

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 2019**

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

CONTENTS

| | Page |
|---|----------------|
| Reference and administrative details of the charity, its trustees and advisers | 1 |
| Council members' report | 2 - 6 |
| Independent auditors' report | 7 - 9 |
| Statement of financial activities | 10 |
| Balance sheet | 11 |
| Notes to the financial statements | 12 - 24 |

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 2019**

Council members

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

**Company registered
number**

02101229

**Charity registered
number**

296766

Registered office

50 Broadway
Westminster
London
SW1H 0BL

Company secretary

Broadway Secretaries Limited

Independent auditors

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

Bankers

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

Solicitors

BDB Pitmans LLP
50 Broadway
Westminster
London
SW1H 0BL

Investment managers

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**COUNCIL MEMBERS' REPORT
FOR THE YEAR ENDED 5 APRIL 2019**

The Council members present their annual report together with the audited financial statements of the charity for the 6 April 2018 to 5 April 2019. 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 Balniel and situate at Balcarres House, together with pictures, statues, furniture, plate and other articles acquired by the charity for any interest and to promote the study and appreciation of these works of art or objects of historical interest, the preservation for the public benefit of Balcarres House, together with its ancillary buildings, gardens, parkland and adjacent land, to advance the education of the public in the arts and sciences and to provide the grounds and conserving the assets in its care, purchasing assets having a connection with Balcarres, lending works of art for exhibition, etc, and maintaining the house and gardens.

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, where possible, making their collection of works of art and collections of books and papers more accessible to the public either by long term loans or to temporary exhibitions organised by national institutions. The 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 National Gallery of Scotland and the National Library of Scotland (NLS) continue to maintain, care for and make available to the public many of the Charity's assets. A significant amount of work is undertaken by both these institutions in providing information and most importantly, access to both the paintings and the library collections currently on loan. The Trustees are grateful to Kenneth Dunn and Graham Hogg and their staff at the National Library of Scotland (NLS) and also Aidan Weston-Lewis at the National Gallery of Scotland (NGS) for their work in ensuring that the Charity's assets are made available for academic research and also providing full viewing access to the public.

During the year there were a significant number of enquiries relating to the collections and family papers from academics, researchers, students and historians. Amongst the many contributions the Charity provided material to Dr Greg Clingham from Bucknell University for his article 'I stole his likeness...' An Unknown Drawing of Dr. Johnson and James Boswell. The paper was published in the March 2019 edition of the Burlington Magazine.

The Charity has started a project to digitalise and restoring the Photographic collection. This is progressing well and in the process of their digitalisation and restoration several photographs by Julia Margaret Cameron, Robert Adamson and David Octavius Hill have been identified.

In 2017 the Charity gave permission to the National Gallery of Scotland to allow the contemporary artist Raqib Shaw to create his own version of An Allegory of Melancholia by Lucas Cranach. Over the period of a year the artist Shaw set to work created his own version of the painting using his unique style. His painting was completed in March and it hung side by side with the original Cranach at the Scottish Gallery of Modern Art in an exhibition 'Raqib Shaw, Reinventing the Old Masters' which took place from 19th May to 28th October 2018.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2019

These two pictures were the centre pieces of the exhibition which was curated by Patrick Elliott. Its success is shown by the fact that it was viewed by over 100,000 visitors.

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. General maintenance on the buildings was carried out and in March a program to replace the lead from the roof parapets was undertaken. The lead was nearing the end of its useful life. Repointing work was also undertaken.

The Charity continues to welcome visitors and group visits to the house have included parties from the Europa Nostra, The Patrons of the Columbus Museum of Art, USA, The Art Collection Fund and the Patrons of the Philadelphia Museum of Art amongst others.

A comprehensive article about garden featured in the July edition of The English Garden and in March 2019 the garden also featured in The Scottish Field. The reputation of the garden continues to grow and during the year the Charity hosted groups from the Garden Club of America and Heritage Touring amongst others.

b. Investment policy and performance

REVIEW OF INVESTMENT PORTFOLIO ACTIVITY & PERFORMANCE
Provided by James Hambro & Partners LLP
6th April 2018 to 5th April 2019

As we entered second quarter of 2018 the economic backdrop appeared overwhelmingly constructive; led by growth, employment and inflation indicators trended positively while the effects of US tax reform and repatriation of cash continued to support both corporate earnings growth and share prices. However, high bond and equity valuations and the potential for economic momentum to slow from elevated levels coupled with the lack of another one-off stimulus led us to remain cautious. On the back of this the Charity portfolio had higher levels of cash and non-equity investments to protect from potential market declines.

