

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 2021**

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 2021**

Council members

Lord Balniel
N J Barker
The Hon R J E 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
14 City Quay
Dundee
DD1 3JA

Bankers

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

Solicitors

Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

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 2021

The Council members present their annual report together with the audited financial statements of the charity for the 6 April 2020 to 5 April 2021. 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 making their collection of works of art and collections of books and papers more accessible to the public either by long term loans or by loans to temporary exhibitions organised by national institutions. The loans of a considerable number of paintings to the National Gallery of Scotland have been continued and the Trustees would like to thank the Directors and staff of the National Galleries of Scotland for the care they take as custodians of some of the Charity's assets and for making them available to the public free of charge. The National Library of Scotland likewise are the guardians of the printed and manuscript collections and again the Trustees would like to extend their gratitude to the Directors and staff for their commitment to the collections.

The year started as the whole country was forced into lockdown due to the serious nature of the Covid-19 pandemic. The uncertainty surrounding the situation had a massive impact on the Charity.

Both the National Galleries of Scotland and the National Library of Scotland closed their doors to all visitors. The National Gallery had just commenced a project to expand its gallery space so several of the loaned paintings had been placed in storage. Despite the National Library closing its doors to the public it was very satisfying that there was a significant increase of online traffic accessing the English Ballads and Broadside collections through the Digital Gallery. These collections saw a 74% uplift in viewers to just over 45,500 views. The very significant investment in this area has begun to show real benefits.

The exhibition at the Wardlaw Museum, University of St Andrews titled Philip Colbert: The Death of Marat & The Birth of the Lobster was also cancelled but hopefully this will be rescheduled once matters become clearer.

All visitor bookings to Balcarres House and gardens had to be cancelled which meant that the total value of visitor income fell to zero for the year.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2021

Due to the nature of the working conditions of the garden the Charity was able to continue with all garden work and some maintenance work to the property. However, the house was in lockdown and all house staff were furloughed for the duration of the lockdown period. Conservation projects were halted. Maintenance work on the property was also significantly curtailed and the lead roofing refurbishment was further delayed until March 2022. However, the project of creating a Staff Room and facility for visitors was completed and opened in early 2021.

b. Investment policy and performance

REVIEW OF INVESTMENT PORTFOLIO ACTIVITY & PERFORMANCE
Provided by James Hambro & Partners LLP

6th April 2020 to 5th April 2021

Just over a year ago, the beginning of an unprecedented era of lockdowns sentenced the global economy to its deepest recession since the Second World War. Yet shortly afterwards, stock markets stopped falling and following a 50% rise in sterling terms from the market lows on 23rd March 2020, global equities now stand over 10% above pre-Covid peaks.

We have written previously that the Trust's equity exposure tends to be focused on companies with lower economic sensitivity and sustainable long-term growth credentials. These companies tend to deliver higher and more consistent returns on their invested capital and enjoy significant opportunities to reinvest at similarly high rates.

Investment in these types of businesses, together with a cautious asset allocation, served the Trust well in the first quarter of 2020, protecting value in the worst of the market declines. We continue to believe that such investments are a sound foundation for achieving the Trust's objective of a steady growth return over the long-term. However, while this approach supported positive absolute performance over the full year, it hindered returns on a relative basis.

On the one hand, and with the benefit of hindsight, we were somewhat slow to redeploy cash over the course of the summer as financial markets recovered. In addition, some of our defensive assets, such as gold proved a headwind as we moved into 2021. As an asset with a zero-income return, Gold's relative attractiveness diminishes as real interest rates rise. In recent months, bond yields have risen faster than inflation expectations, pushing real interest rates up and contributing to Gold falling 10% during Q1 2021. Nevertheless, we think Gold's position as an inflationary hedge within the Trust remains relevant.

On the other hand, as stock markets have continued to climb, dynamics under the surface have been changing with a market 'rotation' following the November announcement of the first successful Covid vaccine trial. The gradual removal of restrictions stand to unlock pent-up demand from cash-rich consumers, raising the prospect of accelerating growth and improved fortunes for those companies more exposed to the ups and downs of economic life. Areas of the market such as energy and banks have performed strongly while higher quality and sustainable growth companies have lagged.

