

BURGHLEY HOUSE

PRESERVATION TRUST



Annual report and accounts 2011/12

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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 5.

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

We all recognise that current economic conditions present challenges for the custodians of great houses. But I am pleased to report that Burghley has had another successful year. Among other achievements we set a record for visitors numbers and the House and Gardens teams worked tirelessly to attract a total of nearly 108,000 visitors last season. In 2011 many people were deterred from going abroad for their holidays for reasons of economy. This presented opportunities to those who manage tourist attractions in the British Isles. But there are many such attractions in this part of England and it is a tribute to all concerned at Burghley that the Governors of the Burghley House Preservation Trust were able to meet their charitable objective in relation to the House so fulsomely and were able to provide enjoyment and entertainment for parents and children in the House, Gardens and Park.

The Director of Education and his assistant created opportunities for more than 7,000 schoolchildren to learn something of Tudor England by conducting workshops on 16th century medicine and other subjects. I am delighted to report that their efforts were recognised during the year with an yet another award, the "Hudson's Heritage Award for Education, Family and Community," to add to the accolades which they have received in the recent past.

Significant work was undertaken by the building team and their associates on the House roof, including repairs to finials, balustrades, chimneys and the heraldic arms on the South Front. Frost damage to parts of the 14 miles of Park wall was repaired. The William Cecil Hotel was completed and opened for business last July. It has proved to be a great success and is attracting guests in large numbers for meals and to stay. In addition the Trust spent in excess of £500,000 on property repairs to buildings on the Estate, both in Stamford and in the surrounding villages.

Burghley provided the setting for a Bollywood film during part of last summer. The film is a sequel to a blockbuster which was watched by half a billion people. The crew were present at Burghley for eleven days with group of A list Bollywood actors and actresses. We can only guess what the first Lord Burghley would have made of it all!

The Horse Trials celebrated its 50th Anniversary last September in style. A total of 155,000 people attended during the four days. The Princess Royal, who won the Event in 1971, came on the last day to present the prizes. The winners included William Fox-Pitt who won the Event for the sixth time, thereby establishing a new record. We hope this augurs well for his participation in the Olympics this summer.

We look forward to the future with confidence. We set out some of the areas in which we hope to make progress in the section of this Report headed "Looking to the Future". Indeed the Trust and its advisers drafted and adopted a Five Year Plan during the course of last winter which identifies necessary expenditure in the next few years. The Plan prioritises conservation and repair projects, makes provision for improvements to the residential and commercial property stock, and highlights opportunities for development, for example, of old and redundant farm buildings which currently earn no income. The Trust also intends to explore ways of making Burghley self sufficient in energy and water.

None of the achievements of the past year would have been possible, and no plans for the future would be viable, without the dedication of all those who work to make Burghley such a success. On behalf of my fellow Governors I pay tribute to all of them.

Sir John Nutting Bt QC
Chairman

Governors' Report

for the year ended 31 January 2012

Our objectives for 2011/12

- 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 2011/12

- 61,600 visitors came to Burghley House in 2011 and a further 46,200 enjoyed the Gardens. This was a record year for visitor numbers and for the second year in succession the gardens especially benefitted from the fine weather
- Nearly 7,000 school children visited Burghley on educational courses during the year. Burghley was awarded the Hudson's Heritage Award for Education, Family and Community
- Just over £530,000 of repairs, restoration and maintenance were completed in the year. Repairs were made to the chimneys and masonry on Burghley House roof, as well as significant improvements to the state of the walls and roads in Burghley Park
- A reasonable surplus was generated and as a result the Trust's reserves have been strengthened

The visitor experience at Burghley

2011 - a record year

The Governors of the Burghley House Preservation Trust are constantly looking for ways to improve the visitor experience at Burghley whilst being mindful of the impact this might have on the house and collections.

Nearly 108,000 people visited Burghley during the 2011 season, a record amount for the second year in succession. Of these 61,600 visited the house and 46,200 visited the Gardens of Surprise.

Whereas the recent increase can partly be attributed to the present economic climate, which has deterred people from travelling abroad to instead visit attractions closer to home, over the last four to five years the Governors have invested in enhancing the visitor experience which is now paying dividends.

