governments across the globe have responded with support policies of commendable size and scope. Once the immediate health crisis is brought under greater control these measures should help limit the second-order effects such as job losses and corporate defaults, and provide a powerful support for a return to growth once restrictions to daily life are lifted. The banking sector and private sector finances are also much stronger than in past crises such as 2008 with consumer savings rates and balance sheets in good health and banks carrying larger capital buffers and lower leverage.

As a result of the changing landscape, liquidity was raised significantly in early March 2020, holding over a third of the portfolio in cash. This provided some protection from the worst of the equity market selloff. In addition, with any potential vaccine still some way off and infected numbers rising, exposure to companies most obviously at risk from travel restrictions and slowing economic growth was reduced. This included outright sales of Airbus, Royal Dutch Shell and SSP. Positions in cash, gold and alternative funds have proven defensive, providing uncorrelated returns to equities.

Equity markets appear to be looking through the sharp contraction of an earnings downturn to the uplands of a strong earnings recovery in 2021. We have been impressed by the way our companies have navigated this very difficult backdrop but remain vigilant given the transient uncertainties ahead.

Over the twelve months to 31 March 2020, the value of the portfolio declined by 3.7%. This compares to a decline of 7.7% in the ARC Charity Steady Growth Index and a rise in CPI of 1.5% over the same period.

**James Hambro & Partners LLP**  
**June 2020**

**Financial review**

**a. Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the charity 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**

There is no reserves policy as the Trustees believe it is not necessary to have free cash reserves available. This is due to the high levels of cash maintained in the endowment fund.

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 £273,161 have been received in the year and include donations from Lord Balniel of £4,248..

Total resources expended in the year are £249,804. 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 £198,010 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 of £470,723. This balance is included in the charity's expendable endowment fund. Overall the net movement in funds was a decrease of £447,366 resulting in unrestricted funds of £749,075 and expendable endowment funds of £5,592,450 at the year end.

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**COUNCIL MEMBERS' REPORT (continued)**  
**FOR THE YEAR ENDED 5 APRIL 2020**

**Structure, governance and management**

**a. Constitution**

The company, which is a recognised charity in Scotland and in England and Wales, 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.

The charity, which is a recognised charity in Scotland, is constituted under a Memorandum of Association dated 18/02/1987 and is a registered charity number 296766.

**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 charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The risks relating to the investment portfolio have been outlined in the James Hambro & Partners LLP portfolio report.

**Plans for future periods**

**a. Future developments**

It is difficult to forecast how the Covid-19 pandemic will pan out and what restrictions governments will impose in the future but when things return to anywhere near normal, the Charity will be well placed to continue to meet its charitable activities.

However, the Charity has had all events for 2020 cancelled as have exhibitions where the Charity has been asked to provide material. Both the National Gallery of Scotland and the National Library of Scotland have closed their doors to visitors so for the time being the Charity is hampered from providing public access to its collections.

Past investment into the digitalisation of some of the library collections in the NLS will certainly have allowed continued access to academics and the general public. The Charity has recently agreed to a NLS request to allow the Crawford English Ballads collection to be available in their new Digital Scholarship Service. They are making their collections available in machine-readable form. For digitised material, this means making transcriptions available as machine readable files alongside image files, to enable researchers to analyse the collections at scale using digital research methods. It is an excellent opportunity to open up the Collection to new forms of research and a new audience, and to shine new light into the material.

The lead roofing replacement project will restart at the beginning of 2021 and the postponed creation of a Staff Room and wash facility for visitors will hopefully move a step further towards completion.

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### **COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2020**

One of the Charity residential tenants has served notice and once the property is empty it is envisaged that a renovation program will be carried out with a focus on upgrading the kitchen, bathroom and heating system.

#### **Council members' responsibilities statement**

The Council members (who are also directors of Balcarres Heritage Trust Limited 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 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.

This report was approved by the Council members, on 5 January 2021 and signed on their behalf by:



**S P Weil**  
Council member

## **BALCARRES HERITAGE TRUST LIMITED**

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

#### **Opinion**

We have audited the financial statements of Balcarres Heritage Trust Limited (the 'charity') for the year ended 5 April 2020 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2020 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 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 United Kingdom, including the Financial Reporting Council'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 Council members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

## **BALCARRES HERITAGE TRUST LIMITED**

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

#### **Other information**

The Council members are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### **Matters on which we are required to report by exception**

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

- the information given in the Council members' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Council members' responsibilities statement, the Council members (who are also the directors of the charity 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 Council members 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 Council members are responsible for assessing the 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 Council members either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **BALCARRES HERITAGE TRUST LIMITED**

