

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 2017**

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 2017**

Council members The Earl of Crawford and Balcarres (resigned 14 November 2016)
 Lord Balniel
 N J Barker
 The Hon R J Elliott
 S P Weil
 The Earl of Woolton

**Company registered
number** 02101229

**Charity registered
number** 296766

Registered office 50 Broadway
 Westminster
 London
 SW1H 0BL

Company secretary Broadway Secretaries Limited

Independent auditors EQ Accountants LLP
 Chartered Accountants
 58 Bonnygate
 Cupar
 Fife
 KY15 4LD

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

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

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT
FOR THE YEAR ENDED 5 APRIL 2017

The Council members present their annual report together with the audited financial statements of for the 6 April 2016 to 5 April 2017. 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 long standing loans of a considerable number of paintings to the National Gallery of Scotland have been continued and these remain available to be seen by 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 some of these collections has taken place which enables greater access to the public, scholars and academics. For example low-resolution images, text transcriptions, and in some instances, sound recordings of the Crawford English Ballad Collection 1-1466 and other ballads held by NLS (1,754 ballads in all) now appear on the EBBA (English Broadside Ballad Archive) website.

The collection of later English Ballads has been accessible through the Digital Gallery on the NLS website since 2012. Statistics for the number of hits received indicate that there continues to be a steady interest in this material: the figures for April 2016 – March 2017 show a total of 21,847 'page views'. This is an increase of over 1,000 page views on last year and the English Ballads was the 25th most popular feature of the NLS's ever-expanding list of nearly 100 Digital Gallery features during this period. The digital versions of the printed catalogues of the Crawford collections had 4,715 page views during this period.

As reported in the previous year the Charity lent four drawings by the English artist Winifred Knights (1899-1947) to an exhibition of her work held at the Dulwich Picture Gallery in London. The exhibition lasted for 4 months from June to September and was hailed as a great success by not only the public but also by the art critics. Over 30,200 visitors attended the exhibition.

BALCARRES HERITAGE TRUST LIMITED

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COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2017

Another important loan during the year was to the Fitzwilliam Museum in Cambridge. An exhibition called *Madonnas and Miracles: the Holy Home in Renaissance Italy* took place towards the end of the year, opening in March and ending in June 2017. The Charity had been asked to lend a painting by Leandro Bassano called *Woman at her Devotions* which it was delighted to agree to. The exhibition represents the culmination of a ground-breaking four-year interdisciplinary research programme funded by the EU and was directed by three leading scholars of Renaissance Italy at the University of Cambridge. Again the exhibition was a great success with over 51,000 visitors.

October saw the publication of the book *Defiance: The Life and Choices of Lady Anne Barnard* written by the historian Stephen Taylor. Over the previous two years the Charity had given access to all diaries, journals and personal correspondence relating to Lady Anne Barnard that is held at the NLS to the author in order for such a book to be produced. The book met with universal praise with the Times writing 'the biography is scrupulous, affectionate and well-written – the product of an author who usually combines the virtues of both journalist and scholar'.

Another book, *Kenneth Clark: Life, Art & Civilisation*, written by James Stourton was also published during the year with the author relying heavily on the Crawford muniments to inform the research and substance.

Additionally during the year there were a significant number of enquiries relating to the collections and family papers from academics, researchers, students and historians. Professor Greg Clingham, Professor of English at Bucknell University, USA has sourced much information for his study about Lady Anne Barnard's experiences in the Cape from the Charity's archives.

Joaquin Perez-Pariente, Research Professor at the Institute of Catalysis and Petroleum Chemistry (IPC) in Madrid has written a paper on Sir David Lindsay (1587-1641) and his interest in alchemy and early chemistry. Significant assistance in this project was provided by documents and books made available by the Charity.

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. Last year it was decided to improve the condition of the cobbled courtyard as the state of the ground level had become a concern for visitors from a health and safety aspect. A large section of what had been crumbling concrete was replaced with cobbles matching the original layout.

Group visits to the house have included tour parties from the Patrons Group of the National Gallery in London, Patrons of St Andrews University, members of The Art Fund and also an international group organised by Classical Excursions. The garden was opened to the Scotland Gardens Scheme in September and monies raised went to the local branch of the Riding for the Disabled Charity.

