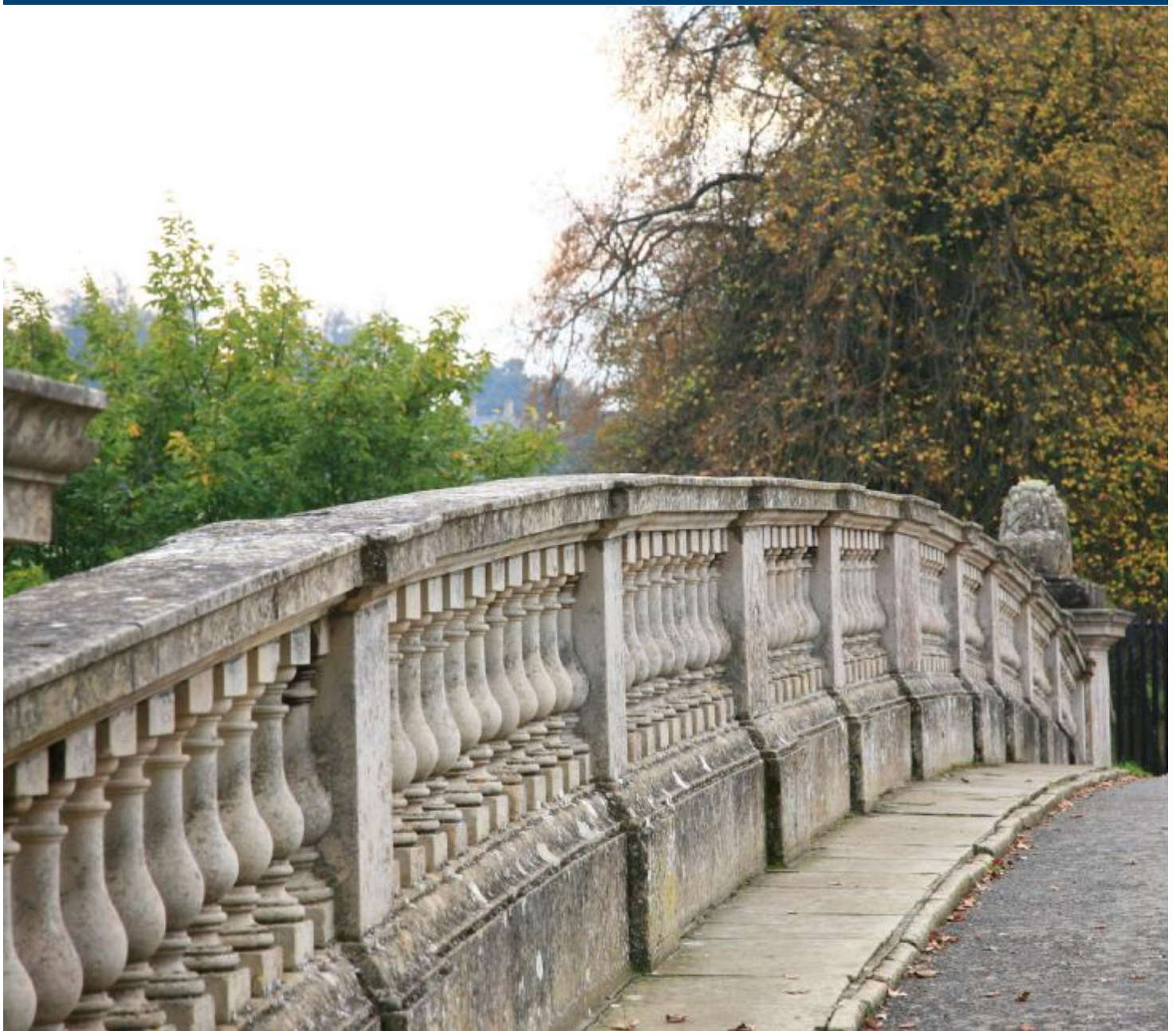


# BURGHLEY HOUSE

PRESERVATION TRUST



Annual report and accounts 2010/11

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[www.burghley.co.uk](http://www.burghley.co.uk)

## Who we are and what we do

Burghley House is one of the largest and grandest houses of the first Elizabethan Age. Built and mostly designed by William Cecil, Lord High Treasurer to Queen Elizabeth I, between 1555 and 1587, the main part of the House has 35 major rooms on the ground and first floors. There are more than 80 lesser rooms and numerous halls, corridors, attics and service areas. The lead roof extends to three quarters of an acre.

Burghley is still a family home, lived in by Orlando and Miranda Rock. Miranda is a direct descendant of the first Lord Burghley and looks after the House on behalf of the Burghley House Preservation Trust.

The Burghley House Preservation Trust Limited was established as a charity in 1969 by the Sixth Marquess of Exeter for the advancement of historic and aesthetic education and the preservation of buildings of national importance, and in particular the preservation and showing of Burghley House, Stamford. The Trust's objectives are stated on page 7.

As well as giving the public the opportunity to visit and learn about this great historic house the formation of the Trust ensures that Burghley House will be preserved and conserved for the nation into the future.

The charity raises its income from charging an admission fee to visitors and running events and other commercial activities at the House. In addition the charity owns a significant investment property portfolio based around the Stamford area.

Wherever possible, the annual surplus is used to repair, restore and maintain the fabric of the buildings at Burghley House and the important collection of works of art and furniture that they contain. The Governors also carry out their activities with a view to conserving the environment of land and buildings owned by the charity.



# Foreword

Despite the effects of the economic problems which beset many aspects of British life in the recent past, the Trust managed to undertake a full programme of repair and maintenance at Burghley during the course of 2010. I mention two projects in particular.

The restoration of the Lion Bridge, which took many months, was completed and the Bridge is now restored to its former glory. Like all the best restoration, the work is only visible to the most practiced and expert eye. The Bridge, which crosses the lake at its narrowest part, is a monument to the taste of the 9th Earl; and it is a tribute to all those who played a part in its restoration that their skill and industry has extended its life for many decades.

A programme of repair was also applied to the Bull and Swan Pub and to Lady Anne's Hotel in the High Street of Stamford. Work on the former was completed during the year with significant input from Estate staff and since its reopening it has proved a popular hostelry to those who live locally and those from further afield. It is also a showcase of Estate produce.

After a renegotiation of British Eventing's license to run the Horse Trials, the trials have been placed in a corporate structure designed to provide greater financial security for the Event and for Burghley. With the help of British Eventing, we look forward to maintaining the high standards of these world class trials. Indeed it is a reflection of their quality and popularity that, together with British Eventing, we celebrate the half century of the Horse Trials this summer.

Visitor numbers to the House maintained the level of the previous year which was itself a record year. The Garden of Surprises continued to be a great attraction especially for those with young children. This garden based on a design of the great Lord Burghley reflects the vision of Lady Victoria Leatham and is a memento of her extraordinary contribution to the House and Estate.

School children continued to come to Burghley in large numbers during the term times of 2010. And it gives me particular pleasure to report that the contribution which Alwyn Pollard and other members of staff make to this important feature of the House opening, was recognised in the grant of the Sandford award in reflection of the quality of education offered and delivered at Burghley.

None of these achievements would have been possible without the hard work and dedication of all those who work to maintain the House, its collection, the gardens, the park and the Estate. The Trust records its deep gratitude to all of them. I cannot sign off this Foreword without naming Lord Rockley, in particular, who retired as a Governor of the Trust after 23 years trusteeship. His experience in the City and elsewhere, his wisdom, shrewdness and perspicacity caused him to be an invaluable trustee. We shall miss him.