After a prolonged period of benign market returns asset prices in the fourth quarter of 2018 were subject to a significant period of volatility. Global equity markets fell by 13% marking it as one of the worst quarterly declines since the Great Depression of the 1930's, with a fall of 7.8% in December alone. Few assets or regions were able to escape the reversal of returns in the fourth quarter. China was the worst hit, with the CSI 300 falling 25% over the full year, as the authorities targeted excess debt in the shadow banking system and US trade tariffs contributed to a fall in Chinese consumer confidence.

There were many reasons why equity markets fell precipitously late last year, December registering the worst month since 1988, but none of them were new. The Federal Reserve Chairman, Jerome Powell, had commented that 'interest rates are far from neutral' (and therefore needed to rise), investors struggled with the likely outcome of trade talks between China and the US, an economic slowdown in China, and some weakness in popular technology shares all contributed to the sell-off.

After the steep falls experienced in the final quarter of 2018, equity markets rallied sharply in the first 3 months of 2019: the MSCI World Index recorded the second strongest quarter on record, rising 11.6% in dollar terms. The majority of the strong first quarter returns occurred in January, as Chairman Powell back-pedalled on his earlier observations and a January press release stated that "... the (Federal Reserve) Committee will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate...".

This significant change in monetary policy expectations was sufficient to calm investors' nerves and markets rebounded from their oversold positions. Lower interest rates for longer should be supportive of the continued slow expansion of the US economy: from the last trough, the current growth phase lags only the 1991 to 2001 period among post WW2 economic cycles in terms of length of time, albeit previous, shorter, periods have been stronger when measured by how high US Gross Domestic Product recovered.

This tumultuous year in markets saw a few changes in the portfolio. As we remarked last year we entered this financial year carrying excess cash to be defensive, something that helped the portfolio weather the worst of the

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2019

falls in equity markets. Early in the first quarter of 2019 we committed some of the cash balance that we had held onto during the uncertainty of the fourth quarter market falls.

Overall, the value of the portfolio rose 6.6% in the 12 months to 5th April 2019. This is ahead of the CPI+3% target which rose 5% and the ARC Steady Growth peer group which rose 4.8% over the same period.

James Hambro & Partners LLP
June 2019

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 £211,877 have been received in the year and include donations from Lord Balniel of £6,084.

Total resources expended in the year are £291,848. 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 £248,957 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 £349,448. This balance is included in the charity's expendable endowment fund. Overall the net movement in funds was an increase of £269,477 resulting in unrestricted funds of £701,469 and expendable endowment funds of £6,087,422 at the year end.

BALCARRES HERITAGE TRUST LIMITED

(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued) FOR THE YEAR ENDED 5 APRIL 2019

Structure, governance and management

a. Constitution

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

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

b. Method of appointment or election of Council members

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

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

c. Risk management

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

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

Plans for future periods

a. Future developments

The charity continues to digitise the photographic collection.

In August 2019 Raqib Shaw was featured in a 30 minute BBC documentary What do Artists do all Day? which covered the previous 12 months of his life. Much of that time he was preoccupied with the Cranach painting and the processes he went through to create his own work.

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:

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2019

- 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 11 *December* and signed on their behalf by:
2019



S P Weil
Council member

BALCARRES HERITAGE TRUST LIMITED

(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Balcarres Heritage Trust Limited (the 'charity') for the year ended 5 April 2019 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

BALCARRES HERITAGE TRUST LIMITED

(A company limited by guarantee)

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

Other information

The Council members are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Council members' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Council members' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Council members' report.

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

- adequate and proper 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 Council members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Council members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Council members' report and from the requirement to prepare a Strategic report.

Responsibilities of trustees

As explained more fully in the Council members' responsibilities statement, the Council members (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council members are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the charitable

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

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

company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Council members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members, as a body, and its trustees, as a body for our audit work, for this report, or for the opinions we have formed.