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COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2017

b. Investment policy and performance

REVIEW OF INVESTMENT PORTFOLIO ACTIVITY & PERFORMANCE
Provided by James Hambro & Partners LLP
6th April 2016 to 5th April 2017

The year was characterised by political activity, as electorates were taken to the polls on either side of the Atlantic and delivered results which overturned the expectations of market strategists, opinion polls and bookmaker's odds alike. In the context of these events, we entered the year cautiously positioned, focused on avoiding the pitfalls that have the potential to permanently destroy capital. This was embodied by an underweight allocation to equities and an increased level of protection within the portfolio, in particular index-linked bonds, absolute return funds and cash.

Yet in the case of both the UK's decision to leave the European Union and the US presidential election, the anticipated falls in equities failed to materialise and we had to remind ourselves that markets can quickly discount bad news and uncertainty, such that the performance of investments can appear completely at odds with the pre-conceived wisdom. This was particularly true of UK equities, which defied predictions by accelerating upwards following the 'Brexit' decision. Over the year world equities rose 33.1%, the FTSE All Share 22% and the UK All Stocks Gilt Index 6.6% (all total returns in sterling).

Clearly, the strength of these returns for a UK investor in part reflected the depreciation of sterling, which fell sharply in June before being further weakened by an interest rate cut in August. This provided a fillip for larger UK listed companies that earn a disproportionate percentage of their profits in overseas currencies. However, they were also driven by an increasingly positive global economic picture as growth and inflation gained momentum, with trends such as falling unemployment and rising wage growth accelerating.

Over the second half of the year, we reacted to the changing environment by incrementally reducing our underweight equity stance by adding exposure to more economically sensitive companies (e.g. Glencore, JP Morgan). This involved a rigorous adherence to our core equity selection principles, retaining our preference for companies we perceive to have defensible franchises, resilient profitability and structurally growing end markets.

While this served the portfolio well, we continue to be extremely vigilant to the build-up of excesses in the market. Our underweight position in fixed income reflects the view that as inflation takes hold, interest rates will continue to rise pushing yields up and bond prices down. Underlying the broadly neutral position in equities is a preference for international over UK domestic companies and we maintain the balance of funds in alternative assets and cash. The bulk of the alternative allocation is to absolute return funds, which look to benefit from volatile markets and offer protection should the optimism in the equity markets begin to fade.

Overall the value of the portfolio rose 14.9% in the 12 months to 5th April 2017. This is behind of the composite benchmark index, which rose 21.6%, and the ARC Steady Growth peer group which rose 15.1%. The more prudent approach through the unexpected outcomes of Brexit and the US election, as well as the underweight allocation to fixed interest, acted as a drag on performance relative to the benchmark.

James Hambro & Partners LLP
June 2017

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COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2017

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 £193,931 have been received in the year and include donations from Lord Balniel of £5,323.

Total resources expended in the year are £224,306. 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 £187,571 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 gains of £498,237. This balance is included in the charity's expendable endowment fund. Overall the net movement in funds was an increase of £655,007, resulting in unrestricted funds of £713,097 and expendable endowment funds of £5,591,564 at the year end.

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.

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.

BALCARRES HERITAGE TRUST LIMITED
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COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2017

Plans for future periods

a. Future developments

The Charity will be lending a painting by Tom Monnington, *The Wine Press* (c.1923) to an exhibition called *True to Life: British Realist Painting in the 1920s & 1930s* at the Scottish National Gallery of Modern Art in Edinburgh. The exhibition will take place from 1st July – 29th October 2017.

The Charity has also agreed to provide material to an exhibition at the National Library of Scotland to commemorate the 500th anniversary of the Lutheran Reformation. The exhibition will run from 31st October – 31st December 2017.

The Charity is exploring collaboration with Dr Luke Gartlan, Senior lecturer in the School of Art History at the University of St Andrews to study Sir Coutts Lindsay's interest in photography with particular emphasis on his friendship and professional contact with Julia Margaret Cameron.

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 31 October 2017 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

We have audited the financial statements of Balcarres Heritage Trust Limited for the year ended 5 April 2017 set out on pages 9 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's members, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's 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 charity, the charity's members as a body and the charity's Council members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Council members and auditors

As explained more fully in the Council members' responsibilities statement, the Council members (who are also the directors of the 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.