Sir John Nutting Bt QC  
Chairman



# Governors' Report

## for the year ended 31 January 2011

### Our objectives for 2010/11

- To maintain the level of visitor numbers in the face of a national decline in visitors to Historic Houses
- To increase opportunities for schools to utilise Burghley as a learning base through organised activities
- To continue to repair, restore and maintain the fabric of the buildings at Burghley House and the important collection of works of art and furniture
- To continue to increase reserves to generate cashflow to allow for increased capital investment at both Burghley House and the endowment estate

### Our achievements in 2010/11

- 58,000 visitors came to Burghley House in 2010 and a further 39,000 enjoyed the Gardens. This level of visitor numbers was one of the highest in recent years, and the gardens especially benefitted from the fine weather
- Nearly 7,000 school children visited Burghley on educational courses during the year
- Just over £585,000 of repairs, restoration and maintenance were completed in the year. Significant repairs were made to the Lion Bridge which was originally constructed by Capability Brown in 1778
- A reasonable surplus was generated and as a result the Trust's reserves have been strengthened

# The visitor experience at Burghley

## Modernising and improving



The Governors of the Burghley House Preservation Trust are constantly looking at ways to improve the visitor experience at Burghley; while also being mindful of the impact that this has on the house and collections. It is particularly important in the context of an ongoing global recession that we offer real value for money; making sure that everything we do is of the highest standard and meets visitor expectation.

During 2010 nearly 97,000 visitors came to Burghley which is almost in line with the previous year. Of this 58,000 were visitors to the house, and 39,000 visited the Gardens of Surprise. To enhance the quality of a visit to the house we launched a new audio guide offering both an adult and a family tour. This worked well as a complement to the valuable contribution made by our room stewards, and visitors enjoyed hearing the history of the house brought to life through the fictional Victorian characters that narrate the family tour and also the recorded experiences of those that now live and work here.

In a competitive market it is important constantly to review areas of the visitor experience that need attention. With this in mind changes were made to the catering arrangements and the Orangery Restaurant and adjoining loos were modernised and refurbished. The Orangery was built by Lancelot 'Capability' Brown in the 1770's for the 9th Earl of Exeter; it is an architectural gem and visitors to Burghley all enjoy being able to sit and eat in such elegant surroundings. The Orangery is also a very popular location for weddings and other occasions; with the south-facing rose garden a highlight during the summer. These facilities are an important part of the visitor experience, both during the open season and for special events, and these improvements have transformed the feel of the whole Orangery area.



## Art in Miniature

The exhibition for 2010 was titled 'Art in Miniature' which included miniature works of art of all kinds and this proved to be very popular. Of particular interest, and attracting a lot of press coverage and research, was the 'Buckingham China', a group of three jars which entered the collection in 1683 and may be the earliest examples of true porcelain in the West. This exhibition was held in the Treasury gallery located in the eighteenth century Brewhouse. Since 2006 the Brewhouse has been used as a visitor and education centre. This was made possible by a significant investment from the Burghley House Preservation Trust to renovate this building and adjacent structures; supported by the generosity of the Heritage Lottery Fund and other benefactors.

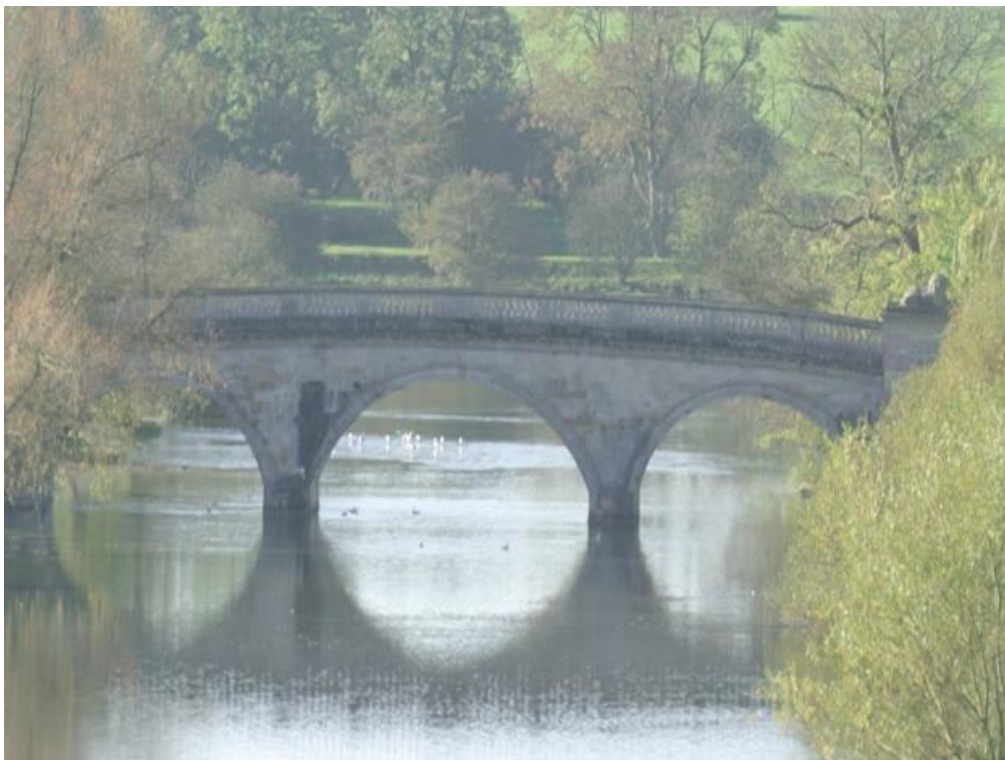


# Repairing and restoring the fabric of Burghley

## Repairs to Lion Bridge

Lion Bridge was designed and built by Capability Brown in 1778, it spans a narrow stretch of the lake in three arches. The lions surmounting the four piers were originally made of Coade stone but weathered very badly and perished and were replaced in 1846 by Herbert Gilbert, a local mason. The Lion Bridge has become a landmark in Burghley Park providing a vantage point with breathtaking views of Burghley House, the Lake and the Park.

In May 2005 the Trustees commissioned a quinquennial inspection of the Lion Bridge. The general structural condition of the arches appeared to be reasonable, apart from where water, that over many years, had been leaching through the stonework from the roadway above bringing dissolved lime material, calcite runs and stalactites with it.



The bastions were generally found to be in good condition, except to the central and south arch on the east side. In order to undertake repairs to this area of the bridge, the water level of the lake was lowered and scaffolding was erected to the full width and height of the bridge to allow the Estate's stonemasons to progress the extensive works. The poor masonry was cut out and replaced with new.

The bridge has four niches, two to the east and two the west, which over the years have suffered from structural movement. With the scaffold in position the opportunity arose to repair and replace most of the damage to the stonework which was caused by rusting iron cramps that had expanded, splitting and blowing the stonework. All the iron cramps that were rusting have been removed and replaced with stainless steel thereby preventing this problem from recurring. The balustrades and cornices were found to be in fair condition although some areas with upper mouldings had deteriorated and fallen away and consequently were replaced.



Several stretches of the parapet on either elevation required a considerable amount of repair and cleaning, following this work and due to the lack of weathering to the stone it was recommended by the architect that we cap the parapets with lead to protect and preserve the stone work.

Once the scaffold was in place it also became evident that the amount of leaching from the roadway over the years had caused a great deal of damage to the underside of the arches. The decision was taken to decalcify the arches and Skillington Workshops, a specialist stonemasonry contractor, were instructed to undertake the cleaning process. Once the work had been completed it allowed the Estate to ascertain how much replacement stonework was required. The replacement work was not straight forward as when the bridge was constructed the arch stones would have been lowered from above and they were cut on a key, however we were attempting to insert replacement stones from below. With our structural engineers, Smithers Purslow, and our resident masons Gwyn Watkins, Grady Willis, and Steve Sergeant, a slow process of cutting out, working the new stones and dowelling them into place was undertaken. This was completed after several weeks of painstaking work.

In addition, a series of exploratory trial pits were dug from the road surface above to a depth of almost a metre to reach the blue clay lining of the bridge. The plan behind this excavation was to try and ascertain if the blue clay had broken down allowing the water to leach through. However, the clay lining looked in fairly good condition, but there are still signs that water is penetrating through somewhere on the road surface. This, at some point in the future, will need to be replaced, and will be a costly operation.

