

Company Registration No. SC377083 (Scotland)  
Charity No. SC014915 (Scotland)

**THE BUCCLEUCH LIVING HERITAGE TRUST**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2023**

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THE BUCCLEUCH LIVING HERITAGE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Company number</b>	SC377083
<b>Scottish charity number</b>	SC014915
<b>Status</b>	The organisation is a charitable company limited by guarantee, incorporated on 19 April 2010 in Scotland.
<b>Trustees</b>	The Duke of Buccleuch and Queensberry KT KBE FRSE DL Dr Tracy Borman Ian Gow Bernard Higgins Sir John Robinson, Bt Dame Rosalind Savill, DBE CBE Wilfred Weeks, OBE Earl of Dalkeith
<b>Secretary</b>	Colin Henderson
<b>Registered office</b>	58 Morrison Street Edinburgh EH3 8BP
<b>Business address</b>	Weatherhouse Bowhill Selkirk TD7 5ES
<b>Independent auditors</b>	Saffery LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
<b>Bankers</b>	The Royal Bank of Scotland plc. 12 High Street Selkirk TD7 4DF  Handelsbanken 18 Charlotte Square Edinburgh EH2 4DF
<b>Solicitors</b>	Anderson Strathern LLP 58 Morrison Street Edinburgh EH3 8BP

THE BUCCLEUCH LIVING HERITAGE TRUST

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# THE BUCCLEUCH LIVING HERITAGE TRUST

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 OCTOBER 2023

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The Trustees present their report and financial statements for the year ended 31 October 2023. The legal and administrative information as set out on the previous pages forms part of the report.

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 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

### **Principal activity**

The principal activity of the charitable company is that of the promotion, education and appreciation of historic, artistic, architectural and aesthetic matters.

### **Trustees and key personnel**

The directors of the charitable company (the charity) are its trustees for the purposes of charity law and throughout this report are collectively known as the trustees.

The following trustees held office since 1 November 2022:

The Duke of Buccleuch and Queensberry KT KBE FRSE DL  
Dr Tracy Borman  
Ian Gow  
Bernard Higgins  
Sir John Robinson, Bt  
Dame Rosalind Savill, DBE CBE  
Wilfred Weeks, OBE  
Earl of Dalkeith

# THE BUCCLEUCH LIVING HERITAGE TRUST

## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 OCTOBER 2023

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### Personnel

The Trustees are conscious of the diffuse nature of the charity's activities across a number of sites and the responsibilities this entails. The Chairman, the Duke of Buccleuch, maintains a broad oversight of all the key personnel; Rory Powell at Bowhill, Charles Lister at Boughton, Claire Oram at Drumlanrig Castle, Charlotte Rostek at Dalkeith, Graeme Burgess as Financial Controller and Scott Macdonald as Head of Collections and Conservation.

The charity has an established Finance Committee consisting of the Duke of Buccleuch who acts as chair along with Sir John Robinson, Wilfred Weeks and a representative of The MDS Estates Limited. It meets twice a year and takes a more detailed oversight of the finances and subsequently reports to the main Trustee Board. In addition, a panel consisting of the Duke of Buccleuch, Dame Rosalind Savill and Wilfred Weeks acts as a sounding board on collections management issues, loans and other similar issues working closely with Scott Macdonald.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Governing document

The Buccleuch Living Heritage Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 19 April 2010. There are currently eight members (2022: seven), each of whom agrees to contribute £1 in the event of the charity winding up.

#### Appointment of trustees

The holder of the title of the Duke of Buccleuch and Queensberry has the power to appoint trustees.

#### Trustee induction and training

The Trustees work within the guidelines of the Articles of Association. There is in place a formal induction process for the trustees and a policy for providing the training to the trustees on matters relevant to their duties.

#### Organisation

The Board of Trustees administers the charity. It meets regularly to discuss the running of the charity, whilst there are also separate non-trustee meetings for financial planning. The Board is responsible for the day to day running of the charity, although there is a management team of suitably qualified people in place to facilitate effective operations. All major decisions are taken by the Trustees after full consideration and after having taken professional advice where appropriate.

#### Related parties

The charity is related to a number of companies owned by The MDS Estates Limited under the provisions of FRS 102.

#### Pay policy for senior staff

The Trustees consider the Board of Trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

All Trustees give of their time freely and no Trustee received remuneration during the year. Details of Trustee expenses and related party transactions are disclosed in Note 23 to the financial statements.

The salaries and benefits paid to the senior staff are reviewed annually. Reference is taken to equivalent roles within equivalent businesses in so far as can be, to ensure that senior staff are properly remunerated.

# THE BUCCLEUCH LIVING HERITAGE TRUST

## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 OCTOBER 2023

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### **Risk management**

The Trustees have assessed the major risks to which the charity is exposed and in particular those related to the operations and financing. A process of review is in place to ensure that Trustees are aware of the inherent risk within the activities of the Trust and that robust plans and mitigation are in place to reduce this to a residual level of risk and a level at which the Trustees are comfortable.

Key risks identified by the Trustees are:

- Reputation – from its operations, including ensuring that our employment and remuneration policies and practices are in line with agreed practices.
- Investments and changes in the world economy – The Trust regularly reviews its investment policy and investment holdings taking account of significant economic or world events.
- Business continuity – The Trustees are working with The MDS Estates Limited to ensure that there are full continuity plans in place in the event of a significant event at any of its operations.
- Political – The Trustees are aware of the uncertainties that issues such as devolution pose to the Trust and monitor the situation closely.
- Failure to meet regulatory standards – The Trustees are aware of all the regulatory standards and codes that they must meet and compliance with these is reviewed at each Finance Committee meeting.

The Trustees have ensured that they have plans and processes in place to mitigate each risk outlined above. A formal review of these plans and processes takes place at each Finance Committee, any change in the risk assessment is discussed, and actions to bring this assessment back in line with the Trusts agreed risk tolerance are undertaken.

### **OBJECTIVES AND ACTIVITIES**

The general objective of the charity is the advancement of historic, artistic, architectural and aesthetic education. In order to achieve the general objective of the charity, the primary objectives include:

- The education of the general public in respect of matters of historic, artistic, architectural and aesthetic interest;
- The promotion of the study and appreciation of agriculture, horticulture and silviculture, and land and estate management;
- The preservation, protection and improvement for public benefit of buildings and chattels of national, historic, architectural or artistic interest; and
- The creation, maintenance and funding of grants, bursaries, scholarship prizes and rewards for members of the general public to increase their knowledge, appreciation and enjoyment of such buildings, land and chattels, and for educational and research purposes generally.