Emphasis has been placed on the aesthetic display of the collection, both in the house's State Rooms and also in an annually changing exhibition in the Brewhouse Visitor and Education Centre 'Treasury.' Interpretation is provided via a variety of different mediums, from the "Ancestors in the Attic" audio visual introduction to the house tour, adult and family audio guides, designer display panels and various guidebooks and printed material, the combination of which has led to Burghley being given the Hudson's Heritage Award for "Best Visitor Interpretation."

The Gardens of Surprise opened in 2007 and its water features and quirky sculptures are enjoyed by people of all ages. In addition to attracting approximately 2,500 local season ticket holders, the gardens, along with improved catering and retail facilities, have been successful in enhancing the overall visit to Burghley to create a true quality, destination attraction.



Ancestors in the Attic

Julian Wild - Making the connection

As part of our efforts to refresh the visitor experience we hold an annual themed exhibition of sculpture alongside the permanent collection in the Sculpture Garden. During the course of the open season of 2011 we exhibited a solo show by Julian Wild: a selection of work named 'Incomplete Systems' in mixed media, many of which were site specific. This was an engaging exhibition for all our visitors and particularly the school groups in the variety of techniques and materials that he chose to use. Amongst the highlights was his use of the lake for Hoola Sytems which comprised six giant spheres made from red hoola hoops that were loosely tethered to float around casting reflections in the water and also his permanent commission for Burghley, Exploded System; based on an explosion of highly polished stainless steel discs that reflect the gardens and viewers from multiple angles. The show also featured the communal sculpture project Making the Connection, in which visitors to the House were invited to contribute to its creation. The work was located in the Great Hall and was a participatory event, over the course of one day, for all ages and abilities due to the use of low-tech plastic tubing that could be simply pushed together to build sculptural forms.

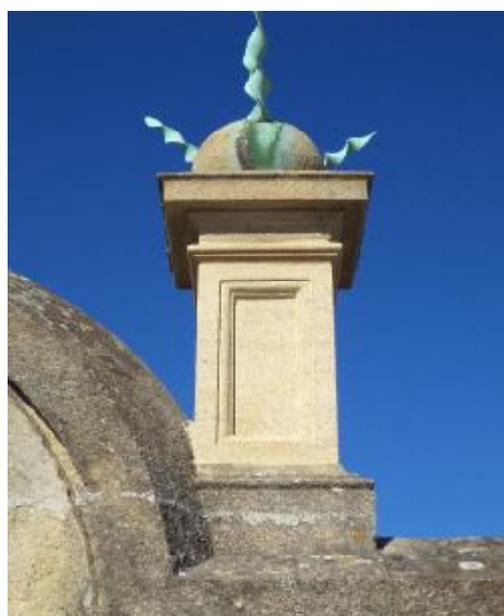
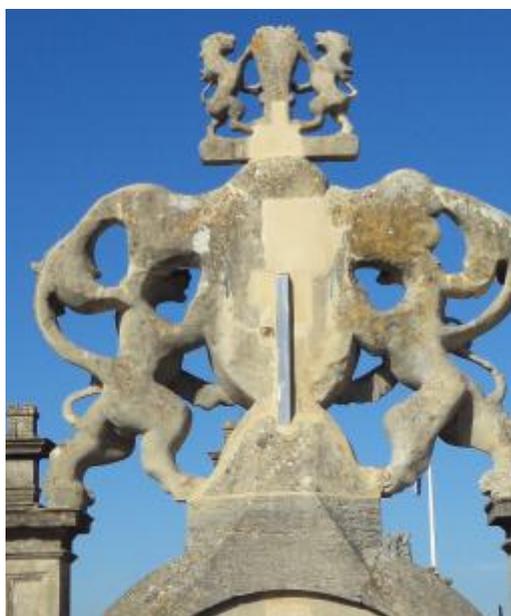


Repairing and restoring the fabric of Burghley

Repairs to Burghley House Roof

During 2011 a considerable amount of stone repairs and replacement was undertaken on the roof of Burghley House. The severe conditions experienced in the last two winters has taken its toll on stonework all over the country and Burghley has not escaped unscathed.

Several Finials have been worked and fitted to the North and South Elevations of Burghley House. Replacing worn balustrades has also been part of the ongoing works, there are several different designs of balusters around the roof line, some are historical and some are just poor quality replicas. These replicas are part of an ongoing program to replace with authentic stonework.