Now that Lion Bridge has been cleaned and the masonry repaired it has returned to its former glory to be enjoyed by the next generation of visitors to Burghley.

# The Burghley House Collection

Burghley is one of the finest examples of a late 16th century 'prodigy house', built by one of Queen Elizabeth's most trusted and important ministers, the Lord Treasurer, William Cecil (1521-1598.)

The House contains an outstanding collection of fine art, amassed by the Cecil family over a 400 year period. Most areas contain objects of National importance, of which some highlights are:

- 17th & 18th century Italian Old Master paintings.
- 17th & 18th century English and Continental furniture.
- Oriental and European ceramics.
- Chinese snuff bottles.
- English portrait miniatures.
- English & European 17th century tapestries.

Management of the Collection is the responsibility of the resident House Director, Miranda Rock (a member of the Cecil family), and a curatorial department led by Jon Culverhouse who has been looking after the collection since 1984. The Collection has been comprehensively inventoried and investigated by a number of the foremost experts in their fields. A computerised record of every object of note is kept; these records are constantly reviewed and revised.

Conditions within the House are monitored and great efforts have been made to ensure stability of temperature and humidity as far as is possible within an historic building. Sensitive objects have been allocated specialised storage areas. A detailed photographic record of all objects was commenced some twenty years ago and its preparation continues today. Some 70% of the Collection is now recorded.

The staterooms of the House are open to visitors, daily, for approximately 28 weeks each year. Other areas are always made available for scholastic research by appointment. We have a pro-active view toward loaning objects to other collections, both nationally and internationally. In recent years, major exhibitions have travelled from Burghley to museums in the USA and Japan. A major development of display facilities at the House, undertaken in 2003 with assistance from the Heritage National Lottery Fund, has provided a substantial specialised display area.

Each year, exhibitions are mounted to concentrate upon aspects of the Collection. This opportunity is used to show visitors objects that might not always be on display. There is also an ongoing programme of rotation of objects to ensure that items are on display in the public part of the House as much as is practical.

Acquisitions to the Collection are now rare. However, on occasion, the Governors of the Trust have been able to make funds available for the purchase of an object of outstanding importance, sold or transferred by previous generations. As the Trust exists for the preservation of the House and its contents, there is not felt to be a need for a disposals policy.

# Repairing and restoring Burghley fine art

## Queen Elizabeth's Bedroom

During the winter of 2009, whilst the House was closed, Queen Elizabeth's Bedroom, a stateroom shown to visitors, was remodelled, having its layout altered and returning a newly conserved Gobelins tapestry, originally purchased for this room, to its correct location.

The altered aspect proved so satisfactory that, during the winter of 2010, it was decided to undertake a similar transformation of an adjacent room, the Blue Silk Bedroom.

The state bed in this room was purchased by Brownlow, the 9th Earl, circa 1769, from his preferred London cabinetmakers, Messrs. Mayhew & Ince. Brownlow was consciously buying objects made in the style of those purchased by his ancestor, the 5th Earl in the late 17th century. Thus the cornice and headboard of this bed are in the Rococo style of that period. At some point, the bed had been the victim of a deluge from the badly leaking roof; there were extensive damages and discolouration of the silk tester, the headcloth had also suffered and the structure itself was worryingly rickety.



Sheila Landi and her team were to undertake the work needed to the textile aspects of the bed, but when disassembly began, it was immediately obvious that a substantial amount of structural work was badly needed. Anthony Beech and his colleagues from the Furniture Conservation workshop, also in the Stable Yard, were able to offer assistance. The heavy and delicate cornice was removed in sections, followed by the domed canopy itself. The Landi Ladies were then able to remove the headcloth, headboard and valances.

Whilst the cabinetmakers strengthened and rebuilt the upper section, the textile workers subjected all of the fabrics to painstaking treatment. Wherever possible, original materials were cleaned, stabilised and retained. Certain areas had suffered serious damage and these were reupholstered, using carefully chosen or dyed fabrics that blended well with the original.

After several months of work, the bed was gradually rebuilt, sited against the rear wall of the room. This placement has given a completely new 'feel' to the room, which is now much more authentic as a bedroom and thus better understood by our visitors. All in all, a joint effort with a very successful result.

## Education at Burghley

In 2010 our education department introduced and delivered a number of themed visits to secondary aged students on the subject of Tudor Architecture in general and the Building of Burghley House in particular. Preparation, and the requirement to provide supportive material for these courses, required a detailed examination of the history of the house and a search for related historical documents. Educational visits to the house by all students now take place with a view to look at specific aspects of the House as appropriate, rarely do schools now require or are given general tours.

We receive a quite a number of overseas students visiting Burghley often as part of exchange. These students often visited the House with little purpose – they were brought to see a ‘large English House’. When booking through the education department we now offer the option of a free introductory presentation to the House which we hope will help give an overview and explanation of the House.

Opportunities for people to learn more about the House and its collections are always increasing. Adult courses are now being planned which relate directly to aspects of Burghley’s history and collections. The interpretation of the House for visitors was improved in 2010 by the introduction of an audio tour which provides information on a number of levels as you walk through the House. Work has already begun on developing a similar audio tour specifically for children and families can still enjoy the free activities placed in the Ascham Room during school holiday periods which relate directly to social life in the Tudor or Victorian periods and these often relate directly to the House.



Burghley was recognised for its achievements in this area in 2010 by being chosen for the Sandford award for the quality of education offered and delivered at Burghley. This award stands for five years and is an assurance of standards for schools who might be considering Burghley for a school visit.

# Looking to the future

## Our objectives for 2011/12

To continue to attract a high number of visitors to Burghley House. This year we aim to do this by the addition of a new exhibition of sculpture by Julian Wild in the gardens. Wild's show is named Incomplete Systems and involves site specific works using a broad range of materials and techniques. He will be giving a number of talks about his work and also, for the first time at Burghley, inviting visitors of all ages and abilities to take part in the creation of a communal sculpture Making the Connection using simple piping, in the Elizabethan Great Hall. This year there will also be a special display of European ceramics, which we expect will attract new visitors. Burghley is particularly rich in its collection of ceramics dating from the sixteenth to the nineteenth centuries, however, by their very nature they are hard to appreciate in the context of the lavishly decorated State Rooms. This focused exhibition enables us to draw together a selection of some of the rarest and most interesting pieces from all areas of the House; to demonstrate not only the breadth of the collections, but also the taste of the collectors at Burghley. The exhibition will be held in the Treasury gallery at the Brewhouse which is specifically designed for displays of decorative works of art on a smaller scale, which may not normally be on display to visitors, and enables close study with no risk of loss or damage. Particular highlights are the pieces of sixteenth century majolica bought by both the 5th Earl in the seventeenth century and the 9th Earl in the eighteenth century. Also of particular note is one of the great treasures of Burghley, the large London delftware dish, dated 1745, which is painted with a view of the House before 'Capability' Brown made alterations to the roofline and windows in the later eighteenth century.

To offer a wide variety of educational opportunities for both children and adults. This year we will provide a broad range of established and new activities for children which tie in with the National Curriculum Key Stages 1, 2 and 3, focusing on the Tudor and Victorian periods. We are always looking at ways in which we can make the history of this great Elizabethan house more accessible to visitors of all ages. In this respect, new this year are a selection of general interest study days for adults, which include the opportunity to look at specific topics such as iconography and religious and mythological painting using the picture collection at Burghley. Building on the tradition of music in this house there will also be a number of music study days for adults held in the Brewhouse looking at the work of specific composers. To engage pre-school children this year we are launching a session of interactive story-telling experience based around folk tales for children under the age of 5 years.

To continue to repair, restore and conserve the fabric of the buildings at Burghley House. The work for this year will be based around the priorities for repair highlighted in the quinquennial inspection of Burghley House; more specifically the on-going programme of stonework repairs. In addition this year will be improvements to park roads and walls. To continue the renovation of the Ha Ha.