The strategies employed to achieve the charity's objectives are:

- Providing the public with access to Bowhill and Boughton Houses and Drumlanrig Castle as buildings of historic, architectural and artistic interest and access to the grounds of Dalkeith House;
- Providing the public with access to Bowhill, Boughton and Drumlanrig Gardens as land of agricultural, horticultural and silvicultural interest;
- Operating Bowhill Little Theatre as a place where the public can view cultural and artistic dramatic performances; and
- Owning and managing an income-generating portfolio of investments and commercial properties, such that sufficient funds are in place to cover the costs of running the charity and achieving the charity's general objectives.

The three major areas of activity are:

- The offering of various properties as tourist attractions for the public;
- The management and leasing out of various commercial properties owned by the charity; and
- The management of a portfolio of listed investments.

## REPORT ON ACTIVITIES

We record with immense sadness the death in April of the Duchess of Buccleuch. For many years she served as a Trustee but whether formally or informally she played an absolutely crucial part in, and was the inspiration for, so many aspects of the Trust's work. It is impossible to reflect all of them, but she was the driving force in the expansion of archive research with the recruitment of both Crispin Powell and Paul Boucher, the latter focusing for the first time on the immensely important music archive. Crispin's monthly Duchess's Reports which were undertaken at her instigation are a richly revealing record of the wide spectrum of work undertaken over a dozen or so years. With archives the springboard for so many aspects of learning and so much performance activity, the Trust has been able to transform many aspects of its relationships with schools, universities, and a plethora of other arts organizations. She believed passionately in better education opportunities which manifested itself in her Chairmanship of the Heritage Education Trust, the independent charity which promotes more imaginative learning opportunities across the UK, and which for a number of years was run side by side with BLHT. She was the driving force behind the establishment of the Walter Scott Prize for Historical Fiction and particularly its evolution to embrace the Young Walter Scott Prizes. At the time of her death, she had just completed her contribution as one of the judges of the 2023 Prize and with typical perception had identified the eventual winner. Having been a Trustee both of the National Museum of Scotland and the British Museum, she was keenly alive to the importance of all aspects of the Stewardship of great collections, including proper record keeping and conservation. Nevertheless, she believed deeply that historic houses should maintain the spirit of living family homes with the plethora of activities that gave them character.

It was somehow appropriate therefore that in the week preceding her death, Drumlanrig had been the venue for a residential master class session with singers from the Royal Conservatoire of Scotland working with the renowned mezzo soprano Karen Cargill. It concluded with a full-dress performance in the Drawing Room with invited guests and it is now an annual feature of the castle's life. Boughton was also the venue for a weekend of Handel music and studies, a Handeliade, run in partnership with Handel House in London, that brought a wonderful array of musicians and dancers to performances in the Great Hall and leading speakers who gave lectures in the Tapestry Suite. Bowhill once again hosted the authors and judges of the Walter Scott Prize for the annual awards ceremonies at the Borders Books Festival but for the first time a Colloquium was organized in the Chapel with a distinguished invited audience to debate future directions for historical fiction. Bowhill had a particularly active programme of visits and events including the opening of the house for the Charity Sight Scotland. This has partly been in anticipation of the impact of the re-wiring programme which began in January 2023. This will make use of the house almost impossible in 2024 and into 2025 to the extent that HMRC have accepted that the requirement to make the collection publicly accessible will be removed for the year. Almost every item in the rooms will need to be moved, sometimes several times over to enable the electricians to progress and the Trustees record their gratitude to Brian Gould, Sarah Cross, and Calum Flanders in particular for their huge efforts to achieve that.

The year was a particularly interesting one for visits from major cultural institutions which, as well as the regular Attingham Trust group, included the National Gallery of Washington, the London Library, the Rubenianum Fund, and the International Circle of the Rijksmuseum. The latter two in different ways proved particularly memorable. The Rubenianum group of scholars and study patrons of Rubens included Dr Nils Buttner of the Stuttgart Akademie für Bildende Künste who with eagle eyes spotted and asked to see some bound volumes of Rubens engravings in the Smoking Room. They turned out to be an unknown part of a set compiled for Louis XIV and have been described as an art historical sensation. Revealing but in a different way were the visits to Bowhill and Drumlanrig of the Rijksmuseum who brought a number of their own curators to lead the tours. It introduced a quite different concept to the traditional 'start to finish' house tour with much more critical focus on a limited group of objects. It has given much food for thought as to how the Trust might more imaginatively present the house and engage with visitors.

Dalkeith Palace is worth highlighting for the way in which Charlotte Rostek, the Trust's curator there, has developed an eclectic programme of events which run alongside the twice-yearly contemporary art shows. These included an exhibition about the 3rd Duke's wife, Elizabeth's musical patronage, and a seminar weekend with concerts in partnership with Southampton University. As a result of the interest, we are extremely grateful to Francesca Bray for the donation of an historic square piano of the type which once belonged to the Duchess. Further events include an exhibition and conference on high quality design revolving around the 300th Anniversary of Grinling Gibbons and the return fully restored of William Meikle Kemp's exceptional model of Burn's proposals for the redesign of the Palace following its exhibition at Biggar Museum. There are promising new links with the local community including the Dalkeith Art group which have been opened up and it's a matter of particular personal pleasure that we have established close ties with Richard Demarco, one of the great figures of the Scottish post-war art scene. I also want to use this opportunity to express my particular gratitude to our Trustee, Ian Gow, who has taken Dalkeith under his wing and enlightened us so much on its history.

Once again, the houses were available throughout the year for pre booked group visits and in the usual opening season for individual paying visitors. The development, since the Covid lockdowns, of pre-booking has helped greatly with the economics of running visitor tours and with the practicalities, particularly at Drumlanrig, where the recruitment of guides has been proving difficult.

Crispin Powell, our archivist, has once again worked miracles in responding to requests for information and in supporting the

# THE BUCCLEUCH LIVING HERITAGE TRUST

## TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 OCTOBER 2023

Collaborative Doctoral Awards students. In view of the pressure and demands placed on him, and notwithstanding the valuable support Dr David Munro was able to offer on a project basis at Dalkeith, the Trustees agreed the appointment of a second archivist to be based at Bowhill. As a result, Craig Thomas has been offered the post and will start work in the spring of 2024.

Although the number of requests has reduced following Covid the Trustees continue their policy of agreeing appropriate exhibition loans. Perhaps the most significant was that of the Buccleuch Sanguzko Rug to the largest display of these very rare carpets for over 100 years in Genova.

On the conservation front, Scott Macdonald has overseen a significant growth in activity and the tackling of extremely complex issues with immense enthusiasm and professionalism. Particularly challenging was the search for an appropriate conservator for the rare pair of Cary Globes from Bowhill which have ended up at the Yolaine Voltz studio in Paris. Posing a number of best practice dilemmas was the magnificent Caffieri clock which required consultation with a wide range of experts and considerable input from the Trustees.