Aware of the strength of these trends we have been adjusting the Fund since Autumn 2020 to temper our natural bias. We have added to Equities, focusing on companies more obviously poised to benefit from a period of elevated consumer spending and faster growth. These include the miner Rio Tinto and the US bank JPMorgan. These are market leaders in their field, with higher returns on capital and lower indebtedness than their peers. Nonetheless, our minimal exposure to the companies currently in fashion has resulted in a more challenging few months on a relative basis. While this is painful on a short term basis, we believe that it is the price of achieving differentiated returns over the long-term and are encouraged by how the companies we have invested in have continued to deliver strong operational performance and underlying value; the stagnation of their share prices suggests to us they are well placed to deliver future returns.

Stepping back, the outlook is brightening but many parts of the market have moved a long way in a short period of time. As a result, we continue to hold a balance of assets classes that should perform well across a range of different economic environments.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2021

During the year to 5th April 2021 the portfolio rose in value by 17.1% on a total return basis. The ARC Steady Growth Index returned +23.5% and CPI +0.7%.

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 £169,399 have been received in the year and include donations from Lord Balniel of £13,253.

Total resources expended in the year are £292,147. 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 £232,846 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 £1,097,541. This balance is included in the charity's expendable endowment fund. Overall the net movement in funds was an increase of £974,793 resulting in unrestricted funds of £668,439 and expendable endowment funds of £6,647,879 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.

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.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2021

c. Risk management

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

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

Plans for future periods

a. Future developments

It is difficult to forecast when the restrictions relating to the Covid 19 pandemic will be removed but when they are the Charity will be well placed to continue meet its charitable objectives.

However, the Charity has had all events for 2021 cancelled as have exhibitions where the Charity has been asked to provide material. Both the National Gallery of Scotland and the Nation Library of Scotland closed their doors to visitors but they are opening up gradually. The Charity is looking to further explore more digitalisation of its collections with the NLS with a possible collaboration with the publishers Gale Cengage. Gale Cengage are looking to add more 18th Century items to their digital archive Eighteen Century Collections Online (ECCO). This could be an excellent opportunity to open up the Collection to new forms of research and a new audience, and to shine new light into the material.

It is hoped that the much delayed exhibition at the Wardlaw Museum, University of St Andrews titled Philip Colbert: The Death of Marat & The Birth of the Lobster, which will exhibit one of the Charity's books will open towards the end of the year

Sved McEwan-Brown, the Director of the East Neuk Festival will be recording several tunes from the Balcarres Lute Book to be played by the world renown guitarist Sean Shilbe in the Chapel at Balcarres.

The lead roofing replacement project will restart in March 2022.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

COUNCIL MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 5 APRIL 2021

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 13 December 2021 and signed on their behalf by:

Simon Weil

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 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

BALCARRES HERITAGE TRUST LIMITED
(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 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.

Opinions 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 trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

BALCARRES HERITAGE TRUST LIMITED

(A company limited by guarantee)

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

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 trustees, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees and the charity's Council members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

EQ Accountants Ltd

EQ Accountants LLP

Chartered Accountants

14 City Quay

Dundee

DD1 3JA

13 December 2021

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2021**

| | | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ | <i>As restated Total funds 2020 £</i> |
|--|-----|--|---|---------------------------------------|---|
| Income and endowments from: | | | | | |
| Donations and legacies | 2 | 15,513 | - | 15,513 | 41,603 |
| Charitable activities | 4 | - | - | - | 8,469 |
| Investments | 3 | 137,309 | - | 137,309 | 186,969 |
| Other income | 5 | 16,577 | - | 16,577 | 36,120 |
| Total income and endowments | | 169,399 | - | 169,399 | 273,161 |
| Expenditure on: | | | | | |
| Raising funds | 6 | 17,189 | 42,112 | 59,301 | 51,794 |
| Charitable activities | 8,7 | 232,846 | - | 232,846 | 214,489 |
| Total expenditure | | 250,035 | 42,112 | 292,147 | 266,283 |
| Net income /(expenditure) before investment gains/(losses) | | (80,636) | (42,112) | (122,748) | 6,878 |
| Net gains/(losses) on investments | 12 | - | 1,097,541 | 1,097,541 | (454,244) |
| Net income / (expenditure) before other recognised gains and losses | | (80,636) | 1,055,429 | 974,793 | (447,366) |
| Net movement in funds | | (80,636) | 1,055,429 | 974,793 | (447,366) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 749,075 | 5,592,450 | 6,341,525 | 6,788,891 |
| Total funds carried forward | | 668,439 | 6,647,879 | 7,316,318 | 6,341,525 |