To continue to repair, restore and conserve the collections of important works of art and furniture. We will continue to do research and publish discoveries relating to the all areas of the collections and history of the House. Also to constantly monitor the condition of all works of art and undertake conservation projects whenever necessary. We will continue to progress the on-going project of detailed photography of interiors and works of art in the House, both as an historic record and to make more images of works of art available on-line through our website. To continue the programme of making an inventory of the books in the Great Hall and the cataloging of the medieval documents in the archive.



## Financial highlights

The Trust experienced one of its best years in terms of high visitor numbers and this also resulted in higher income from charitable activities. Returns from the investment portfolio increased during the year, in part due to a reduction in the number of voids in the property portfolio. This increased income has enabled the Trust to increase slightly its expenditure at Burghley House.

### Income

The majority of the Trust's income is derived from investment properties and other property assets that it owns. During the year income from these assets rose to £2.7 million (2010: £2.6 million).

Income from the showing of Burghley House increased to £694,516 from £630,543 in the previous year. This increase reflects the fine weather experienced during the summer of 2010 as well as improved Gift Aid collection.

Income from commercial activities at Burghley increased from £686,170 to £793,098 and this represents a recovery from the disappointing performance in 2010.

### Costs of generating funds

Resources expended on generating funds were just over £1.6 million similar to the previous year.

The level of expenditure on the maintenance and repair of investment property is lower than previous years and a result of the decision to keep expenditure as low as possible.

### Cost of charitable activities

The cost of repairing and restoring the fabric of Burghley House and its collections came to £737,976 (2010: £643,001). This level of expenditure continues to ensure that Burghley House remains in acceptable order and no part of the House is immediately at risk.

Other costs relating to the showing of Burghley House to the public remained at a similar level to the 2008 and 2009 showing seasons.



## Surplus for the year

The Trust showed an unrestricted income fund surplus for the year of £385,438 (2010: surplus £254,233), an unrestricted capital fund surplus of £917,356 (2010: surplus £159,348) and a restricted capital fund deficit of £4,760 (2010: deficit £4,260).

The net surplus is £1,298,034 (2010: surplus £409,321) and has been added to unrestricted income, unrestricted capital and restricted capital funds.

This result is stated after revaluing the investment properties upwards by £750,000 (2010: no change).

The results of the subsidiary company, Burghley Enterprises Limited, show a profit for the year of £249,349 (2010: £254,814) and are incorporated into these accounts. The profits are paid up to this Charity under Gift Aid.

The other subsidiary company, Burghley Horse Trials Limited, started trading on 1st January 2011 and its first accounting period ends on 31 January 2012. No income has arisen or material expenditure incurred in the period to 31 January 2011

The Governing Body do not consider it would be appropriate to make provision in the accounts for the tremendous cost of dealing with the backlog of dilapidations to property owned by the Charity. Nevertheless it is necessary to read the accounts in the knowledge of the quantum of expenditure which is outstanding. These future costs are discussed in the reserves policy on page 20.

## Reserves policy

The Governors have reviewed the Charity's reserves policy, taking into account future income projections and expenditure plans in line with the strategic plan of Burghley House Preservation Trust Limited, together with the associated risks and opportunities.

The Governors policy is to maintain a level of reserves which will provide a stable base for the Charity's continuing activities and enable the Charity to adjust to any significant change in resources through unplanned events, whilst ensuring that excessive funds are not accumulated.

The total reserves of the Charity at 31 January 2011 amount to £50,405,242 (2010: £49,107,208). This is largely invested in fixed assets as shown in the balance sheet on page 28. There is a temporary shortfall between total reserves and the investment in fixed assets due to the financing of improvements being made to certain investment properties. This will be rectified through the accumulation of income or the sale of fixed assets in the future.

There is an unrestricted income fund balance of £2,038,706 which should be viewed in the context of the continuing repair and restoration of Burghley House and contents, and the repair and restoration of the investment properties which, in total, is running at £1.2 million per annum. It is now proposed to continue to increase this reserve to generate further funds for capital investment.

Estimates have been prepared of the possible cost which may have to be incurred on each of the main categories of repairs, which are expected to be necessary over the next five years or so. Such estimates can only be looked upon as a guide to the order of magnitude of work under consideration.

Unexpected repairs frequently become necessary and often these are urgent and costly. Planned rolling programmes of repair and renewal, together with routine work required to the fabric of the buildings and the contents are currently running at about £708,000 per annum.

Non-routine works required on the Burghley House buildings which may have to be carried out in the next five years are estimated to cost £3 million and the cost of conservation and restoration of the contents during the same period is estimated at £300,000.

It is essential that the investment properties are continuously improved and maintained in order to provide an increasing source of revenue to fund Burghley House from the Charity's own income. If this programme of capital work is not undertaken, the Charity could be faced with a reduction in investment income.

The Charity derives the majority of its income from these investment properties and the Governors estimate that repair and restoration will cost £550,000 in the current year, and approximately £3.3 million at current prices, over the next five years.

In order to increase annual income there is a need to strengthen the existing capital asset base. This will be done through inward investment as well as developing under utilised property assets to generate a return. In the past expenditure has been funded through the sale of other capital assets. Governors would now like to reduce the sale of assets to fund investment and instead use income reserves. This policy is subject to taking development opportunities when they become available.

Approved capital investment projects for the next year include repairs to the Garden of Surprises and refurbishment of buildings in the Chestnut Courtyard.

The Governors are conscious of their responsibility to achieve a prudent level of reserves to fund the very long term objective of maintaining Burghley House for future generations.

### **Investment Policy**

The Governors have reviewed and retained the Charity's investment policy, which states: The Governors of the Trust wish to pursue a policy that provides revenue for its current purposes and enhances income and capital growth over the longer term, thereby enabling them to meet their current and future objectives in accordance with the purposes of the Charity.

The Governors, in delegating their investment security management to Cazenove Capital Management Limited, require the Managers to pay attention to the standard investment criteria, namely the suitability of the class of investment and the need for diversification insofar as is appropriate to the circumstances of the Charity. The same criteria apply to the Agents in managing their investment property portfolio.

The Governors have a duty to optimise financial returns for the Charity, but may exclude certain types of investment from the investment security portfolio, taking into account social and environmental issues.

During the year to 31 January 2011, the investment security portfolio generated total revenue of £36,040 (2010: £37,719) and an unrealised gain of £59,518 (2010: gain £122,944). The investment property portfolio generated net revenue of £2,008,134 (2010: £1,808,592), as referred to in the sections above. Given the prevailing market conditions during the year, the Governors were satisfied with the overall performance of the investments.

### **Risk**

The Governors have assessed the major risks to which the Charity is exposed, in particular the activities, assets and finances of the Trust, and are satisfied that systems are in place to mitigate exposure to the major risks. The key risks identified were the possibility of loss or destruction of the Charity's property and collections, the risk of a downturn in the tourist market affecting visitor numbers and a risk of a downturn in the property rental market affecting investment income.

### **Public Benefit**

The Governors confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'

### **Donations**

During the year the Charity made charitable donations amounting to £1,000 (2010 : £1,000).

# Structure, Governance and Management

## Company

The Governors are Directors of the Charity for the purposes of the Companies Act 2006. The Charity is a Charitable Company limited by guarantee and was set up on 3 April 1969. It is governed by a memorandum and articles of association.

## Governors

The Members of the Governing Body who served the Charity during the year were:

Sir John Nutting Bt. QC (Chairman)  
Sir G H C Floyd Bt.  
The Lord Rockley - retired 9 July 2010  
A J Feilden  
The Hon Edward Leigh-Pemberton  
E M Harley  
E G Clive  
B T J Stevens  
W A Oswald  
Dr J M Robinson

None of the Governors had a beneficial interest in any contract outside the normal course of business to which the Charity was a party during the year.