Work has continued on the largest single project of recent years, the restoration of the painted ceilings at Boughton, and the Trustees agreed that the pace should be stepped up in the 2023/24 winter with the final two State Rooms both being worked on. Very sadly this has coincided with the sudden death of Richard Lithgow, one of the partners of the Perry Lithgow team and the Trustees pay tribute to his extraordinary dedication and skills. In the 2024/25 winter the work will move to the Great Hall by far the largest of the ceilings. All of these works place a huge additional burden on the Boughton team, and we express our particular thanks to Charles Lister and Alan Smith who oversee the safe movement and storage of countless important art treasures to make it possible. They have had an exceptionally busy year on that score in any case as Boughton was one of the locations used in the filming of Ridley Scott's Napoleon.

Boughton has welcomed home the beautiful classical sculptures after several years of conservation work restoring them from their neglect over decades out on the West Lawn. Now housed in the Egyptian Hall they provide a whole new dimension to visitors to the house.

### Visitors in 2023

Across the year we were delighted to welcome a high number of visitors to our houses and gardens. The visitor numbers include those from our partnership with the Historic Houses.

	2020	2021	2022	2023
Bowhill	4,275	15,564	10,141	12,857
Boughton	1,566	2,677	3,509	3,570
Drumlanrig C.	4,777	22,093	19,338	18,616

Looking ahead the Trustees are anticipating further expansion of their conservation activity into new areas such as the photographic archive and the costume and textile collections which they believe will yield valuable material for learning and exhibition opportunities.

The Trustees are deeply grateful to all the team members across the historic Buccleuch homes who at every level show utter dedication and loyalty to these wonderful places and I am profoundly grateful to all of the Trustees who give of their time and share our vision of them as a living heritage for the benefit of all.

**The Duke of Buccleuch and Queensberry KT KBE FRSE DL**



# THE BUCCLEUCH LIVING HERITAGE TRUST

## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 OCTOBER 2023

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### STRATEGIC REPORT

#### Financial review

The charity has reported net losses before transfers and investments gains for the period ended 31 October 2023 of £237,115 (2022: net incomes of £1,304), which includes donations received of £1,002,515 (2022: £1,000,080). The Trust holds £684,755 in cash (2022: £1,776,567) and has £500,000 on deposit (2022: nil). The Trust also saw its commercial property portfolio increase by 0.4% in value.

The trustees invest in funds through a fund managed investment portfolio based on a medium risk strategy, balancing income and capital growth over the medium to long term. In the year to 31 October 2023, the charity saw a gain of £74,196 (2022: loss of £672,421) on its portfolio.

#### Reserves

The funds of the charity are held in unrestricted funds. The unrestricted funds are funds that can be used in accordance with the charitable objectives of the charity at the discretion of the trustees. Reserves are reviewed on a regular basis and are held at such a level to ensure the ongoing financial stability of the charity.

#### Principal funding sources

Aside from entrance fees to various properties, the principal funding sources for the charity are by way of rental income from investment properties and income from listed investments. The charity also receives substantial financial support by way of donations from the group of companies with which it is affiliated.

#### Investments

The trustees invest the charity's funds based on a medium risk strategy, balancing income and capital growth over the medium to long term. The structure of the investment portfolio during the period has been maintained in line with this strategy. The performance of the charity's investment portfolio is monitored regularly by the trustees.

#### Future Plans

As outlined above we are undertaking a thorough review to ensure that we continue to evaluate our key conservation and restoration works. We are presently looking to complete a longer-term plan of works in order to ensure efficient management of this process leading to agreement of priorities with all of the relevant stakeholders and ensuring that funds for the work will be available as required.

#### Auditors

Saffery LLP have expressed their willingness to remain in office as auditors of the charity.

# THE BUCCLEUCH LIVING HERITAGE TRUST

## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 OCTOBER 2023

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### Statement of trustees' responsibilities – charitable company

The trustees (who are also directors of The Buccleuch Living Heritage Trust for the purposes of company law) are responsible for preparing the Trustees' 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 trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that 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 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

The Trustees' Report and Strategic Report have been approved by the Board of Trustees on 5 March 2024 and are signed on their behalf by:

On behalf of the Trustees



**The Duke of Buccleuch and Queensberry KT KBE FRSE DL**  
Trustee

# THE BUCCLEUCH LIVING HERITAGE TRUST

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE BUCCLEUCH LIVING HERITAGE TRUST

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### Opinion

We have audited the financial statements of The Buccleuch Living Heritage Trust for the year ended 31 October 2023 which comprise the Statement of Financial Activities, Balance Sheet and Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards 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 charitable company's state of affairs as at 31 October 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## THE BUCCLEUCH LIVING HERITAGE TRUST

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE BUCCLEUCH LIVING HERITAGE TRUST

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#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

#### **Other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report which includes the Directors' report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

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

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

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) require us to report to you if, in our opinion:

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

# THE BUCCLEUCH LIVING HERITAGE TRUST

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE BUCCLEUCH LIVING HERITAGE TRUST

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### Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

#### Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Office of the Scottish Charity Regulator.

#### Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

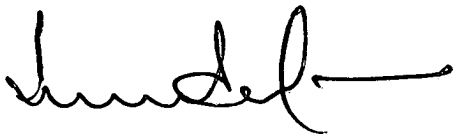
## THE BUCCLEUCH LIVING HERITAGE TRUST

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE BUCCLEUCH LIVING HERITAGE TRUST

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 auditor's report.



**Kenneth McDowell (Senior Statutory Auditor)**  
For and on behalf of

Saffery LLP  
Chartered Accountants  
  
Statutory Auditors

Edinburgh Quay  
133 Fountainbridge  
Edinburgh  
EH3 9BA

Date: 13 March 2024

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# THE BUCCLEUCH LIVING HERITAGE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 OCTOBER 2023