EQ Accountants Ltd

Mark Gallacher CA (Senior statutory auditor)
for and on behalf of

EQ Accountants LLP
Chartered Accountants
Statutory Auditors
58 Bonnygate
Cupar
Fife
KY15 4LD
Date: 18.12.19

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2019**

| | | Unrestricted funds 2019 £ | Endowment funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|--|-------|--|---|---------------------------------------|---------------------------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | 2 | 6,845 | - | 6,845 | 24,058 |
| Charitable activities | 4 | 12,384 | - | 12,384 | 14,142 |
| Investments | 3 | 190,486 | - | 190,486 | 177,880 |
| Other income | 5 | 2,162 | - | 2,162 | 10,824 |
| Total income and endowments | | 211,877 | - | 211,877 | 226,904 |
| Expenditure on: | | | | | |
| Raising funds | 6 | 3,699 | 39,192 | 42,891 | 40,857 |
| Charitable activities | 8,7 | 248,957 | - | 248,957 | 160,676 |
| Total expenditure | | 252,656 | 39,192 | 291,848 | 201,533 |
| Net income /(expenditure) before investment gains/(losses) | | (40,779) | (39,192) | (79,971) | 25,371 |
| Net gains/(losses) on investments | 12,13 | (16,479) | 365,927 | 349,448 | 189,382 |
| Net income / (expenditure) before other recognised gains and losses | | (57,258) | 326,735 | 269,477 | 214,753 |
| Net movement in funds | | (57,258) | 326,735 | 269,477 | 214,753 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 758,727 | 5,760,687 | 6,519,414 | 6,304,661 |
| Total funds carried forward | | 701,469 | 6,087,422 | 6,788,891 | 6,519,414 |

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

BALCARRES HERITAGE TRUST LIMITED

(A company limited by guarantee)

REGISTERED NUMBER: 02101229

**BALANCE SHEET
AS AT 5 APRIL 2019**

| | | 2019 | | 2018 |
|---|----|-----------|-----------|-----------|
| | | £ | £ | £ |
| Fixed assets | | | | |
| Tangible assets | 11 | 238,731 | | 244,174 |
| Investment property | 12 | 278,170 | | 294,649 |
| Total tangible assets | | | 516,901 | 538,823 |
| Investments | 13 | | 6,231,664 | 5,921,720 |
| | | | 6,748,565 | 6,460,543 |
| Current assets | | | | |
| Debtors | 14 | 52,263 | | 56,346 |
| Cash at bank and in hand | | 16,022 | | 25,424 |
| | | 68,285 | | 81,770 |
| Creditors: amounts falling due within one year | 15 | (27,959) | | (22,899) |
| Net current assets | | | 40,326 | 58,871 |
| Net assets | | | 6,788,891 | 6,519,414 |
| Charity Funds | | | | |
| Endowment funds | 16 | 6,087,422 | | 5,760,687 |
| Unrestricted funds | 16 | 701,469 | | 758,727 |
| Total funds | | | 6,788,891 | 6,519,414 |

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

The financial statements were approved and authorised for issue by the Council members on 11 December 2019 and signed on their behalf, by:



Lord Balniel



S P Weil

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

BALCARRES HERITAGE TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Balcarres Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

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

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

1.3 Fund accounting

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

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

1.4 Income

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

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

1. Accounting policies (continued)

1.5 Expenditure

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

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

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

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

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

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

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

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

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

1. Accounting policies (continued)

1.8 Investments

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

1.9 Interest receivable

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Financial instruments

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

2. INCOME FROM DONATIONS AND LEGACIES

| | Unrestricted funds 2019 £ | Endowment funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|------------------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Lord Balmiel | 6,084 | - | 6,084 | 6,058 |
| Donations | 761 | - | 761 | 18,000 |
| | <u>6,845</u> | <u>-</u> | <u>6,845</u> | <u>24,058</u> |
| Total donations and legacies | <u>6,845</u> | <u>-</u> | <u>6,845</u> | <u>24,058</u> |
| <i>Total 2018</i> | <u>24,058</u> | <u>-</u> | <u>24,058</u> | |

3. Investment income

| | Unrestricted funds 2019 £ | Endowment funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|--------------------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Rent and service charge income | 80,574 | - | 80,574 | 64,774 |
| UK listed investments | 81,006 | - | 81,006 | 81,709 |
| Foreign listed investments | 28,906 | - | 28,906 | 31,397 |
| | <u>190,486</u> | <u>-</u> | <u>190,486</u> | <u>177,880</u> |
| <i>Total 2018</i> | <u>177,880</u> | <u>-</u> | <u>177,880</u> | |

4. Income from charitable activities

| | Unrestricted funds 2019 £ | Endowment funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|-------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Visiting groups | 12,384 | - | 12,384 | 14,142 |
| | <u>12,384</u> | <u>-</u> | <u>12,384</u> | <u>14,142</u> |
| <i>Total 2018</i> | <u>14,142</u> | <u>-</u> | <u>14,142</u> | |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019**

5. Other incoming resources

| | Unrestricted funds 2019 £ | Endowment funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|-------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Other income | 2,162 | - | 2,162 | 10,824 |
| <i>Total 2018</i> | 10,824 | - | 10,824 | |