From time to time a panel of Governors will consider the addition of new members to the Governing Body. Any proposals from such a panel is brought to the full Governing Body for its approval. In addition to receiving an induction pack, new Governors undergo an orientation day with the Chairman and Director of the Charity to brief them on their legal obligations under charity law, the decision making processes and the recent financial performance of the Charity. Governors are encouraged to attend appropriate external training events where these facilitate the undertaking of their role and are also provided with legal and accounting updates as required

The full Governing Body of the Charity meets formally three times a year, and deals with planning and strategy decisions and reviews the activities of the Charity. Important issues arising between meetings are normally dealt with by correspondence whereas the day-to-day management of the Charity is delegated by the Governors to the Estates Director, who reports monthly to the Executive Committee consisting of three Governors.

## The Governors' responsibilities

The Governors (who are also Directors for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practise).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the group and the incoming resources and application of resources, including the net income and expenditure for that period. In preparing those financial statements, the Governors are required to:

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

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and also with the requirements of the Statement of Recommended Practice (SORP) issued by the Charity Commissioners for England and Wales. They are also responsible for safeguarding the assets of the Charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditors

Saffery Champness have confirmed that they are willing to remain in office as auditors of the Charity and accordingly a resolution to reappoint them will be put to the Governors.

Statement of disclosure to auditor

(a) so far as the Governors are aware, there is no relevant audit information of which the Charity's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

#### Burghley Enterprises Limited

Burghley Enterprises Limited is a wholly owned subsidiary of Burghley House Preservation Trust Limited.

The company's principal activities are the provision of goods and services at Burghley House as well as property trading activities.

The directors of Burghley Enterprises Limited who served during the year were:

E M Harley (Chairman)  
Sir G H C Floyd Bt  
A J Feilden  
Mrs M R Rock

#### Burghley Horse Trials Limited

Burghley Horse Trials Limited is a wholly owned subsidiary of Burghley House Preservation Trust Limited.

The company's principal activity is the management of a four-star rated equestrian event.

The directors of Burghley Horse Trials Limited who served during the year were:

Sir John Nutting Bt. QC (Chairman)  
The Hon Angela Reid

# Independent auditors' report to the members of Burghley House Preservation Trust

We have audited the financial statements of Burghley House Preservation Trust for the year ended 31 January 2011 which comprise of the Consolidated Statement of Financial Activities, Consolidated Income and Expenditure Account, Consolidated Statement of Recognised Gains and Losses, Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Governors as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the directors and auditors

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 January 2011 and of the group's 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 and the Charities Act 1993.

### Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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 Act 1993 require us to report to you if, in our opinion:

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

Matthew Burton (Senior Statutory Auditor)

7 April 2011

For and on behalf of Saffery Champness  
Chartered Accountants & Statutory Auditors  
Lion House  
Red Lion Street  
London  
WC1R 4GB

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

## Consolidated Statement of Financial Activities for the year ended 31 January 2011

	2011 Unrestricted Income	2011 Unrestricted Capital	2011 Restricted Capital	2011 Total	2010 Total
Notes	£	£	£	£	£
<b>Incoming Resources</b>					
Incoming resources from generated funds					
- Voluntary income	2 36,090	-	-	36,090	6,967
- Activities for generating funds	2 793,098	-	-	793,098	686,170
- Investment income	4 2,668,536	57,730	-	2,726,266	2,590,693
Incoming resources from charitable activities	2 694,516	-	-	694,516	630,543
Other incoming resources	975	-	-	975	1,946
	4,193,215	57,730	-	4,250,945	3,916,319
<b>Resources Expended</b>					
Costs of generating funds					
Charitable activities	1,628,809	-	-	1,628,809	1,634,021
Governance costs	2,161,668	-	4,760	2,166,428	1,978,071
	17,300	-	-	17,300	20,000
5	3,807,777	-	4,760	3,812,537	3,632,092
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>					
	385,438	57,730	(4,760)	438,408	284,227
<b>Gains on investment assets</b>					
- Surplus on sale of property	15 -	36,283	-	36,283	2,150
- Surplus on sale of investments	15 -	13,825	-	13,825	-
- Unrealised gains on investments	7 -	59,518	-	59,518	122,944
- Unrealised gain on investment property revaluation	8 -	750,000	-	750,000	-
<b>Net Movement on Funds</b>					
	385,438	917,356	(4,760)	1,298,034	409,321
<b>Balance brought forward</b>					
	1,653,268	46,292,820	1,161,120	49,107,208	48,697,887
<b>Balance carried forward</b>					
15,16	2,038,706	47,210,176	1,156,360	50,405,242	49,107,208

The consolidated statement of financial activities has been prepared on the basis that all operations are continuing operations.

The notes on pages 30 to 41 form part of these financial statements.

## Consolidated Income and Expenditure Account for the year ended 31 January 2011

	Notes	2011 £	2010 £
Turnover			
Continuing operations	2	1,523,704	1,323,680
Cost of sales		(2,014,600)	(1,871,908)
		(490,896)	(548,228)
Other operating expenses	3	(1,109,732)	(1,014,040)
Operating deficit	18	(1,600,628)	(1,562,268)
Interest payable		(18,123)	(5,799)
Investment income	4	2,057,159	1,852,294
Surplus on current year activities	6	438,408	284,227
Unrestricted Capital Fund	15	(57,730)	(34,254)
Restricted Capital Fund	16	4,760	4,260
Surplus on ordinary activities transferred to Unrestricted Income Fund	15	385,438	254,233

The consolidated income and expenditure account has been prepared on the basis that all operations are continuing operations.

## Consolidated statement of recognised gains and losses for the year ended 31 January 2011

	Notes	2011 £	2010 £
Surplus on ordinary activities (above)		385,438	254,233
Restricted donations	16	-	500
Restricted expenditure	16	(4,760)	(4,760)
Surplus on disposal of property	15	36,283	2,150
Surplus on disposal of investments	15	13,825	-
Capital element of mineral royalty income	15	57,730	34,254
Revaluation of investment properties	15	750,000	-
Unrealised gain on investments	15	59,518	122,944
Total recognised profit for the year ended 31 January 2011		1,298,034	409,321

The notes on pages 30 to 41 form part of these financial statements.

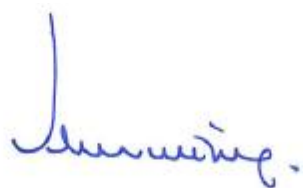
## Balance Sheets

as at 31 January 2011

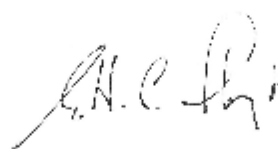
	Notes	Group 2011 £	Group 2010 £	Charity 2011 £	Charity 2010 £
Fixed assets					
Investment securities	7	1,180,793	1,107,451	1,229,309	1,155,965
Tangible assets	8	156,852	203,293	128,938	171,522
Investment properties	8	41,178,488	39,225,869	41,178,488	39,225,869
Heritage assets	9	8,220,194	8,342,067	8,220,194	8,342,067
		50,736,327	48,878,680	50,756,929	48,895,423
Current assets					
Stocks	10	439,730	298,606	4,392	6,310
Debtors	11	620,857	609,080	1,023,021	850,045
Cash at bank and in hand		527,791	208,858	461,319	184,982
		1,588,378	1,116,544	1,488,732	1,041,337
Creditors: amounts falling due within one year.	12	(1,119,463)	(888,016)	(1,040,419)	(829,552)
Net current assets		468,915	228,528	448,313	211,785
Total assets less current liabilities		51,205,242	49,107,208	51,205,242	49,107,208
Creditors: amounts falling due between 2 and 5 years	13	(800,000)	-	(800,000)	-
Net assets		50,405,242	49,107,208	50,405,242	49,107,208
Capital and Reserves					
Unrestricted Income Fund	15	2,038,706	1,653,268	2,038,706	1,653,268
Unrestricted Capital Fund	15	47,210,176	46,292,820	47,210,176	46,292,820
Restricted Capital Fund	16	1,156,360	1,161,120	1,156,360	1,161,120
Total Funds		50,405,242	49,107,208	50,405,242	49,107,208

The notes on pages 30 to 41 form part of these financial statements.