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

#### **Auditors' responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an Auditors' report 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### **Use of our report**

This report is made solely to the charitable company's trustees, as a body, in accordance with 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 trustees and the charity'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 and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



#### **EQ Accountants LLP**

Chartered Accountants

Statutory Auditors

58 Bonnygate

Cupar

Fife

KY15 4LD

5 January 2021

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 INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 5 APRIL 2020**

		Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income and endowments from:</b>					
Donations and legacies	2	41,603	-	41,603	6,845
Charitable activities	4	8,469	-	8,469	12,384
Investments	3	186,969	-	186,969	190,486
Other income	5	36,120	-	36,120	2,162
<b>Total income and endowments</b>		<b>273,161</b>	<b>-</b>	<b>273,161</b>	<b>211,877</b>
<b>Expenditure on:</b>					
Raising funds	6	11,066	40,728	51,794	42,891
Charitable activities	8,7	198,010	-	198,010	248,957
<b>Total expenditure</b>		<b>209,076</b>	<b>40,728</b>	<b>249,804</b>	<b>291,848</b>
<b>Net income /(expenditure) before investment gains/(losses)</b>		<b>64,085</b>	<b>(40,728)</b>	<b>23,357</b>	<b>(79,971)</b>
Net gains/(losses) on investments	12,13	(16,479)	(454,244)	(470,723)	349,448
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>47,606</b>	<b>(494,972)</b>	<b>(447,366)</b>	<b>269,477</b>
<b>Net movement in funds</b>		<b>47,606</b>	<b>(494,972)</b>	<b>(447,366)</b>	<b>269,477</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		701,469	6,087,422	6,788,891	6,519,414
<b>Total funds carried forward</b>		<b>749,075</b>	<b>5,592,450</b>	<b>6,341,525</b>	<b>6,788,891</b>

The notes on pages 12 to 24 form part of these financial statements.

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REGISTERED NUMBER: 02101229

**BALANCE SHEET  
AS AT 5 APRIL 2020**

		2020	2019
		£	£
<b>Fixed assets</b>			
Tangible assets	11	232,348	238,731
Investment property	12	261,691	278,170
Total tangible assets		494,039	516,901
Investments	13	5,828,194	6,231,664
		6,322,233	6,748,565
<b>Current assets</b>			
Debtors	14	39,848	52,263
Cash at bank and in hand		10,095	16,022
		49,943	68,285
<b>Creditors: amounts falling due within one year</b>	15	(30,651)	(27,959)
<b>Net current assets</b>		19,292	40,326
<b>Net assets</b>		6,341,525	6,788,891
<b>Charity Funds</b>			
Endowment funds	16	5,592,450	6,087,422
Unrestricted funds	16	749,075	701,469
<b>Total funds</b>		6,341,525	6,788,891

The charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

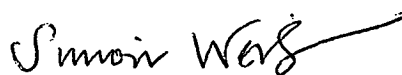
The Council members consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

The Council members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Council members on 5 January 2021 and signed on their behalf, by:



Lord Balniel



S P Weil

The notes on pages 12 to 24 form part of these financial statements.

## **BALCARRES HERITAGE TRUST LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2020**

#### **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 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Balcarres Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. 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 charity is a company limited by guarantee. The members of the company are the Council members named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £100 per member of the charity.

The company registered number is 02101229, the charity commission registered number is 296766 and the Scottish charity registered number is SC03980. The registered office is 50 Broadway, Westminster, London, SW1H 0BL.

##### **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 charity 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 charity 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.

##### **1.4 Income**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020**

**1. Accounting policies (continued)**

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

**1.6 Going concern**

As the charity has significant unrestricted funds and will continue to generate income from existing assets, the accounts have been prepared on a going concern basis.

**1.7 Tangible fixed assets and depreciation**

Heritage assets are the tangible assets of the charity that are 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 carried at cost, net of depreciation and any provision for impairment. 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

Investment properties are recognised at fair value and changes are recognised through the statement of financial activities.