6. Investment management costs

| | Unrestricted funds 2019 £ | Endowment funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|-------------------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Investment management fees | - | 39,192 | 39,192 | 36,739 |
| Investment property insurance | 2,856 | - | 2,856 | 2,785 |
| Investment property repairs | 843 | - | 843 | 1,333 |
| Total | 3,699 | 39,192 | 42,891 | 40,857 |

7. Direct costs

| | Activities £ | Total 2019 £ | Total 2018 £ |
|------------------------------------|-----------------|--------------------|--------------------|
| Property rent | 1,485 | 1,485 | 1,935 |
| Property heat & light | 14,486 | 14,486 | 14,391 |
| Property insurance | 17,143 | 17,143 | 16,504 |
| Property repairs & maintenance | 91,989 | 91,989 | 15,170 |
| Sundry expenses | 8,041 | 8,041 | 2,779 |
| Garden petrol and oil | 1,042 | 1,042 | 1,100 |
| Garden vehicle & machinery repairs | 2,403 | 2,403 | 2,307 |
| Garden sundry costs | 12,238 | 12,238 | 6,583 |
| Staff costs - council tax | 1,835 | 1,835 | 2,051 |
| Conservation & restoration | 11,502 | 11,502 | 6,659 |
| Wages and salaries | 53,648 | 53,648 | 53,990 |
| National insurance | 1,013 | 1,013 | 874 |
| Pension cost | 2,063 | 2,063 | 1,629 |
| Depreciation | 10,943 | 10,943 | 11,417 |
| | 229,831 | 229,831 | 137,389 |
| <i>Total 2018</i> | 137,389 | 137,389 | |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

8. Governance costs

| | Unrestricted funds 2019 £ | Endowment funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|---------------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Auditors' remuneration | 6,600 | - | 6,600 | 6,600 |
| Auditors' non audit costs | 5,640 | - | 5,640 | 8,740 |
| Telephone | 250 | - | 250 | 228 |
| Legal fees | 5,674 | - | 5,674 | 7,279 |
| Sundry expenses | 962 | - | 962 | 440 |
| | <u>19,126</u> | <u>-</u> | <u>19,126</u> | <u>23,287</u> |

9. Net income/(expenditure)

This is stated after charging:

| | 2019 £ | 2018 £ |
|--|--------------|--------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 10,943 | 11,417 |
| Auditors' remuneration - audit | <u>6,600</u> | <u>6,600</u> |

During the year, no Council members received any remuneration (2018 - £NIL).

During the year, no Council members received any benefits in kind (2018 - £NIL).

1 Council member received reimbursement of expenses amounting to £128 in the current year. (2018 - £NIL).

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

10. Staff costs

Staff costs were as follows:

| | 2019 | 2018 |
|-----------------------|----------------------|----------------------|
| | £ | £ |
| Wages and salaries | 53,648 | 53,990 |
| Social security costs | 1,013 | 874 |
| Other pension costs | 2,063 | 1,629 |
| | <u>56,724</u> | <u>56,493</u> |

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

| | 2019 | 2018 |
|--------------|-----------------|-----------------|
| | No. | No. |
| Gardens | 2 | 2 |
| Housekeeping | 1 | 1 |
| | <u>3</u> | <u>3</u> |

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

During the year no Trustee was remunerated for their services.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019**

11. Tangible fixed assets

| | Land & buildings leasehold £ | Tools & equipment £ | Tractors & motor vehicles £ | Heritage assets £ | Total £ |
|-----------------------|---------------------------------------|---------------------------|--------------------------------------|-------------------------|------------|
| Cost | | | | | |
| At 6 April 2018 | 229,730 | 30,351 | 34,005 | 103,362 | 397,448 |
| Additions | - | - | - | 5,500 | 5,500 |
| At 5 April 2019 | 229,730 | 30,351 | 34,005 | 108,862 | 402,948 |
| Depreciation | | | | | |
| At 6 April 2018 | 98,697 | 25,042 | 29,535 | - | 153,274 |
| Charge for the year | 7,170 | 2,654 | 1,119 | - | 10,943 |
| At 5 April 2019 | 105,867 | 27,696 | 30,654 | - | 164,217 |
| Net book value | | | | | |
| At 5 April 2019 | 123,863 | 2,655 | 3,351 | 108,862 | 238,731 |
| At 5 April 2018 | 131,033 | 5,309 | 4,470 | 103,362 | 244,174 |