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 2021

| | | 2021 | As restated 2020 |
|---|----|------------------|---------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 11 | 469,609 | 494,039 |
| Investments | 12 | 6,841,854 | 5,828,194 |
| | | <u>7,311,463</u> | <u>6,322,233</u> |
| Current assets | | | |
| Debtors | 13 | 15,178 | 39,848 |
| Cash at bank and in hand | | 20,865 | 10,095 |
| | | <u>36,043</u> | <u>49,943</u> |
| Creditors: amounts falling due within one year | 14 | (31,188) | (30,651) |
| Net current assets | | <u>4,855</u> | <u>19,292</u> |
| Net assets | | <u>7,316,318</u> | <u>6,341,525</u> |
| Charity Funds | | | |
| Endowment funds | 15 | 6,647,879 | 5,592,450 |
| Unrestricted funds | 15 | 668,439 | 749,075 |
| Total funds | | <u>7,316,318</u> | <u>6,341,525</u> |

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

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

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

The financial statements were approved and authorised for issue by the Council members on 13 December 2021 and signed on their behalf, by:



Lord Balniel



S P Weil

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021

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 is incorporated in England and Wales with 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 and the principal place of business is Balcarres Estate, Colinsburgh, Fife, KY9 1HJ.

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 2021**

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) |
| Tenant's improvements | - | straight line basis over the remaining 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 2021

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 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities incorporating income and expenditure account over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities incorporating income and expenditure account as the related expenditure is incurred.

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 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 2021**

2. INCOME FROM DONATIONS AND LEGACIES

| | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|----------------------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Lord Balniel | 13,253 | - | 13,253 | 4,428 |
| Donations | - | - | - | 2,175 |
| The Lindsay Trust | - | - | - | 35,000 |
| Coronavirus Job Retention Scheme | 2,260 | - | 2,260 | - |
| | <u>15,513</u> | <u>-</u> | <u>15,513</u> | <u>41,603</u> |
| Total donations and legacies | 15,513 | - | 15,513 | 41,603 |
| | <u>41,603</u> | <u>-</u> | <u>41,603</u> | |
| Total 2020 | 41,603 | - | 41,603 | |

3. Investment income

| | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|--------------------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Rent and service charge income | 67,312 | - | 67,312 | 68,179 |
| UK listed investments | 30,649 | - | 30,649 | 78,255 |
| Foreign listed investments | 39,348 | - | 39,348 | 40,535 |
| | <u>137,309</u> | <u>-</u> | <u>137,309</u> | <u>186,969</u> |
| Total 2020 | 186,969 | - | 186,969 | |

4. Income from charitable activities

| | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|-----------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Visiting groups | - | - | - | 8,469 |
| | <u>8,469</u> | <u>-</u> | <u>8,469</u> | |
| Total 2020 | 8,469 | - | 8,469 | |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021**

5. Other incoming resources

| | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|----------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Miscellaneous Income | 381 | - | 381 | - |
| Single farm payment | 15,121 | - | 15,121 | 15,758 |
| Reproduction fees | 1,075 | - | 1,075 | - |
| Venue hire | - | - | - | 20,362 |
| | <u>16,577</u> | <u>-</u> | <u>16,577</u> | <u>36,120</u> |
| <i>Total 2020</i> | <u>36,120</u> | <u>-</u> | <u>36,120</u> | |

6. Investment management costs

| | Unrestricted funds 2021 £ | Endowment funds 2021 £ | 5 April Total funds 2021 £ | 5 April Total funds 2020 £ |
|----------------------------|------------------------------------|---------------------------------|--|--|
| Investment management fees | - | 42,112 | 42,112 | 40,728 |
| Rental property insurance | 2,112 | - | 2,112 | 2,033 |
| Rental property repairs | 15,077 | - | 15,077 | 9,033 |
| Total | <u>17,189</u> | <u>42,112</u> | <u>59,301</u> | <u>51,794</u> |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021**