The financial statements were approved for issue by the Governors on 7 April 2011.



Sir John Nutting Bt. QC - Chairman  
Governor



Sir Giles Floyd Bt.  
Governor

## Consolidated Cash Flow Statement for the year ended 31 January 2011

	Notes	2011 £	2010 £
Net cash outflow from operating activities	18	(1,386,248)	(1,493,642)
Returns on investments and servicing of finance			
Investment income		2,057,159	1,852,294
Interest paid		(18,123)	(5,799)
		2,039,036	1,846,495
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,330,590)	(318,141)
Payments to acquire investment securities		(64,877)	-
Receipts from sales of plant and equipment		975	4,046
Receipts from sales of investment properties		108,283	2,150
Receipts from sales of investment securities		154,460	-
		(1,131,749)	(311,945)
Financing			
Increase/(repayment) in bank loan		887,476	(172,476)
Increase /(decrease) in cash in the year	19	408,515	(131,568)

## Notes to the Accounts

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and the 2005 Statement of Recommended Practice Accounting and Reporting by Charities SORP 2005, and under the historical cost convention, as modified by the revaluation of investment assets appropriated to the Charity by the Burghley Estate Trust under the Deed of Appropriation dated 6 April 1987 and assets released by the Executors of the Estate of the 6th Marquess of Exeter. The freehold land and buildings held as investment properties forming the major part of the assets appropriated from Burghley Estate Trust and released from the Estate of the 6th Marquess of Exeter, have been reflected in the accounts at their market value at 31 January 2011. Investment securities are reflected in the accounts at market value.

#### 1.2 Basis of Consolidation

The group financial statements consolidate the financial statements of the Charity and its subsidiaries for the year ended 31 January 2011. The statement of financial activities (SOFA) and the balance sheet consolidate the financial statements on a line by line basis where appropriate. No separate SOFA has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2005. Details concerning the subsidiary companies, along with their results and financial position are set out in note 21.

#### 1.3 Turnover

Turnover represents the invoiced amount of goods sold and services provided by continuing operations stated net of value added tax.

#### 1.4 Taxation

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

#### 1.5 Mineral Royalties

Half of the mineral royalty income receivable for the year is transferred to the Unrestricted Capital Fund in order to recognise the depletion of the capital value of the asset due to mineral extraction.

#### 1.6 Tangible fixed assets and depreciation

##### a) Heritage assets

Heritage assets are the tangible assets of the Charity that are of historical importance and are held to advance the preservation, conservation and educational objectives of the Charity and through public access contribute to the nation's culture and education.

The House, grounds and chattels transferred from the Burghley Estate Trust and under the terms of the Will of the 6th Marquess of Exeter, and subsequent development expenditure on these assets, are considered to be heritage assets and are integral to Burghley House.

Included within improvements to Burghley House and grounds are fixtures and fittings in relation to the Brewhouse and the Garden of Surprises which are included at cost and depreciated on a straight line basis calculated at an annual rate of 20% and 5% respectively

Due to the historic and unique nature of the assets concerned conventional valuation approaches lack sufficient reliability. As a consequence the improvements to Burghley House and grounds (excluding fixtures and fittings in relation to the Brewhouse and Garden of Surprises) are included at cost. Chattels acquired prior to 2001 are included at their probate value, chattels acquired since 2001 are included at market value.

Expenditure on the conservation and preservation of Burghley House and its collection is charged to the unrestricted income account when it is incurred.

##### b) Investment properties

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement in the Companies Act 2006 for all assets to be depreciated. In the opinion of

the Governors compliance with the standard is necessary for the financial statements to give a true and fair view.

Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount of which might otherwise have been charged cannot be separately identified or quantified.

#### c) Other tangible assets

Other tangible assets are those which are used for charitable purposes but are not considered to be heritage assets. They are stated at cost less accumulated depreciation. The costs of minor additions are not capitalised. Depreciation of fixtures, fittings and equipment, plant and machinery and motor vehicles is on a straight line basis over periods ranging between 3 and 15 years, or 20% reducing balance so as to write off each asset over the term of its expected useful life.

#### 1.7 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.8 Limited by guarantee

The Charity does not have share capital, but its liability is limited by the guarantees of its members. Each member has agreed to accept liability of an amount not exceeding £1, should the Charity be wound up. At 31 January 2011 the total of such guarantees amounted to £9.

#### 1.9 Government grants

Grants of a revenue and capital nature are credited to income in the period to which they relate.

#### 1.10 Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable.

Investment income is included when receivable.

Incoming resources from charitable trading activity are accounted for when earned.

#### 1.11 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

Costs of generating income comprise those costs directly attributable to managing the investment portfolio and raising investment income.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its objectives. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, other costs are apportioned on the basis of the proportion of direct expenditure.

#### 1.12 Fund accounting

Unrestricted funds are available for use at the discretion of the Governors in furtherance of the objectives of the Charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market rates. Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

#### 1.13 Pension

The Charity operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the statement of financial activity in the year they are payable.

## Notes to the Accounts

### 2 Turnover

	2011 £	2010 £
Function and exhibition income	308,830	235,991
Shop sales	313,927	310,585
Film income	10,191	4,222
Restaurant income	62,273	59,265
Other income	2,168	2,000
Timber and woodlands income	95,709	74,107
	793,098	686,170
Viewing fees - House and Gardens	694,516	630,543
Donations	36,090	6,967
	1,523,704	1,323,680

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Other operating expenses

	2011 £	2010 £
Distribution expenses	7,328	7,074
Administration expenses	1,102,404	1,006,966
	1,109,732	1,014,040

### 4 Investment income

	2011 £	2010 £
Income from investment property	2,677,241	2,546,991
Investment income from securities	36,040	37,719
Bank deposit interest	12,985	5,983
	2,726,266	2,590,693
Less: Expenses	(669,107)	(738,399)
	2,057,159	1,852,294

## Notes to the Accounts

### 5 Analysis of total resources expended

	2011 Direct costs £	2011 Support costs £	2011 Total £	2010 Total £
Costs of generating funds				
Expenditure on investment properties	669,107	165,248	834,355	916,286
House showing expenditure	403,166	99,569	502,735	411,780
Timber and woodland expenses	233,943	57,776	291,719	305,955
	1,306,216	322,593	1,628,809	1,634,021
Charitable activities				
House showing expenditure	1,144,738	282,714	1,427,452	1,334,070
Expenditure on heritage property	591,816	146,160	737,976	643,001
Donations	1,000	-	1,000	1,000
	1,737,554	428,874	2,166,428	1,978,071
Governance costs				
Audit fees	17,300	-	17,300	20,000
	17,300	-	17,300	20,000
<b>Total</b>	<b>3,061,070</b>	<b>751,467</b>	<b>3,812,537</b>	<b>3,632,092</b>

#### Support costs

	2011 £	2010 £
Management costs	184,864	201,213
Wages and salaries	362,895	347,602
Overheads	201,011	149,777
Depreciation	2,697	2,697
	751,467	701,289

All support costs have been allocated on the basis of the proportion of direct expenditure.

### 6 Surplus on current year activities

	2011 £	2010 £
Surplus on current year activities is stated after (crediting)/charging:		
Government grants - New woodland	(7,383)	(2,207)
(Profit) on disposal of tangible fixed assets	(670)	(1,746)
Depreciation of tangible assets	223,985	241,090
Auditors' remuneration - Charity £14,800 (2010: £19,250)	17,300	20,000

## Notes to the Accounts

### 7 Investment securities

	2011 £	2010 £
<b>Group</b>		
Quoted investments		
Market value at 1 February 2010	1,104,447	981,503
Additions	64,877	-
Disposals	(140,635)	-
Unrealised gain on investments	59,518	122,944
	1,088,207	1,104,447
<b>Other unquoted investments</b>		
Cost at 1 February 2010 and at 31 January 2011	13	13
Cash held on deposit	92,573	2,991
Market value at 31 January 2011 - Group	1,180,793	1,107,451
<b>Charity</b>		
Cost of investment in subsidiaries	48,514	48,514
Value at 31 January 2011 - Charity	1,229,309	1,155,965
Historical cost at 31 January 2011	1,068,171	1,103,068

#### Quoted investments

The quoted investments consist of holdings in the Cazenove Unit Trust Management Growth Fund for Charities and the Cazenove Unit Trust Management Income Fund for Charities, and have been revalued to reflect their market value at 31 January 2011.