		Unrestricted funds £	Total funds 2023 £	Total funds 2022 £
	Notes			
<b>Income and endowments from:</b>				
Donations and legacies	3	1,002,515	1,002,515	1,000,080
<i>Income from charitable activities:</i>				
Operation of houses	4	175,494	175,494	177,248
Investment income	5	1,722,944	1,722,944	1,611,454
<b>Total income</b>		<u>2,900,953</u>	<u>2,900,953</u>	<u>2,788,782</u>
<b>Expenditure on:</b>				
<i>Cost of raising funds:</i>				
Commercial trading operations	6	(711,968)	(711,968)	(552,978)
<i>Expenditure on charitable activities:</i>				
Operation of charity	7	(2,426,100)	(2,426,100)	(2,234,500)
<b>Total expenditure</b>		<u>(3,138,068)</u>	<u>(3,138,068)</u>	<u>(2,787,478)</u>
<b>Net income before transfers and investment gains</b>		<u>(237,115)</u>	<u>(237,115)</u>	<u>1,304</u>
Net gain/(loss) on revaluation of investments	14	74,196	74,196	(672,421)
(Loss)/gain on disposal and revaluation of investment properties	13	(409,424)	(409,424)	664,076
Gain on sale of investment properties		-	-	79,072
<b>Net gains on revaluation and sale of investments</b>		<u>(335,228)</u>	<u>(335,228)</u>	<u>70,727</u>
<b>Transfers between funds</b>		-	-	-
<b>Other recognised gains:</b>				
Actuarial gain on defined benefit pension scheme	18	-	-	667,336
<b>Net movement in funds</b>		<u>(572,343)</u>	<u>(572,343)</u>	<u>739,367</u>
<b>Reconciliation of funds:</b>				
Total funds brought forward		30,745,644	30,745,644	30,006,277
<b>Total funds carried forward</b>	19	<u><u>30,173,301</u></u>	<u><u>30,173,301</u></u>	<u><u>30,745,644</u></u>

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

All income and expenditure derive from continuing activities.

# THE BUCCLEUCH LIVING HERITAGE TRUST

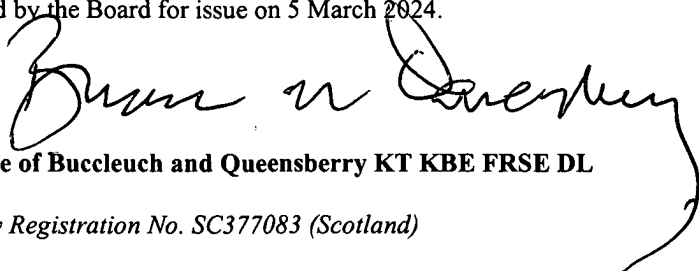
## BALANCE SHEET AS AT 31 OCTOBER 2023

		2023	2022
		£	£
<b>Fixed assets</b>	Notes		
Heritage assets	10	10,252,749	10,250,248
Tangible assets: Freehold land	11	342,000	342,000
Tangible assets: Heritable property and other assets	12	450,382	321,335
Investment properties	13	19,040,000	18,955,000
Other investments	14	4,113,904	4,159,709
<b>Total Fixed Assets</b>		<b>34,199,035</b>	<b>34,028,292</b>
<b>Current Assets</b>			
Debtors	15	1,194,553	581,954
Cash at bank and in hand		684,755	1,776,567
<b>Total Current Assets</b>		<b>1,879,308</b>	<b>2,358,521</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(905,042)</b>	<b>(641,169)</b>
<b>Net current assets</b>		<b>974,266</b>	<b>1,717,352</b>
<b>Total assets less current liabilities</b>		<b>35,173,301</b>	<b>35,745,644</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(5,000,000)</b>	<b>(5,000,000)</b>
<b>Net assets excluding pension scheme deficit</b>		<b>30,173,301</b>	<b>30,745,644</b>
Defined benefit pension scheme liability	18	-	-
<b>Total net assets</b>		<b>30,173,301</b>	<b>30,745,644</b>
<b>The funds of the charity</b>			
Unrestricted funds	19	30,173,301	30,745,644
<b>Total charity funds</b>		<b>30,173,301</b>	<b>30,745,644</b>

A total of £410,501 (2022: £410,501) of unrestricted funds is held in a separate statutory reserve, the Revaluation Reserve, on the balance sheet.

The notes on pages 15 to 33 form part of these financial statements.

Approved by the Board for issue on 5 March 2024.

  
The Duke of Buccleuch and Queensberry KT KBE FRSE DL  
Trustee  
Company Registration No. SC377083 (Scotland)



THE BUCCLEUCH LIVING HERITAGE TRUST

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2023

		2023	2022
		£	£
<b>Net cash (outflow)/inflow from operating activities</b>	<b>Notes</b> <b>24</b>	(215,208)	165,297
<b>Cash flows from investing activities</b>			
Interest received		3,453	214
Purchase of investment properties	<b>13</b>	(494,424)	(2,015,924)
Proceeds from sale of investment properties		-	1,854,073
Proceeds from sale of other investments		120,001	-
Payments to acquire heritable assets	<b>10</b>	(2,501)	-
Payments to acquire tangible fixed assets		(181,172)	(17,805)
<b>Net cash outflow from investing activities</b>		<b>(554,643)</b>	<b>(179,442)</b>
<b>Cash flows from financing activities</b>			
Interest paid	<b>6</b>	(321,961)	(163,836)
<b>Net cash outflow from financing activities</b>		<b>(321,961)</b>	<b>(163,836)</b>
<b>Decrease in cash</b>		<b>(1,091,812)</b>	<b>(177,981)</b>
Cash at 1 November 2022		1,776,567	1,954,548
<b>Cash at 31 October 2023</b>		<b>684,755</b>	<b>1,776,567</b>

The notes on pages 15 to 33 form part of these financial statements.

The net debt of the Trust is analysed in Note 25 of the financial statements.

## **1. Accounting policies**

### **1.1 Accounting convention**

#### **Basis of preparation**

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 2019) - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Buccleuch Living Heritage Trust 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 notes.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

### **1.2 Incoming resources**

Rental income and visitor income are recognised as earned. Interest and dividends receivable and other income are accounted for on an accruals basis. Gift aid and donations are recognised on receipt of proceeds.

### **1.3 Resources expended**

Resources expended are included in the statement of financial activities on an accruals basis.

All costs have been directly attributed to one of the functional categories of resources expended in the statement of financial activities as follows:-

#### ***Raising funds***

These are costs directly attributable to the running of the commercial operations.

#### ***Charitable activities***

These are costs relating to expenditure on preserving and maintaining the assets of the charity and the associated trade.

#### ***Governance costs***

These are costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

### **1.4 Heritage assets**

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 and through public access contribute to the nation's culture and education. Details of the nature of the assets held are provided in Note 10.

Heritage assets are included at historic cost, if available, or deemed cost. Expenditure on the conservation and preservation of the assets is charged to the statement of financial activities when it is incurred unless it is deemed to be of a capital nature.

In accordance with SORP FRS 102 and in the opinion of the trustees, the assets included within Heritage Assets have such a long useful life and high residual value that any depreciation would be immaterial. In addition, the trustees consider the assets to be unique in their nature and characteristics such that values will increase rather than decrease over time. Accordingly, the trustees believe any short-term impairment that may occur from time to time to be immaterial.