7. Direct costs

| | Activities £ | Total 2021 £ | Total 2020 £ |
|------------------------------------|-----------------|--------------------|--------------------|
| Property heat & light | 18,375 | 18,375 | 14,955 |
| Property insurance | 20,091 | 20,091 | 17,469 |
| Property repairs & maintenance | 71,769 | 71,769 | 58,461 |
| Sundry expenses | 2,939 | 2,939 | 1,744 |
| Garden vehicle & machinery repairs | 5,704 | 5,704 | 1,522 |
| Garden sundry costs | 8,222 | 8,222 | 10,055 |
| Staff costs - council tax | 1,139 | 1,139 | 1,093 |
| Conservation & restoration | 2,843 | 2,843 | 2,358 |
| Wages and salaries | 59,029 | 59,029 | 57,701 |
| National insurance | 453 | 453 | 1,391 |
| Pension cost | 2,335 | 2,335 | 2,249 |
| Depreciation | 24,431 | 24,431 | 27,290 |
| | 217,330 | 217,330 | 196,288 |
| <i>Total 2020</i> | <i>179,809</i> | <i>179,809</i> | |

8. Governance costs

| | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|---------------------------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Auditors' remuneration | 7,100 | - | 7,100 | 6,100 |
| Auditors' non audit costs | 4,700 | - | 4,700 | 4,000 |
| Telephone | 328 | - | 328 | 242 |
| Legal fees | 3,059 | - | 3,059 | 7,082 |
| Sundry expenses | 329 | - | 329 | 777 |
| | 15,516 | - | 15,516 | 18,201 |

9. Net income/(expenditure)

This is stated after charging:

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: - owned by the charity | 24,430 | 27,290 |
| Auditors' remuneration - audit | 7,100 | 6,100 |

During the year, no Council members received any remuneration (2020 - £NIL).
During the year, no Council members received any benefits in kind (2020 - £NIL).
During the year, one Council member received reimbursement of £nil expenses (2020 - £45).

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021**

10. Staff costs

Staff costs were as follows:

| | 2021 | 2020 |
|-----------------------|---------------|---------------|
| | £ | £ |
| Wages and salaries | 59,029 | 57,701 |
| Social security costs | 453 | 1,391 |
| Other pension costs | 2,335 | 2,249 |
| | 61,817 | 61,341 |

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

| | 2021 | 2020 |
|--------------|-------------|-------------|
| | No. | No. |
| Gardens | 2 | 2 |
| Housekeeping | 1 | 1 |
| | 3 | 3 |

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 2021**

11. Tangible fixed assets

| | Land & buildings leasehold £ | Tenant's imprvments £ | Tools & equipment £ | Tractors & motor vehicles £ | Heritage assets £ | Total £ |
|--|---------------------------------------|-----------------------------|---------------------------|--------------------------------------|-------------------------|------------|
| Cost | | | | | | |
| At 6 April 2020 (as previously stated) | 234,158 | - | 30,351 | 34,005 | 108,862 | 407,376 |
| Prior year adjustment | - | 554,918 | - | - | - | 554,918 |
| At 6 April 2020 (as restated) and 5 April 2021 | 234,158 | 554,918 | 30,351 | 34,005 | 108,862 | 962,294 |
| Depreciation | | | | | | |
| At 6 April 2020 (as previously stated) | 113,187 | - | 30,349 | 31,492 | - | 175,028 |
| Prior year adjustment | - | 293,227 | - | - | - | 293,227 |
| At 6 April 2020 (as restated) | 113,187 | 293,227 | 30,349 | 31,492 | - | 468,255 |
| Charge for the year | 7,320 | 16,479 | 2 | 629 | - | 24,430 |
| At 5 April 2021 | 120,507 | 309,706 | 30,351 | 32,121 | - | 492,685 |
| Net book value | | | | | | |
| At 5 April 2021 | 113,651 | 245,212 | - | 1,884 | 108,862 | 469,609 |
| At 5 April 2020 (as restated) | 120,971 | 261,691 | 2 | 2,513 | 108,862 | 494,039 |

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.