#### Subsidiary undertakings

The cost of investment in subsidiaries represents the cost of ordinary £1 shares in the wholly owned subsidiary undertakings, Burghley Enterprises Limited and Burghley Horse Trials Limited, both of which are registered in England and Wales.

The principal activities of Burghley Enterprises Limited are the provision of refreshments and the sale of goods and services at Burghley House and property trading activities.

The principal activities of Burghley Horse Trials Limited is the management of a four-star rated equestrian event.

Further information is summarised in note 21 on page 40.

## Notes to the Accounts

### 8 Tangible fixed assets

	Investment properties Freehold land and buildings	Burghley House and grounds	Total Plant and Fixtures
	£	£	£
<b>Group</b>			
<b>Cost</b>			
At 1 February 2010	39,225,869	4,649,612	5,134,526
Additions	1,274,619	-	40,971
Disposals	(72,000)	-	(13,648)
Transfer to Heritage Assets	-	(4,649,612)	(4,159,947)
Surplus on revaluation of properties	750,000	-	-
<b>At 31 January 2011</b>	<b>41,178,488</b>	<b>-</b>	<b>1,001,902</b>
<b>Depreciation</b>			
At 1 February 2010	-	467,492	771,286
On disposals	-	-	(13,348)
Charge for the year	-	-	87,112
Transfer to Heritage Assets	-	(467,492)	-
<b>At 31 January 2011</b>	<b>-</b>	<b>-</b>	<b>845,050</b>
<b>Net book value</b>			
At 31 January 2011	41,178,488	-	156,852
At 31 January 2010	39,225,869	4,182,120	4,363,240
<b>Charity</b>			
<b>Cost</b>			
At 1 February 2010	39,225,869	4,649,612	5,024,264
Additions	1,274,619	-	36,799
Disposals	(72,000)	-	(9,840)
Transfer to Heritage Assets	-	(4,649,612)	(4,159,947)
Surplus on revaluation of properties	750,000	-	-
<b>At 31 January 2011</b>	<b>41,178,488</b>	<b>-</b>	<b>891,276</b>
<b>Depreciation</b>			
At 1 February 2010	-	467,492	692,795
On disposals	-	-	(9,840)
Charge for the year	-	-	79,383
Transfer to Heritage Assets	-	(467,492)	-
<b>At 31 January 2011</b>	<b>-</b>	<b>-</b>	<b>762,338</b>
<b>Net book value</b>			
At 31 January 2011	41,178,488	-	128,938
At 31 January 2010	39,225,869	4,182,120	4,331,469

## Notes to the Accounts

### 8 Tangible fixed assets (continued)

Investment properties	2011	2010
	£	£
Historic cost	20,240,763	19,038,144
Revaluation reserve	20,937,725	20,187,725
Net book value at 31 January 2011	41,178,488	39,225,869

The Governors, using their knowledge of the property portfolio, have increased the value of the investment properties by £750,000 at 31 January 2011.

### 9 Heritage assets

	Burghley House and grounds	Chattels at probate value	Chattels at market value	Total Heritage assets
	£	£	£	£
<b>Group and charity</b>				
<b>Cost</b>				
Transferred from Tangible Fixed Assets	4,649,612	3,953,793	206,154	8,809,559
Additions	15,000	-	-	15,000
At 31 January 2011	4,664,612	3,953,793	206,154	8,824,559
<b>Depreciation</b>				
Transferred from Tangible Fixed Assets	467,492	-	-	467,492
Charge for the year	136,873	-	-	136,873
At 31 January 2011	604,365	-	-	604,365
Net book value				
At 31 January 2011	4,060,247	3,953,793	206,154	8,220,194
At 31 January 2010	4,182,120	3,953,793	206,154	8,342,067

In accordance with the Charity's accounting policy, no value has been included within the financial statements in respect of the freeholds of the public area of Burghley House and Burghley Lake. Recent developments to Burghley House and grounds are included at cost and depreciated.

The Trust's large collection of fine art is made up of many items, including furniture, paintings, silver, miniatures, books, ceramics, tapestries and jewellery. This collection was acquired by the Earls and Marquesses of Exeter over many years and is therefore relevant to the understanding of Burghley House and its history. The Governors have decided, that given the large number and diversity of items in the collection, together with the difficulty and onerous cost of establishing a market value, to include the collection at the probate value given in October 1981 when it was transferred to the Trust by the Executors of the Will of the 6th Marquess of Exeter. The House, grounds and chattels are insured for £326 million.

Items of fine art and other chattels at Burghley House acquired since 2001 are included at market value. These include a portrait of Brownlow, 9th Earl of Exeter by Angelica Kauffmann purchased by the Trust in November 2003. The Governors, using their knowledge of the collection of fine art at Burghley valued this picture at £200,000 at 31 January 2011 (cost £200,000).

The Governors' policy regarding the maintenance, preservation and recording of the chattels, together with information on the access given to the public is stated on page 12.

## Notes to the Accounts

### 9 Heritage assets (continued)

Five year financial summary of heritage transactions:

	2011 £	2010 £	2009 £	2008 £	2007 £
Burghley House & grounds - cost of additions	15,000	46,012	177,580	604,845	1,775,345

### 10 Stocks

	Group 2011 £	Group 2010 £	Charity 2011 £	Charity 2010 £
Property for development	175,796	175,796	-	-
Showing supplies	109,932	116,500	-	-
Estate maintenance supplies	4,392	6,310	4,392	6,310
Burghley Horse Trials stock	149,610	-	-	-
	439,730	298,606	4,392	6,310

### 11 Debtors

	Group 2011 £	Group 2010 £	Charity 2011 £	Charity 2010 £
Trade debtors	282,155	96,718	218,930	54,220
Amounts owed by subsidiary undertakings	-	-	469,536	289,641
Other debtors	111,681	71,998	111,681	71,998
Prepayments and accrued income	227,021	440,364	222,874	434,186
	620,857	609,080	1,023,021	850,045

### 12 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Charity 2011 £	Charity 2010 £
Bank loans and overdraft	200,000	112,524	200,000	112,524
Trade creditors	258,192	232,544	228,814	219,436
Taxes and social security costs	35,291	38,727	35,291	38,727
Other creditors	6,233	6,249	6,233	6,249
Accruals and deferred income	619,747	497,972	570,081	452,616
	1,119,463	888,016	1,040,419	829,552

### 13 Creditors: amounts falling due between two and five years

	Group 2011 £	Group 2010 £	Charity 2011 £	Charity 2010 £
Unsecured bank loan	800,000	-	800,000	-

The unsecured bank loan is repayable quarterly at a rate of £200,000 per annum. Interest is payable at 2.25% above LIBOR.

## Notes to the Accounts

### 14 Pension costs

The Charity operates a defined contribution 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 £126,221 (2010: £121,622).