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## 1. Accounting policies (continued)

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets, including freehold land, are stated at cost or deemed cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Freehold land	Nil
Tenants' improvements	5% straight line
Plant and machinery	20% straight line
Fixtures and fittings	straight line over 3-10 years

### 1.6 Investment properties

Investment properties are carried at fair value determined annually by external and internal valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted for any difference in the nature, location, or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of financial activities.

### 1.7 Other Investments

Listed investments are held as fixed assets and are revalued to fair value at the balance sheet date. The gain or loss on revaluation is taken to the statement of financial activities.

### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Basic financial assets*

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### *Impairment of financial assets*

Financial assets, other than those held at fair value through the statement of financial activities, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of financial activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of financial activities.

## 1. Accounting policies (continued)

### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### *Basic financial liabilities*

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### *Other financial liabilities*

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through the statement of financial activities.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of financial activities in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through the statement of financial activities to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

## 1.9 Pensions

The charity is a member of a multi-employer defined benefit scheme. The charity's share of the underlying assets and liabilities are identified on a reasonable and consistent basis. The defined benefit pension scheme current services costs are charged to the SOFA within staff costs. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond with equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet. A defined benefit plan asset is only recognised to the extent that the charity is able to recover the surplus.

The scheme provides benefits payable to members on their retirement from employment or to their dependants on death before or after retirement. The defined benefit scheme was closed to new members with effect from 4 May 2000. However, a stakeholder compliant group personal pension plan providing benefits based on defined contributions has been made available to both new members and members of the defined benefit scheme.

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

### **1.10 Deferred grants**

Grants towards revenue expenditure are released to the statement of financial activities as the related expenditure is incurred.

### **1.11 Fund accounting**

The funds are held in restricted and unrestricted funds.

The unrestricted funds are available for use at the discretion of the trustees in furtherance of the objectives of the charity and have not been designated for other purposes.

### **1.12 Taxation**

The company is a registered charity and is not liable for United Kingdom income tax or corporation tax on charitable activities.

### **1.13 Legal status**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up while he or she is a member, or within one year after he or she ceases to be a member, is limited to £1.

## **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Critical accounting judgements apply principally to the carrying value of heritage assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Valuation of defined benefit pension scheme***

The Buccleuch Estates Limited Group operates a defined benefit pension scheme for employees of the parent company, subsidiary entities and the charitable company. In order to determine the valuation of the defined benefit pension scheme asset or liability, a number of estimates need to be made based on expectations of future developments. Long-term forecasts and estimates are highly judgemental and subject to risk that actual results will differ. The principal assumptions adopted are detailed in note 18. These have also been evaluated by an actuary as part of the annual pension scheme valuation.

#### ***Valuation of investment properties***

Investment properties are included in the financial statements at fair value. This valuation is obtained from expert property valuers, however there is inherent uncertainty in the valuation of properties given fluctuations in property requirements and prices over time.

#### ***Carrying value of heritage assets***

Heritage assets are included in the financial statements at cost or deemed cost and assessed each year for impairment. Given the nature of these assets, there are few comparatives to be able to assess market value and therefore assumptions have to be made around indicators of impairment which introduces subjectivity to their carrying value.

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**3. Income from donations and legacies**

	<b>2023</b>	<b>2022</b>
	£	£
Donation received from The MDS Estates Limited	1,000,000	1,000,000
Other donations received	2,515	80
	<u>1,002,515</u>	<u>1,000,080</u>

The income from donations and legacies was £1,002,515 (2022: £1,000,080) of which £1,002,515 was unrestricted (2022: £1,000,080).

**4. Income from charitable activities**

	<b>2023</b>	<b>2022</b>
	£	£
<i>Operation of houses:</i>		
Rental income	20,000	22,500
Grazing lets	3,500	3,500
Dalkeith Palace	12,462	-
Bowhill House	15,601	22,754
Theatre takings	-	63
Drumlanrig Castle	83,322	47,573
Boughton House	29,214	80,858
Walter Scott Prize & Sundry Incomes	11,395	-
	<u>175,494</u>	<u>177,248</u>

**5. Investment income**

	<b>2023</b>	<b>2022</b>
	£	£
Dividends received from listed investments	73,302	45,468
Commercial property rents	1,646,189	1,565,772
Bank interest received	3,453	214
	<u>1,722,944</u>	<u>1,611,454</u>

**6. Cost of raising funds**

	<b>2023</b>	<b>2022</b>
	£	£
<i>Commercial trading operations:</i>		
Commercial property expenses	390,007	389,142
Loan interest	321,961	163,836
	<u>711,968</u>	<u>552,978</u>

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**7. Expenditure on charitable activities**

	Operations, exhibitions, and the promotion of the arts £	Conservation Works £	2023 Total £	2022 Total £
Walter Scott prize	150,427	-	150,427	145,786
Conservation of monuments in St. Edmunds Church, Warkton	-	3,849	3,849	1,371
Dalkeith House	238,922	-	238,922	208,673
Bowhill House and Gardens	423,255	-	423,255	396,203
Boughton House and Gardens	369,247	-	369,247	349,244
Bowhill Little Theatre	825	-	825	1,724
Drumlanrig Castle & Gardens	617,952	-	617,952	540,986
Governance costs (see Note 8)	44,321	-	44,321	98,109
Collections charges	577,302	-	577,302	492,404
	<u>2,422,251</u>	<u>3,849</u>	<u>2,426,100</u>	<u>2,234,500</u>

**8. Governance costs**

	2023 £	2022 £
Auditor's remuneration	28,750	25,725
Legal and professional fees	15,571	72,384
	<u>44,321</u>	<u>98,109</u>

**9. Net income for the year**

	2023 £	2022 £
This is stated after charging:		
Depreciation charge for the year	52,125	49,692
Auditor's remuneration:		
- Audit Services	28,750	25,725
	<u>80,875</u>	<u>75,417</u>

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**10. Heritage Assets**

	<b>Properties £</b>	<b>Chattels £</b>	<b>Art £</b>	<b>Others £</b>	<b>Total £</b>
Opening Net book value	2,000,000	3,764,475	4,425,000	60,773	10,250,248
Additions	-	-	2,501	-	2,501
Closing Net book value	2,000,000	3,764,475	4,427,501	60,773	10,252,749

The property asset is included at a valuation of £2,000,000 which the Trustees consider to be its deemed cost. The deemed cost was established by a valuation undertaken by A Brough MRICS at replacement use value, at the date of transition to FRS102, on the basis it is a specialist property. The Trustees have undertaken an annual impairment review thereafter. The property, which is a historic house, has been held within the Buccleuch Family since the 17<sup>th</sup> century. The charity makes certain parts of this property available to the general public in order to advance its objectives.

The chattels are stated at the cost for which they were settled into the Trust.