The Council members have elected for the financial statements to be audited in accordance with the Charities and Trustee Investment (Scotland) Act 2005 rather than also with the Companies Act 2006. Accordingly we have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BALCARRES HERITAGE TRUST LIMITED

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

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
- the charity has not kept proper and adequate accounting records; 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; or
- the Council members were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

EQ Accountants LLP

EQ Accountants LLP

Chartered Accountants

Statutory Auditors

58 Bonnygate

Cupar

Fife

KY15 4LD

31 October 2017

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

BALCARRES HERITAGE TRUST LIMITED
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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2017

	Note	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income and endowments from:					
Donations and legacies	2	7,823	-	7,823	16,502
Charitable activities	4	8,013	-	8,013	29,400
Investments	3	159,855	-	159,855	189,528
Other income	5	18,240	-	18,240	-
Total income and endowments		193,931	-	193,931	235,430
Expenditure on:					
Raising funds	6	4,570	32,165	36,735	49,657
Charitable activities	7,8	187,571	-	187,571	182,105
Total expenditure		192,141	32,165	224,306	231,762
Net income / (expenditure) before investment gains/(losses)		1,790	(32,165)	(30,375)	3,668
Net gains/(losses) on investments	12,13	(16,480)	701,862	685,382	(191,000)
Net income / (expenditure) before other recognised gains and losses		(14,690)	669,697	655,007	(187,332)
Net movement in funds		(14,690)	669,697	655,007	(187,332)
Reconciliation of funds:					
Total funds brought forward		727,787	4,921,867	5,649,654	5,836,986
Total funds carried forward		713,097	5,591,564	6,304,661	5,649,654

The notes on pages 11 to 23 form part of these financial statements.

BALCARRES HERITAGE TRUST LIMITED**(A company limited by guarantee)****REGISTERED NUMBER: 02101229****BALANCE SHEET
AS AT 5 APRIL 2017**

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	255,591	267,509
Investment property	12	311,129	327,609
Total tangible assets		566,720	595,118
Investments	13	5,696,356	5,025,530
		6,263,076	5,620,648
Current assets			
Debtors	14	45,694	46,999
Cash at bank and in hand		19,052	6,366
		64,746	53,365
Creditors: amounts falling due within one year	15	(23,161)	(24,359)
Net current assets		41,585	29,006
Net assets		6,304,661	5,649,654
Charity Funds			
Endowment funds	16	5,591,564	4,921,867
Unrestricted funds	16	713,097	727,787
Total funds		6,304,661	5,649,654

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 31 October 2017 and signed on their behalf, by:



Lord Balniel



S P Weil

The notes on pages 11 to 23 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 2017

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.

Endowment 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 endowment fund includes the investment portfolio and costs of managing the investments portfolio. All realised and unrealised gains and losses are recorded within this fund.

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.

Dividends and other investment income is recognised once it has been declared and notification has been received. This is normally upon notification by the charity investment adviser of the dividend yield of the investment portfolio. 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 or investment adviser.

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

BALCARRES HERITAGE TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2017

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 educational 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 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Council members have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.8 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 2017**

1. Accounting policies (continued)

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

1.15 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.

1.16 Interest receivable

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

BALCARRES HERITAGE TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2017

1. Accounting policies (continued)

1.17 Debtors

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

1.18 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.

1.19 Creditors and provisions

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

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lord Balniel	5,323	-	5,323	16,502
Donations	2,500	-	2,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	7,823	-	7,823	16,502
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2016	16,502	-	16,502	
	<hr/>	<hr/>	<hr/>	

In 2016, of the total income from donations and legacies, £16,502 was to unrestricted funds and £Nil was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2017**

3. Investment income

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Rent and service charge income	62,972	-	62,972	62,248
UK listed investments	71,913	-	71,913	104,532
Foreign listed investments	24,970	-	24,970	22,735
Other interest receivable	-	-	-	13
	<u>159,855</u>	<u>-</u>	<u>159,855</u>	<u>189,528</u>
<i>Total 2016</i>	<u>189,528</u>	<u>-</u>	<u>189,528</u>	

In 2016, of the total investment income, £189,528 was to unrestricted funds and £Nil was to restricted funds.

4. Income from charitable activities

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Visiting groups	8,013	-	8,013	29,400
	<u>8,013</u>	<u>-</u>	<u>8,013</u>	
<i>Total 2016</i>	<u>29,400</u>	<u>-</u>	<u>29,400</u>	

In 2016, of the total income from charitable activities, £29,400 was to unrestricted funds and £Nil was to restricted funds.