### 15 Unrestricted Income and Capital funds

	Group and Charity	
	2011	2010
	£	£
<b>Unrestricted Income fund</b>		
Balance brought forward at 1 February 2010	1,653,268	1,399,035
Surplus for the year	385,438	254,233
<b>Balance carried forward at 31 January 2011</b>	<b>2,038,706</b>	<b>1,653,268</b>
<b>Unrestricted Capital fund</b>		
Balance brought forward at 1 February 2010	46,292,820	46,133,472
Surplus on disposal of property and investments	50,108	2,150
Capital element of mineral royalty income	57,730	34,254
Revaluation of investment property	750,000	-
Unrealised gain on investment revaluation	59,518	122,944
<b>Balance carried forward at 31 January 2011</b>	<b>47,210,176</b>	<b>46,292,820</b>
Realised element of unrestricted capital fund	26,160,037	26,052,199
Unrealised gains on investment properties	20,937,725	20,187,725
Unrealised gain on investment securities	112,414	52,896
<b>Balance carried forward at 31 January 2011</b>	<b>47,210,176</b>	<b>46,292,820</b>

Unrestricted income and unrestricted capital funds are both available for charitable purposes, and the distinction is historical, merely to record the allocation of income and movements on income and capital accounts.

### 16 Restricted Capital fund

	1 February 2010	Income	Expenditure	31 January 2011
	£	£	£	£
Brewhouse fund	1,079,700	-	-	1,079,700
Garden of Surprises fund	81,420	-	4,760	76,660
	1,161,120	-	4,760	1,156,360

The Brewhouse fund consists principally of monies received from the Heritage Lottery Fund towards the project to convert the Brewhouse at Burghley into a visitor attraction. The related expenditure amounting to £2,606,442, has been capitalised as being an improvement to Burghley House and Grounds. The Garden of Surprises fund consists principally of monies received from donors towards the project to create an Elizabethan trick garden at Burghley as a visitor attraction. The related expenditure amounting to £1,319,345 has been capitalised as being an improvement to Burghley House and Grounds.

## Notes to the Accounts

### 17 Analysis of assets between funds

	Unrestricted fund £	Restricted fund £	Total £
Fund balances at 31 January 2011 are represented by:			
Investment securities	1,180,794	-	1,180,794
Tangible fixed assets	156,852	-	156,852
Heritage assets	7,063,834	1,156,360	8,220,194
Investment properties	41,178,488	-	41,178,488
Current assets	1,588,377	-	1,588,377
Creditors	(1,919,463)	-	(1,919,463)
	49,248,882	1,156,360	50,405,242

### 18 Reconciliation of operating deficit to net cash outflow from operating activities

	2011 £	2010 £
Operating deficit - page 27	(1,600,628)	(1,562,268)
Depreciation	223,985	241,090
(Profit) on sale of tangible fixed assets	(675)	(1,746)
(Increase) in stocks	(141,124)	(22,066)
(Increase) in debtors	(11,777)	(184,912)
Increase in creditors	143,971	36,260
Net cash outflow from operating activities	(1,386,248)	(1,493,642)

### 19 Analysis of net debt

	2011 £	2010 £	Change in Year £
Cash at bank and in hand - page 28	527,791	208,858	318,933
Cash held on deposit - note 7	92,573	2,991	89,582
	620,364	211,849	408,515
Debts falling due within one year	(200,000)	(112,524)	(87,476)
Debts falling due after one year	(800,000)	-	(800,000)
	(1,000,000)	(112,524)	(887,476)
Net debt	(379,636)	99,325	(478,961)

## Notes to the Accounts

### 20 Governors and Employees

	Group 2011 Number	Group 2010 Number	Charity 2011 Number	Charity 2010 Number
The number of Governors who served the Group and the Company during the year was:	10	10	10	10
The average monthly number of persons employed by the Group and the Company during the year was:				
Office and management	18	18	18	18
House showing	44	42	40	38
Maintenance and forestry	14	14	14	14
	76	74	72	70
Employment costs	£	£	£	£
Wages and salaries	1,278,099	1,186,015	1,226,090	1,135,623
Social security costs	106,862	103,768	104,032	100,945
Other pension costs	126,221	121,622	124,527	119,191
	1,511,182	1,411,405	1,454,649	1,355,759

The number of employees whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the year was 1 (2010 - 1). No remuneration or expenses were paid to the Governors in the year, or the previous year.

### 21 Subsidiary companies

#### Burghley Enterprises Limited

The turnover of Burghley Enterprises Limited amounted to £697,391 (2010: £612,062), and the net profit arising of £249,349 (2010: £254,814) is due to be paid under Gift Aid to Burghley House Preservation Trust Limited.

The results of Burghley Enterprises Limited for the year ended 31 January 2011 are shown below.

Audited accounts are filed with the Registrar of Companies.

	2011 £	2010 £
Turnover and other income	703,541	617,626
Cost of sales and expenses	(454,192)	(362,812)
Profit for the year	249,349	254,814
Shareholders funds	48,514	48,514

## Notes to the Accounts

### 21 Subsidiary companies (continued)

#### Burghley Horse Trials Limited

On the 17th December 2010 Burghley Horse Trials Limited was established as a 100% owned trading subsidiary to manage and stage an FEI accredited four star three day equestrian event inside Burghley Park. This undertaking was acquired from British Eventing Limited on 1st January 2011 and a loan of £151,821 was made to the subsidiary in order that necessary stocks and equipment could be purchased.

Burghley Horse Trials Limited started trading on 1st January 2011 and its first accounting period ends on 31 January 2012. No income has arisen or material expenditure incurred in the period to 31 January 2011.

### 22 Related party transactions

Following the Charity Commissioners' agreement, Burghley House Preservation Trust Limited and the Trustees of the 6th Marquess of Exeter Will Trust are sharing income and expenditure in relation to the showing of Burghley House in a proportion based on their respective ownerships of Burghley House.

Relative to the Deed of Apportionment agreed with the Trustees of the 6th Marquess of Exeter Will Trust, they were charged £18,652 (2010: £18,883) for management and maintenance services. The amount owed to the company in respect of these services at 31 January 2011 was £17,135 (2010: £19,332).

Against this cost the Trustees of the 6th Marquess of Exeter are due to receive a figure calculated by reference to 5% of the viewing fees, which amounted to £20,960 for the year ended 31 January 2011 (2010: £19,927).

### 23 Net income for the financial year

As permitted by Section 408 of the Companies Act 2006, the parent Charity's Statement of Financial Activities has not been included in these financial statements. The parent Charity's total incoming resources for the year were £3,832,578 (2010: £3,589,414) which included a donation of £249,349 (2010: £254,814) from its wholly owned subsidiary undertaking, Burghley Enterprises Limited. The net surplus for the year for the Charity was £1,333,859 (2010: £445,228).

## Legal and Administrative Details

### Governors

Sir John Nutting Bt. QC (Chairman)  
Sir G H C Floyd Bt.  
A J Feilden  
The Hon E Leigh-Pemberton  
E M Harley  
E G Clive  
B T J Stevens  
W A Oswald  
Dr J M Robinson

Secretary J E P Fitch

Estates Director D J Pennell

Company number 951524 (England and Wales)

Charity number 258489

### Registered office

61 St Martins  
Stamford  
Lincolnshire  
PE9 2LQ

### Independent Auditors

Saffery Champness  
Lion House  
Red Lion Street  
London  
WC1R 4GB

### Bankers

National Westminster Bank plc  
52 High Street  
Stamford  
Lincolnshire  
PE9 2YH

### Solicitors

Farrer & Co LLP  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

### Investment Advisors

Cazenove Capital Management Limited  
12 Moorgate  
London  
EC2R 6DA

# Supporters of Burghley

The Governors and staff of Burghley House Preservation Trust Limited wish to thank the following people and organisations for their support:

The Heritage Lottery Fund  
29th May 1961 Charitable Trust  
The Trusthouse Charitable Foundation  
The Wolfson Foundation  
Janine Luke & Melvin R. Seiden  
The Winnie Hall Trust  
The Basil Samuel Charitable Trust  
David Brownlow and Philip Eaton  
The Wixamtree Trust  
The Ernest Cook Trust  
Lord Faringdon Charitable Trust  
John Lewis Partnership  
HSBC Insurance  
Stamford Stone Company  
Morrisons Supermarkets  
Norwich & Peterborough Building Society  
Bullimore Sand & Gravel Ltd  
Castle Cement  
Aricom PLC  
Barbara Welby Trust