The art is stated at the cost for which it was acquired from the prior owner.

The other heritage assets are stated at their book cost.

**Summary analysis of heritage asset transactions:**

	<b>2023 £</b>	<b>2022 £</b>	<b>2021 £</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Donations</b>					
Chattels	-	-	-	-	-
Other Assets	-	-	-	-	-
<b>Additions in Year</b>					
Heritage Assets	2,501	-	50,250	-	-
<b>Total Additions to Net book value</b>	2,501	-	50,250	-	-
<b>Opening Net book value</b>	10,250,248	10,250,248	10,199,998	10,199,998	10,199,998
<b>Closing Net book value</b>	10,252,749	10,250,248	10,250,248	10,199,998	10,199,998



THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**11. Tangible fixed assets: Freehold land**

	<b>Freehold land £</b>
Book value at 1 November 2022	<u>342,000</u>
<b>Book value at 31 October 2023</b>	<u>342,000</u>
Book value at 31 October 2023	<u>342,000</u>

The land included above represents 18.65 acres of land at Geddington, Northamptonshire and 30.22 acres of land at Lugton, Dalkeith.

Freehold land is held at deemed cost, in accordance with provisions of FRS102. The land was originally valued by E Morris MRICS in accordance with RICS Appraisal and Valuations Standards in the year ended 31 October 2015. Upon transition to FRS102, the cost model was adopted and subsequently the valuation became the deemed cost of the freehold land. No depreciation is recognised on the freehold land and consideration is given annually by the Trustees as to whether any impairment of the book value is required.

**12. Tangible fixed assets: Heritable property and other assets**

	<b>Tenants improvement £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 November 2022	498,187	18,290	198,941	715,418
Additions	167,253	-	13,919	181,172
Disposals	-	-	-	-
<b>At 31 October 2023</b>	<u>665,440</u>	<u>18,290</u>	<u>212,860</u>	<u>896,590</u>
<b>Depreciation</b>				
At 1 November 2022	259,570	18,290	116,223	394,083
Charge for the year	24,828	-	27,297	52,125
<b>At 31 October 2023</b>	<u>284,398</u>	<u>18,290</u>	<u>143,520</u>	<u>446,208</u>
<b>Net book value</b>				
<b>At 31 October 2023</b>	<u>381,042</u>	<u>-</u>	<u>69,340</u>	<u>450,382</u>
At 31 October 2022	<u>238,617</u>	<u>-</u>	<u>82,718</u>	<u>321,335</u>

**13. Investment properties**

	<b>Investment Properties £</b>
<b>Market value</b>	
At 1 November 2022	18,955,000
Additions	494,424
Disposals	-
Revaluation	(409,424)
<b>At 31 October 2023</b>	<u>19,040,000</u>
At 31 October 2022	<u>18,955,000</u>

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**13. Investment properties (continued)**

All properties were valued at 31 October 2023 by Colliers International in accordance with the RICS Appraisal and Valuation Manual. There were no sales nor purchases of property during the year, however, the Trust completed renovations on multiple properties to the consideration of £494,424. The historic book cost of the investment property assets is £16,069,656 (2022: £15,575,232). The valuer's opinion of market value of each of the properties has been primarily derived using comparable recent market transactions on arm's length terms. The net revaluation deficit on the properties is included in the fair value reserve within the current year movement, being reflected though the statement of financial activities.

**14. Other investments**

	Listed investments £
<i>Market value</i>	
At 1 November 2022	4,159,709
Disposals	(196,404)
Revaluation	150,599
<b>At 31 October 2023</b>	<b>4,113,904</b>
At 31 October 2022	4,159,709

The historic book cost of the listed investment assets is £2,307,044 (2022: £2,555,729). During the year, there was a loss on disposal of £76,403.

**15. Debtors**

	2023 £	2022 £
Trade debtors	394,824	331,986
Other debtors	124,108	143,695
VAT	73,553	-
Short term loans	500,000	-
Prepayments	102,068	106,273
	<b>1,194,553</b>	<b>581,954</b>

**16. Creditors: amounts falling due within one year**

	2023 £	2022 £
Trade creditors	458,530	254,902
Taxation and social security	11,620	10,367
Other creditors	6,000	3,316
Accruals	150,277	125,319
Deferred income	278,615	247,265
	<b>905,042</b>	<b>641,169</b>

Deferred income represents rental income deferred on the heritage asset property and the investment properties held.

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**17. Creditors: amounts falling due after more than one year**

	2023 £	2022 £
Bank loans	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>
Analysis of loans		
Wholly repayable within five years	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>

The current loan has an expiry date of the 21 June 2026. Interest is applied to this loan at Bank of England base rate +2.5%. The loan is secured by way of a standard security over 33-41 West Bowling Green St., Edinburgh; 4 Norton Park, Edinburgh; 1-26 Broompark Business Park, Edinburgh; 54 Gearshill Road, Carlisle; Links Business Centre, Old Woking; Belgrave Central, Bellshill; 52-74 Brand Street, Glasgow; and 567 Chorley New Road, Horwich.

**18. Pension costs**

The Buccleuch Estates Limited operates a Defined benefit pension scheme for employees of the parent company, subsidiary companies and charitable company.

This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 30 April 2021 and updated to 31 October 2023 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent full actuarial valuation showed a deficit of £2,672,000. The Company has agreed with the trustees that it will aim to eliminate the deficit over a period of 4 years and three months from 30 April 2020 by the payment of annual contributions of £1,109,400 in respect of the deficit. In addition, further contributions were made following asset disposals. In addition, and in accordance with the actuarial valuation, the Company has agreed with the trustees that it will pay the balance over member contributions to make a total rate of 35.37% of pensionable pay and will meet expenses of the scheme and levies to the Pension Protection Fund. Member contributions are payable in addition at the rate of 12.3% of pensionable pay for Directors & Senior Staff and 5.5% p.a. of pensionable pay for other employees. The value of the fund at the year end was £10,706,000. From December 2022 it was agreed that the Company would no longer make additional payments and that securities held by the Pension Fund would be removed and that expenses and levies would be met by the scheme.

At the date of the latest updated actuarial valuation of the scheme the market value of the scheme's assets was £36,307,000 (2022: £42,482,000) and the actuarial value of the assets was sufficient to cover 142% (2022: 152%) of the benefits that had accrued to members. The liability arising from the scheme amounts to £25,601,000 (2022: £28,021,000). The scheme net assets of £10,706,000 have been adjusted down to nil and a related deferred tax liability of £nil have been included in the Company's Statement of financial position. This is a multi-employer scheme of which the charitable company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme.

Where there is a pension obligation and deferred tax liability this will be recognised in the accounts of The Buccleuch Estates Limited.