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

12. Investment property

| | Freehold investment property £ |
|--------------------------|---|
| Cost or valuation | |
| At 6 April 2018 | 294,649 |
| Impairment charge | (16,479) |
| At 5 April 2019 | 278,170 |

The 2019 valuations were made by the Council members, on an open market value for existing use basis.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

13. Fixed asset investments

| | Listed securities £ |
|--|------------------------------------|
| Market value | |
| At 6 April 2018 | 5,921,720 |
| Additions | 2,574,033 |
| Disposals | (2,643,094) |
| Revaluations | 202,812 |
| Gain on disposals | 163,115 |
| Movements in cash held within the investment portfolio | 13,078 |
| | <u>6,231,664</u> |
| At 5 April 2019 | <u>6,231,664</u> |

Investments at market value comprise:

| | UK £ | Overseas £ | 2019 £ | 2018 £ |
|--------------------|------------------|-----------------------|-------------------|-------------------|
| Listed investments | <u>3,116,171</u> | <u>3,115,493</u> | <u>6,231,664</u> | <u>5,921,720</u> |

14. Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|-------------------|-------------------|
| Other debtors | 31,389 | 37,473 |
| Prepayments and accrued income | 20,874 | 18,873 |
| | <u>52,263</u> | <u>56,346</u> |

15. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|-------------------|-------------------|
| Trade creditors | 3,238 | - |
| Other taxation and social security | 1,119 | - |
| Other creditors | 757 | 400 |
| Accruals and deferred income | 22,845 | 22,499 |
| | <u>27,959</u> | <u>22,899</u> |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

16. Statement of funds

Statement of funds - current year

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

Statement of funds - prior year

| | Balance at 6 April 2017 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 5 April 2018 £ |
|---------------------------|--|---------------------|--------------------------|----------------------------------|--|
| General Funds - all funds | 713,097 | 226,904 | (164,794) | (16,480) | 758,727 |
| Endowment funds | | | | | |
| Endowment fund | 5,591,564 | - | (36,739) | 205,862 | 5,760,687 |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

16. Statement of funds (continued)

Summary of funds - current year

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

Summary of funds - prior year

| | <i>Balance at 6 April 2017 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Gains/ (Losses) £</i> | <i>Balance at 5 April 2018 £</i> |
|-----------------|--|---------------------|--------------------------|----------------------------------|--|
| General funds | 713,097 | 226,904 | (164,794) | (16,480) | 758,727 |
| Endowment funds | 5,591,564 | - | (36,739) | 205,862 | 5,760,687 |
| | <u>6,304,661</u> | <u>226,904</u> | <u>(201,533)</u> | <u>189,382</u> | <u>6,519,414</u> |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019**

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

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

Analysis of net assets between funds - prior year

| | Unrestricted funds 2018 £ | Endowment funds 2018 £ | Total funds 2018 £ |
|-------------------------------|------------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | 230,275 | 13,899 | 244,174 |
| Fixed asset investments | 174,932 | 5,746,788 | 5,921,720 |
| Investment property | 294,649 | - | 294,649 |
| Current assets | 81,770 | - | 81,770 |
| Creditors due within one year | (22,899) | - | (22,899) |
| | <u>758,727</u> | <u>5,760,687</u> | <u>6,519,414</u> |

18. Contingent liabilities

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

19. Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £2,063 (2018 - £1,629). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

BALCARRES HERITAGE TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2019

20. Related party transactions

Parts of the property leased by the charity are sub-let to the Earl of Crawford and Balcarres and Lord Balniel at rents independently set each year by CKD Galbraith LLP, property consultants. The rent due by the Earl of Crawford and Balcarres in respect of this sub-lease in the year under review was £6,350 (2018 - £6,150) and £17,300 (2018 - £16,910) by Lord Balniel.

The charity paid insurance for part of the contents of Balcarres House owned by Lord Balniel, being ones that fall within the charitable objects of the charity and subject to a loan agreement between the charity and Lord Balniel. In the current year this amounted to £12,023 (2018 - £12,070).

In addition, during the year Lord Balniel paid expenses on behalf of the charity amounting to £6,084 (2018 - £6,058).

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 £39,192 (2018 - £36,739). The charity owed the firm £9,601 (2018 - £9,298) at the year end.

Mr Simon Weil is a partner in the legal practice of BDB Pitmans LLP which provides legal services to the charity. The value of these services in the year under review was £4,549 (2018 - £5,959). There were no amounts outstanding by the charity at the year end.

Expenses of £128 (2018 - £nil) were paid to 1 Trustee of Balcarres Heritage Trust Limited to cover the costs of travel for the company's business during the year.