## **BALCARRES HERITAGE TRUST LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2020**

#### **1. Accounting policies (continued)**

##### **1.8 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

##### **1.9 Interest receivable**

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

##### **1.10 Debtors**

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

##### **1.11 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.

##### **1.12 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### **1.13 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**BALCARRES HERITAGE TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020**

**2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Lord Balniel	4,428	-	4,428	6,084
Donations	2,175	-	2,175	761
The Lindsay Trust	35,000	-	35,000	-
	<u>41,603</u>	<u>-</u>	<u>41,603</u>	<u>6,845</u>
Total donations and legacies	<u>41,603</u>	<u>-</u>	<u>41,603</u>	<u>6,845</u>
<i>Total 2019</i>	<u>6,845</u>	<u>-</u>	<u>6,845</u>	

**3. Investment income**

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Rent and service charge income	68,179	-	68,179	80,574
UK listed investments	78,255	-	78,255	81,006
Foreign listed investments	40,535	-	40,535	28,906
	<u>186,969</u>	<u>-</u>	<u>186,969</u>	<u>190,486</u>
<i>Total 2019</i>	<u>190,486</u>	<u>-</u>	<u>190,486</u>	

**4. Income from charitable activities**

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Visiting groups	8,469	-	8,469	12,384
	<u>8,469</u>	<u>-</u>	<u>8,469</u>	<u>12,384</u>
<i>Total 2019</i>	<u>12,384</u>	<u>-</u>	<u>12,384</u>	

**BALCARRES HERITAGE TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020**

**5. Other incoming resources**

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Other income	36,120	-	36,120	2,162
<i>Total 2019</i>	<i>2,162</i>	<i>-</i>	<i>2,162</i>	

**6. Investment management costs**

	Unrestricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment management fees	-	40,728	40,728	39,192
Investment property insurance	2,033	-	2,033	2,856
Investment property repairs	9,033	-	9,033	843
<b>Total</b>	<b>11,066</b>	<b>40,728</b>	<b>51,794</b>	<b>42,891</b>

**7. Direct costs**

	Activities £	Total 2020 £	Total 2019 £
Property rent	-	-	1,485
Property heat & light	14,955	14,955	14,486
Property insurance	17,469	17,469	17,143
Property repairs & maintenance	58,461	58,461	91,989
Sundry expenses	1,744	1,744	8,041
Garden petrol and oil	-	-	1,042
Garden vehicle & machinery repairs	1,522	1,522	2,403
Garden sundry costs	10,055	10,055	12,238
Staff costs - council tax	1,093	1,093	1,835
Conservation & restoration	2,358	2,358	11,502
Wages and salaries	57,701	57,701	53,648
National insurance	1,391	1,391	1,013
Pension cost	2,249	2,249	2,063
Depreciation	10,811	10,811	10,943
	<b>179,809</b>	<b>179,809</b>	<b>229,831</b>
<i>Total 2019</i>	<i>229,831</i>	<i>229,831</i>	

**BALCARRES HERITAGE TRUST LIMITED****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020****8. Governance costs**

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Auditors' remuneration	6,100	-	6,100	6,600
Auditors' non audit costs	4,000	-	4,000	5,640
Telephone	242	-	242	250
Legal fees	7,082	-	7,082	5,674
Sundry expenses	777	-	777	962
	<u>18,201</u>	<u>-</u>	<u>18,201</u>	<u>19,126</u>

**9. Net income/(expenditure)**

This is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets:		
- owned by the charity	10,811	10,943
Auditors' remuneration - audit	<u>6,100</u>	<u>6,600</u>

During the year, no Council members received any remuneration (2019 - £NIL).

During the year, no Council members received any benefits in kind (2019 - £NIL).

During the year, one Council member received reimbursement of £45 expenses (2019 - £128).

**BALCARRES HERITAGE TRUST LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020****10. Staff costs**

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	57,701	53,648
Social security costs	1,391	1,013
Other pension costs	2,249	2,063
	<u>61,341</u>	<u>56,724</u>

The average number of persons employed by the charity during the year was as follows:

	2020 No.	2019 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.

**BALCARRES HERITAGE TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Tangible fixed assets**

	Land & buildings leasehold £	Tools & equipment £	Tractors & motor vehicles £	Heritage assets £	Total £
<b>Cost</b>					
At 6 April 2019	229,730	30,351	34,005	108,862	402,948
Additions	4,428	-	-	-	4,428
At 5 April 2020	234,158	30,351	34,005	108,862	407,376
<b>Depreciation</b>					
At 6 April 2019	105,867	27,696	30,654	-	164,217
Charge for the year	7,320	2,653	838	-	10,811
At 5 April 2020	113,187	30,349	31,492	-	175,028
<b>Net book value</b>					
At 5 April 2020	120,971	2	2,513	108,862	232,348
At 5 April 2019	123,863	2,655	3,351	108,862	238,731

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 2019	278,170
Impairment charge	(16,479)
At 5 April 2020	261,691

The 2020 valuations were made by the Council members, on an open market value for existing use basis.