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**18. Pension commitments (continued)**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Reconciliation of present value of plan liabilities:</b>		
At the beginning of the year	<b>28,021</b>	<b>49,549</b>
Current service cost	<b>86</b>	<b>288</b>
Interest cost	<b>1,319</b>	<b>885</b>
Actuarial losses	<b>(2,654)</b>	<b>(21,705)</b>
Contributions	<b>87</b>	<b>52</b>
Benefits paid	<b>(1,258)</b>	<b>(1,048)</b>
At the end of the year	<b>25,601</b>	<b>28,021</b>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Reconciliation of present value of plan assets:</b>		
At the beginning of the year	<b>42,482</b>	<b>41,091</b>
Interest income	<b>1,319</b>	<b>745</b>
Actuarial (losses) / gains	<b>(6,596)</b>	<b>125</b>
Contributions	<b>416</b>	<b>1,569</b>
Benefits paid	<b>(1,258)</b>	<b>(1,048)</b>
Administrative expenses	<b>(56)</b>	<b>-</b>
At the end of the year	<b>36,307</b>	<b>42,482</b>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Composition of plan:</b>		
Fair value of plan assets	<b>36,307</b>	<b>42,482</b>
Present value of plan liabilities	<b>(25,601)</b>	<b>(28,021)</b>
Effect of asset ceiling	<b>(10,706)</b>	<b>(14,461)</b>
Net pension scheme asset / (liability)	<b>-</b>	<b>-</b>

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**18. Pension commitments (continued)**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts recognised in profit or loss are as follows:</b>		
Current service costs	<b>86</b>	288
Interest on obligation	-	140
Administrative expenses	<b>56</b>	-
Benefit changes	-	-
<b>Total</b>	<b>142</b>	<b>428</b>

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income:</b>		
Actual return less interest income included in net interest income	<b>6,596</b>	(125)
Experience gains and losses arising on the scheme liabilities	<b>685</b>	(2,674)
Changes in assumptions underlying the present value of the scheme liabilities	<b>(3,339)</b>	(19,031)
Changes in asset ceiling (excluding interest income)	<b>(3,755)</b>	14,461
<b>Total</b>	<b>187</b>	<b>(7,369)</b>

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
<b>Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):</b>		
Discount rate	<b>5.60</b>	4.80
Future salary increases	<b>3.50</b>	3.40
Pension increases in payment (capped at 5% pa)	<b>3.30</b>	3.20
Pension increases in payment (capped at 2.5% pa)	<b>2.10</b>	2.10
Inflation (RPI)	<b>3.50</b>	3.40

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

18. Pension commitments (continued)

	2023 %	2022 %
<b>The mortality assumptions adopted at 31 October 2023 imply the following life expectancies on retirement at age 65:</b>		
Retiring today		
Male	21.0	21.4
Female	22.8	23.2
Retiring in 20 years		
Male	22.2	22.7
Female	24.3	24.7

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Amounts for the current and previous four periods are as follows:					
Defined benefit obligation	(25,601)	(28,021)	(49,549)	(49,742)	(46,877)
Scheme assets	36,307	42,482	41,091	38,181	35,337
Change in asset ceiling	(10,706)	(14,461)	-	-	-
Deficit	-	-	(8,458)	(11,561)	(11,540)

The best estimate of contributions to be paid by the company is disclosed in The Buccleuch Estates Limited financial statements.

	2023 £000	2022 £000
<b>Assets:</b>		
Bonds	35,871	38,227
Diversified growth	-	3,530
Cash	436	725
<b>Total</b>	<b>36,307</b>	<b>42,482</b>

None of the fair values of the assets shown above include any direct investments in the financial instruments of The MDS Estates Limited, or any property occupied by, or other assets used by, The MDS Estates Limited.

**Defined benefit – contributions payable:**

Total pension contributions payable by the charity for the period were £22,503 (2022: £95,056). The contributions outstanding as at 31 October 2023 were Nil (2022: Nil).

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**18. Pension commitments (continued)**

**Defined contribution scheme**

Certain employees are members of a stakeholder compliant defined contribution pension scheme. Total pension contributions for the period were £29,681 (2022: £28,387). The contributions outstanding as at 31 October 2023 were Nil (2022: Nil).

**19. Analysis of movements in funds**

	Unrestricted funds	Total
	£	£
Balance at 1 November 2022	30,745,644	30,745,644
Net outgoing resources before recognised gains	(237,115)	(237,115)
Net gain on disposal and revaluation of investments	74,196	74,196
Gain on revaluation of investment properties	(409,424)	(409,424)
Actuarial Gain on defined benefit pension scheme	-	-
Balance at 31 October 2023	30,173,301	30,173,301

**Comparative financial information:**

	Unrestricted funds	Total
	£	£
Balance at 1 November 2021	30,006,277	30,006,277
Net incoming resources before recognised gains	1,304	1,304
Loss on revaluation of investments	(672,421)	(672,421)
Gain on disposal and revaluation of investment properties	743,148	743,148
Actuarial Gain on defined benefit pension scheme	667,336	667,336
Balance at 31 October 2022	30,745,644	30,745,644

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**20. Analysis of assets between funds**

	Unrestricted funds	Total
	£	£
Fixed assets	34,199,035	34,199,035
Current assets	1,879,308	1,879,308
Current liabilities	(905,042)	(905,042)
Long term liabilities	(5,000,000)	(5,000,000)
Balance at 31 October 2023	<u>30,173,301</u>	<u>30,173,301</u>

*Comparative financial information*

	Unrestricted funds	Total
	£	£
Fixed assets	34,028,292	34,028,292
Current assets	2,358,521	2,358,521
Current liabilities	(641,169)	(641,169)
Long term liabilities	(5,000,000)	(5,000,000)
Balance at 31 October 2022	<u>30,745,644</u>	<u>30,745,644</u>

**21. Transactions with trustees**

No trustees received remuneration in the year.

Travel and subsistence expenses were reimbursed to four trustees during the year of £1,346 (2022: £1,731).

**22. Employees**

Number of employees

The average monthly number of employees (including directors) during the period was:

	2023 Number	2022 Number
Manual	-	-
Administrative	35	32
	<u>35</u>	<u>32</u>
Employment costs		
	2023 £	2022 £
Wages and salaries	423,971	377,597
Other pension costs	52,185	123,444
	<u>476,156</u>	<u>501,041</u>



THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**22. Employees (continued)**

The number of employees whose total employee benefits (excluding employer pension costs) for the period fell within the band from £80,000 - £89,999 was one (2022: one). No other employees fell within any band from £60,000 upwards.

The total amount of employee benefits received by its key management personnel for their services to the charity was £263,898 (2022: £311,800).