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021

12. Fixed asset investments

| | Listed securities £ |
|--|------------------------|
| Market value | |
| At 6 April 2020 | 5,828,194 |
| Additions | 3,541,621 |
| Disposals | (1,860,969) |
| Revaluations | 910,176 |
| Gain on disposals | 187,356 |
| Movements in cash held within the investment portfolio | (1,764,524) |
| At 5 April 2021 | <u>6,841,854</u> |

Investments at market value comprise:

| | UK £ | Overseas £ | 2021 £ | 2020 £ |
|--------------------|------------------|------------------|------------------|------------------|
| Listed investments | <u>2,603,482</u> | <u>4,238,372</u> | <u>6,841,854</u> | <u>5,828,194</u> |

13. Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|---------------|---------------|
| Other debtors | 11,373 | 18,364 |
| Prepayments and accrued income | 3,805 | 21,484 |
| | <u>15,178</u> | <u>39,848</u> |

14. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|---------------|---------------|
| Trade creditors | 6,025 | 7,207 |
| Other taxation and social security | 1,106 | 1,119 |
| Other creditors | - | 757 |
| Accruals and deferred income | 24,057 | 21,568 |
| | <u>31,188</u> | <u>30,651</u> |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021

15. Statement of funds

Statement of funds - current year

| | Balance at 6 April 2020 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 5 April 2021 £ |
|---------------------------|---------------------------------|-------------|------------------|-------------------------|---------------------------------|
| Unrestricted funds | | | | | |
| General Funds - all funds | 749,075 | 169,399 | (250,035) | - | 668,439 |
| Endowment funds | | | | | |
| Endowment fund | 5,592,450 | - | (42,112) | 1,097,541 | 6,647,879 |
| Total of funds | 6,341,525 | 169,399 | (292,147) | 1,097,541 | 7,316,318 |

Statement of funds - prior year

| | Balance at 6 April 2019 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 5 April 2020 £ |
|---------------------------|---------------------------------|-------------|------------------|-------------------------|---------------------------------|
| General Funds - all funds | 701,469 | 273,161 | (209,076) | (16,479) | 749,075 |
| Endowment funds | | | | | |
| Endowment fund | 6,087,422 | - | (40,728) | (454,244) | 5,592,450 |

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021

15. Statement of funds (continued)

Summary of funds - current year

| | Balance at 6 April 2020 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 5 April 2021 £ |
|-----------------|--|---------------------|--------------------------|----------------------------------|--|
| General funds | 749,075 | 169,399 | (250,035) | - | 668,439 |
| Endowment funds | 5,592,450 | - | (42,112) | 1,097,541 | 6,647,879 |
| | <u>6,341,525</u> | <u>169,399</u> | <u>(292,147)</u> | <u>1,097,541</u> | <u>7,316,318</u> |

Summary of funds - prior year

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

BALCARRES HERITAGE TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2021**

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ |
|-------------------------------|------------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | 469,609 | - | 469,609 |
| Fixed asset investments | 193,975 | 6,647,879 | 6,841,854 |
| Current assets | 36,043 | - | 36,043 |
| Creditors due within one year | (31,188) | - | (31,188) |
| | <u>668,439</u> | <u>6,647,879</u> | <u>7,316,318</u> |

Analysis of net assets between funds - prior year

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

17. 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.

18. 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 £2,335 (2020 - £2,249). Contributions totalling £nil (2020 - £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 2021

19. Related party transactions

Parts of the property leased by the charity are sub-let to the Earl of Crawford and Balcarres and Lord Balniel at rents independently set each year by 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 £6,600 (2020 - £6,500) and £17,805 (2020 - £17,580) 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 £3,127 (2020 - £12,174).

In addition, during the year Lord Balniel paid expenses on behalf of the charity amounting to £12,496 (2020 - £4,248).

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 £31,009 (2020 - £40,728). The charity owed the firm £nil (2020 - £9,324) at the year end.

Mr Simon Weil was 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 £3,059 (2020 - £6,139). There were no amounts outstanding by the charity at the year end.

Expenses of £nil (2020 - £45) were paid to one Trustee of Balcarres Heritage Trust Limited to cover the costs of travel for the company's business during the year.