5. Other incoming resources

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other income	18,240	-	18,240	-
	<u>18,240</u>	<u>-</u>	<u>18,240</u>	
<i>Total 2016</i>	<u>-</u>	<u>-</u>	<u>-</u>	

In 2016, of the total other incoming resources, £Nil was to unrestricted funds and £NIL was to restricted funds.

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6. Investment management costs

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment management fees	-	32,165	32,165	29,500
Investment property insurance	2,339	-	2,339	1,685
Investment property council tax	-	-	-	(803)
Investment property repairs	2,230	-	2,230	2,795
Investment property depreciation	-	-	-	16,480
Total	4,569	32,165	36,734	49,657

7. Direct costs

	Basis of Allocation	Activities £	Total 2017 £	Total 2016 £
Property rent	Actual	1,830	1,830	1,800
Property heat & light	Actual	17,901	17,901	14,146
Property insurance	Actual	17,176	17,176	16,137
Property repairs & maintenance	Actual	43,629	43,629	19,248
Recruitment expenses	Actual	-	-	1,080
Sundry expenses	Actual	2,418	2,418	4,456
Garden petrol and oil	Actual	764	764	931
Garden vehicle & machinery repairs	Actual	2,536	2,536	3,198
Garden sundry costs	Actual	3,151	3,151	9,209
Garden subscriptions	Actual	225	225	163
Staff costs - council tax	Actual	1,990	1,990	1,988
Conservation & restoration	Actual	1,788	1,788	10,605
Wages and salaries	Actual	53,284	53,284	54,821
National insurance	Actual	1,887	1,887	-
Pension cost	Actual	1,132	1,132	-
Depreciation	Actual	11,918	11,918	12,578
		161,629	161,629	150,360
<i>At 5 April 2016</i>		<i>150,360</i>	<i>150,360</i>	

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8. Governance costs

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditors' remuneration	5,500	-	5,500	5,500
Auditors' non audit costs	9,116	-	9,116	8,006
Telephone	228	-	228	213
Legal fees	10,420	-	10,420	16,773
Sundry expenses	678	-	678	1,253
	<u>25,942</u>	<u>-</u>	<u>25,942</u>	<u>31,745</u>

9. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	11,918	12,578
Auditors' remuneration - audit	<u>5,500</u>	<u>5,500</u>

During the year, no Council members received any remuneration (2016 - £NIL).
During the year, no Council members received any benefits in kind (2016 - £NIL).
During the year, no Council members received any reimbursement of expenses (2016 - £NIL).

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10. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	53,284	54,821
Social security costs	1,887	-
Other pension costs	1,132	-
	<u>56,303</u>	<u>54,821</u>

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

	2017 No.	2016 No.
Gardens	2	2
Housekeeping	1	1
	<u>3</u>	<u>3</u>

No employee received remuneration amounting to more than £60,000 in either year.
During the year no Trustee was remunerated for their services, received expenses or benefits.

11. Tangible fixed assets

	Land & buildings leasehold £	Tools & equipment £	Tractors & motor vehicles £	Heritage assets £	Total £
Cost					
At 6 April 2016 and 5 April 2017	229,730	30,351	34,005	103,362	397,448
Depreciation					
At 6 April 2016	84,356	19,528	26,055	-	129,939
Charge for the year	7,171	2,758	1,989	-	11,918
At 5 April 2017	91,527	22,286	28,044	-	141,857
Net book value					
At 5 April 2017	138,203	8,065	5,961	103,362	255,591
At 5 April 2016	145,374	10,823	7,950	103,362	267,509

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.

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FOR THE YEAR ENDED 5 APRIL 2017

12. Investment property

	Freehold investment property £
Cost or valuation	
At 6 April 2016	327,609
Impairment charge	(16,480)
	<u>311,129</u>
At 5 April 2017	<u><u>311,129</u></u>

The 2017 valuations were made by the Council members, on an open market value for existing use basis.