**23. Related party relationships and transactions**

Transactions entered into with related parties can be summarised as follows:	2023	2022
	£	£
<b>The Buccleuch Estates Limited</b>		
Entry ticket charges	(1,725)	(9,260)
Repairs, Dalkeith House	-	57,212
Misc recharges	8,502	-
Recharge of mansion house and gardens costs	953,752	856,263
	<u>960,529</u>	<u>904,215</u>
<b>The Boughton Estates Limited</b>		
Entry ticket charges	(2,801)	(1,577)
Recharge of mansion house and gardens costs	212,717	225,661
	<u>209,916</u>	<u>224,084</u>
<b>Buccleuch Recreational Enterprises Limited</b>		
Rents and tickets received – Mansion Houses	(73,040)	(129,847)
Recharged income and expenditure items	(77,306)	8,697
Recharges of staff costs	(84,064)	(76,552)
	<u>(234,410)</u>	<u>(197,702)</u>
<b>Restoration Yard Limited</b>		
Misc recharges	(12,274)	-
	<u>(12,274)</u>	<u>-</u>
<b>Walter, Earl of Dalkeith</b>		
Misc recharges	1,090	-
	<u>1,090</u>	<u>-</u>
<b>The MDS Estates Limited</b>		
Donations	(1,000,000)	(1,000,000)
Recharged IT, PR, advertising	54,501	23,862
Recharged insurance costs	45,672	144,029
	<u>(899,827)</u>	<u>(832,109)</u>
<b>The Duke of Buccleuch and Queensberry KT KBE FRSE DL</b>		
Chattels rental income, donations and recharges	(4,160)	(9,574)
	<u>(4,160)</u>	<u>(9,574)</u>

# THE BUCCLEUCH LIVING HERITAGE TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

### 23. Related party relationships and transactions (continued)

	2023	2022
	£	£
<b>The balances due from / (to) related parties at the year-end were as follows:</b>		
The Buccleuch Estates Limited	377,404	(23,306)
The Boughton Estates Limited	(8,606)	(2,090)
Buccleuch Recreational Enterprises Limited	(614)	18,442
The Duke of Buccleuch and Queensberry KT KBE FRSE DL	(114)	6,846
	<u>368,070</u>	<u>(108)</u>

During the year, The Buccleuch Living Heritage Trust entered into a commercial loan agreement with The Buccleuch Estates Limited for the sum of £500,000. This has been included in the balance from The Buccleuch Estates Limited at the year-end.

The Duke of Buccleuch and Queensberry KT KBE FRSE DL, the Earl of Dalkeith and Mr Bernard Higgins, Trustees of The Buccleuch Living Heritage Trust, are directors of The MDS Estates Limited, The Buccleuch Estates Limited, The Boughton Estates Limited and Buccleuch Recreational Enterprises Limited. The Buccleuch Estates Limited, The Boughton Estates Limited and Buccleuch Recreational Enterprises Limited are wholly-owned subsidiaries of The MDS Estates Limited, the ultimate holding company of that Group.

### 24. Reconciliation of net movement in funds to net cash flow from operating activities

	2023	2022
	£	£
Net movement in Funds (excluding pension scheme valuation)	(572,343)	72,031
Interest paid	321,961	163,834
Interest received	(3,453)	(212)
Depreciation	52,125	49,692
Loss/(gain) on revaluation of Investment Properties	409,424	(743,148)
(Gain)/loss on revaluation of Other Investments	(74,196)	672,421
(Increase) in Debtors	(612,599)	(68,565)
Increase in Creditors	263,873	19,244
<b>Net cash inflow from operating activities</b>	<u>(215,208)</u>	<u>165,297</u>

### 25. Analysis of net debt activities

	1 November 2022	Cash flow	Other non- cash changes	31 October 2023
	£	£	£	£
Net cash:				
Cash at bank and in hand	<u>1,776,567</u>	<u>(1,091,812)</u>	<u>-</u>	<u>684,755</u>
Debts: falling due within one year				
Debts: falling due after one year	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>
<b>Net debt</b>	<u>(3,223,433)</u>	<u>(1,091,812)</u>	<u>-</u>	<u>(4,315,245)</u>

## THE BUCCLEUCH LIVING HERITAGE TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

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#### **26. Going concern and post balance sheet events**

The Trustees consider the company to be a going concern and the financial statements have been prepared on that basis.

The Trustees believe this to be the case due to the comfort taken from the level of reserves available to the Trust, and the income yield which that endowment produces in relation to the committed operating costs of the Trust. Any cash-flow shortfall is met through operating activities and the continued financial support provided by the benefactors to the Trust.

The Trust has produced a five-year financial forecast which supports the adoption of a Going Concern basis of accounting and, ultimately, given the significant Net Asset base reported on the Trust's Balance Sheet, the Trustees have the ability to dispose of property or investment assets to generate a cash inflow should that become necessary at any future point in time due to unforeseen circumstances.

#### **27. Capital commitments**

As at 31 October 2023 the Trust was committed to the completion of capital projects estimated at £137,496 in relation to restoration projects relating to certain assets held by the Trust.

THE BUCCLEUCH LIVING HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2023

**28. Comparative Statement of Financial Activities**  
**For the year ended 31 October 2022**

		Unrestricted funds £	Total funds £
	Notes		
<b>Income and endowments from:</b>			
Donations and legacies	3	1,000,080	1,000,080
<i>Income from charitable activities:</i>			
Operation of houses	4	177,248	177,248
Investment income	5	1,611,454	1,611,454
<b>Total income</b>		<b>2,788,782</b>	<b>2,788,782</b>
 <b>Expenditure on:</b>			
<i>Cost of raising funds:</i>			
Commercial trading operations	6	(552,978)	(552,978)
<i>Expenditure on charitable activities:</i>			
Operation of charity	7	(2,234,500)	(2,234,500)
<b>Total expenditure</b>		<b>(2,787,478)</b>	<b>(2,787,478)</b>
 <b>Net income before transfers and investment gains</b>		<b>1,304</b>	<b>1,304</b>
 Net gains on revaluation of investments	14	(672,421)	(672,421)
Gain on revaluation of investment properties	13	664,076	664,076
Gain on revaluation of investment properties		79,072	79,072
 <b>Net incoming resources before other recognised gains</b>		<b>72,031</b>	<b>72,031</b>
 <b>Other recognised gains:</b>			
Actuarial Gain on defined benefit pension scheme	18	667,336	667,336
<b>Net movement in funds</b>		<b>739,367</b>	<b>739,367</b>
 <b>Reconciliation of funds:</b>			
Total funds brought forward		30,006,277	30,006,277
 <b>Total funds carried forward</b>	<b>19</b>	<b>30,745,644</b>	<b>30,745,644</b>