**BALCARRES HERITAGE TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020**

**13. Fixed asset investments**

	Listed securities £
<b>Market value</b>	
At 6 April 2019	6,231,664
Additions	2,023,296
Disposals	(3,845,202)
Revaluations	(712,411)
Gain on disposals	258,167
Movements in cash held within the investment portfolio	1,872,680
	<u>5,828,194</u>
At 5 April 2020	<u>5,828,194</u>

**Investments at market value comprise:**

	UK £	Overseas £	2020 £	2019 £
Listed investments	<u>3,506,557</u>	<u>2,321,637</u>	<u>5,828,194</u>	<u>6,231,664</u>

**14. Debtors**

	2020 £	2019 £
Other debtors	18,364	31,389
Prepayments and accrued income	21,484	20,874
	<u>39,848</u>	<u>52,263</u>

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

	2020 £	2019 £
Trade creditors	7,207	3,238
Other taxation and social security	1,119	1,119
Other creditors	757	757
Accruals and deferred income	21,568	22,845
	<u>30,651</u>	<u>27,959</u>

**BALCARRES HERITAGE TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2020**

**16. Statement of funds**

**Statement of funds - current year**

	Balance at 6 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 5 April 2020 £
<b>Unrestricted funds</b>					
General Funds - all funds	701,469	273,161	(209,076)	(16,479)	749,075
<b>Endowment funds</b>					
Endowment fund	6,087,422	-	(40,728)	(454,244)	5,592,450
<b>Total of funds</b>	<b>6,788,891</b>	<b>273,161</b>	<b>(249,804)</b>	<b>(470,723)</b>	<b>6,341,525</b>

**Statement of funds - prior year**

	Balance at 6 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 5 April 2019 £
General Funds - all funds	758,727	211,877	(252,656)	(16,479)	701,469
<b>Endowment funds</b>					
Endowment fund	5,760,687	-	(39,192)	365,927	6,087,422

**BALCARRES HERITAGE TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020**

**16. Statement of funds (continued)**

**Summary of funds - current year**

	Balance at 6 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 5 April 2020 £
General funds	701,469	273,161	(209,076)	(16,479)	749,075
Endowment funds	6,087,422	-	(40,728)	(454,244)	5,592,450
	<u>6,788,891</u>	<u>273,161</u>	<u>(249,804)</u>	<u>(470,723)</u>	<u>6,341,525</u>

**Summary of funds - prior year**

	Balance at 6 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 5 April 2019 £
General funds	758,727	211,877	(252,656)	(16,479)	701,469
Endowment funds	5,760,687	-	(39,192)	365,927	6,087,422
	<u>6,519,414</u>	<u>211,877</u>	<u>(291,848)</u>	<u>349,448</u>	<u>6,788,891</u>

**BALCARRES HERITAGE TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2020**

**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	218,449	13,899	232,348
Fixed asset investments	249,643	5,578,551	5,828,194
Investment property	261,691	-	261,691
Current assets	49,943	-	49,943
Creditors due within one year	(30,651)	-	(30,651)
	<u>749,075</u>	<u>5,592,450</u>	<u>6,341,525</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Tangible fixed assets	224,832	13,899	238,731
Fixed asset investments	158,141	6,073,523	6,231,664
Investment property	278,170	-	278,170
Current assets	68,285	-	68,285
Creditors due within one year	(27,959)	-	(27,959)
	<u>701,469</u>	<u>6,087,422</u>	<u>6,788,891</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. Pension commitments**

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £2,249 (2019 - £2,063). Contributions totalling £nil (2019 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

## **BALCARRES HERITAGE TRUST LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2020**

#### **20. 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 CKD Galbraith LLP, property consultants. The rent due by the Earl of Crawford and Balcarres in respect of this sub-lease in the year under review was £6,500 (2019 - £6,350) and £17,580 (2019 - £17,300) by Lord Balniel.

The charity paid 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 £12,174 (2019 - £12,023).

In addition, during the year Lord Balniel paid expenses on behalf of the charity amounting to £4,248 (2019 - £6,845).

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 £40,728 (2019 - £39,192). The charity owed the firm £9,324 (2019 - £9,601) at the year end.

Mr Simon Weil is a partner in the legal practice of BDB Pitmans LLP which provides legal services to the charity. The value of these services in the year under review was £6,139 (2019 - £4,549). There were no amounts outstanding by the charity at the year end.

Expenses of £45 (2019 - £128) were paid to 1 Trustee of Balcarres Heritage Trust Limited to cover the costs of travel for the company's business during the year.