13. Fixed asset investments

	Listed securities £
Market value	
At 6 April 2016	5,025,530
Additions	2,095,086
Disposals	(2,017,215)
Revaluations	498,237
Gain on disposals	203,625
Movements in cash held within the investment portfolio	(108,907)
	<u>5,696,356</u>
At 5 April 2017	<u><u>5,696,356</u></u>
Historical cost	<u><u>3,919,530</u></u>

Investments at market value comprise:

	UK £	Overseas £	2017 £	2016 £
Listed investments	<u>3,395,050</u>	<u>2,301,306</u>	<u>5,696,356</u>	<u>5,025,530</u>

14. Debtors

	2017 £	2016 £
Other debtors	27,967	28,886
Prepayments and accrued income	17,727	18,113
	<u>45,694</u>	<u>46,999</u>

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FOR THE YEAR ENDED 5 APRIL 2017**

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,735	4,578
Other taxation and social security	901	1,068
Other creditors	279	281
Accruals and deferred income	19,246	18,432
	<u>23,161</u>	<u>24,359</u>

16. Statement of funds

Statement of funds - current year

	Balance at 6 April 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 5 April 2017 £
Unrestricted funds					
General funds - all funds	727,787	193,931	(192,141)	(16,480)	713,097
Endowment funds					
Endowment fund	4,921,867	-	(32,165)	701,862	5,591,564
Total of funds	<u>5,649,654</u>	<u>193,931</u>	<u>(224,306)</u>	<u>685,382</u>	<u>6,304,661</u>

Statement of funds - prior year

	Balance at 6 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 5 April 2016 £
Unrestricted funds						
General funds - all funds	697,506	235,430	(202,262)	(2,887)	-	727,787
	<u>697,506</u>	<u>235,430</u>	<u>(202,262)</u>	<u>(2,887)</u>	<u>-</u>	<u>727,787</u>
Endowment funds						
Endowment fund	5,139,480	-	(29,500)	2,887	(191,000)	4,921,867
	<u>5,139,480</u>	<u>-</u>	<u>(29,500)</u>	<u>2,887</u>	<u>(191,000)</u>	<u>4,921,867</u>
Total of funds	<u>5,836,986</u>	<u>235,430</u>	<u>(231,762)</u>	<u>-</u>	<u>(191,000)</u>	<u>5,649,654</u>

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Summary of funds - current year

	Balance at 6 April 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 5 April 2017 £
General funds	727,787	193,931	(192,141)	(16,480)	713,097
Endowment funds	4,921,867	-	(32,165)	701,862	5,591,564
	<u>5,649,654</u>	<u>193,931</u>	<u>(224,306)</u>	<u>685,382</u>	<u>6,304,661</u>

Summary of funds - prior year

	Balance at 6 April 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 5 April 2016 £
General funds	697,506	235,430	(202,262)	-	727,787
Endowment funds	5,139,480	-	(29,500)	(191,000)	4,921,867
	<u>5,836,986</u>	<u>235,430</u>	<u>(231,762)</u>	<u>(191,000)</u>	<u>5,649,654</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £
Tangible fixed assets	241,692	13,899	255,591
Fixed asset investments	118,691	5,577,665	5,696,356
Investment property	311,129	-	311,129
Current assets	64,746	-	64,746
Creditors due within one year	(23,161)	-	(23,161)
	<u>713,097</u>	<u>5,591,564</u>	<u>6,304,661</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2017

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2016 £</i>	<i>Endowment funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	253,610	13,899	267,509
Fixed asset investments	117,562	4,907,968	5,025,530
Investment property	327,609	-	327,609
Current assets	53,363	-	53,363
Creditors due within one year	(24,357)	-	(24,357)
	<u>727,787</u>	<u>4,921,867</u>	<u>5,649,654</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 £1,132 (2016 - £nil). Contributions totalling £nil (2016 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2017

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 Strutt and Parker, Chartered Surveyors. The rent due by the Earl of Crawford and Balcarres in respect of this sub-lease in the year under review was £6,000 (2016 - £5,850) and £16,440 (2016 - £16,110) 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 £11,583 (2016 - £10,872).

In addition, during the year Lord Balniel paid expenses on behalf of the charity amounting to £5,323 (2016 - £16,502). The Earl of Crawford and Balcarres, a trustee during the year, made a donation of £2,500 to the charity (2016 - nil).

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 £32,165 (2016 - £29,500). The charity owed the firm £8,245 (2016 - £7,401) at the year end.

Mr Simon Weil is a partner in the legal practice of Bircham Dyson Bell LLP which provides legal services to the charity. The value of these services in the year under review was £9,639 (2016 - £11,997). There were no amounts outstanding by the charity at the year end.

21. First time adoption of FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 5 April 2016 and the date of transition to FRS 102 and SORP 2015 was therefore 6 April 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the charity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