Extensive works were also undertaken to the South Elevation heraldic arms facing the Inner Courtyard, this has involved dismantling the structure, removing the iron work to the rear, and replacing it with a stainless steel frame. The Lion statues have also been repaired, and in places reworked, in particular the stonework to the tails, due to the size and lack of stability of the crest, along with the placement of the crest high up on Burghley's rooftop this work became a significant and time consuming project.

The chimney repair programme continued to the South Elevation in 2011 with extensive stone replacement to two chimneys. Although not completely dismantled, the works have been complicated, as it is only possible to take out a certain amount of stone at any one time, while replacing it with new stone before moving on to the next section. To do this, the stonemason takes patterns, and then works out barrel sections from a square block before taking the carved stone onto roof level to fit in place.

As well as undertaking masonry repairs, lead works to the North West corner of Burghley House, overlooking the Inner Court, have been completed. As a result of poor timber detail water has been allowed to ingress, and the process of removing rotten timber and replacing with new, then fitting of a lead cloak over the stone detail has been undertaken. This will help provide a much better water shed.

Our five year external decoration programme allows us to undertake work to one elevation on a cyclical basis, along with all the timberwork at roof level within the five period, 2011 saw the entire East Wing redecorated. In addition both the Orangery and Loggia underwent external repair and maintenance along with external redecoration.



Burghley has some 14 miles of park wall which presents a continued challenge to keep up with the repair and maintenance work required. This year we have undertaken repairs and replacements to a large section of the wall to the East of the Burghley Horse Trials office along the Barnack Road, this has been a mixture of complete and partial rebuilding. Whilst we allocate a substantial amount with the Estate's budget each year keeping pace with the repairs proves difficult especially as the weather often delays the progress of work. We continually monitor the condition of Park walls and make repairs where necessary as well as undertaking a planned programme of works.

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

News from The Collection, 2010-2011

Following on from the reorganisation of Queen Elizabeth's bedroom last year, we have altered the position of another state bed, in the Blue Silk Bedroom. This bed, which was restored a year ago by Sheila Landi and Anthony Beech, can now be better appreciated by our visitors, as can the Gôle cabinet, one of our most important pieces of furniture.



There has been a significant restoration of two tables. The tables, each with a large marble slab as a top, one green, one ochre, have bases carved in oak. They date from approximately 1780 and were probably made for the 9th Earl by the London furniture makers, Fell & Newton. Both can be found in 18th and 19th century inventories.

Exciting discoveries continue to be made. During conservation work to a tapestry in the Black & Yellow Bedroom, a concealed door in the oak panelling was found. It concealed a beautifully constructed, 17th century set of three drawers. Sadly, apart from dust, the drawers were empty. However, close examination of the other panels in the room revealed a second concealed cupboard which contained the original fire surround and fire irons that were made for the room's fireplace in the 19th century. They have been reunited with the fireplace for which they were made.

Over the years, numerous sections of the delicate acanthus leaf decoration that is applied to the friezes of both tables had broken and were missing. Anthony Beech, whose Furniture Conservation studio is located in the Stable Yard, has two full-time craftsmen working for him. One, Toshifumi Iwata, is a particularly skilful carver who Anthony suggested could accurately replicate the missing original carving.

Working with extremely fine and sharp Japanese gouges and using aged oak from broken up items of period furniture, Toshi was able to painstakingly produce matching leaves and scrollwork. The photographs show the accuracy and fine detail of his work. Once coloured to match, the replacement sections are virtually indistinguishable from the original.



The Burghley Horse Trials

Following a renegotiation of British Eventing's licence to run the Burghley Horse Trials, the trials have been placed in a new corporate structure designed to provide greater financial security for the Event and for Burghley. Continuing to work closely with British Eventing the aim is to maintain the high standards of these world class trials.

2011 was the first Event held under this new structure and attracting crowds of 155,000 over the four days, Burghley Horse Trial's 50th Anniversary was deemed a successful competition, with fine weather, record crowds and a royal visit.

After a hotly contested competition between old time rivals William Fox-Pitt and Andrew Nicholson, William was the eventual victor. In winning the event for a sixth time he broke a record, no-one having previously won the Event on more than five occasions.

The drought like conditions throughout the spring and early summer fortunately broke in time for the competition and the 'going' on the cross country course was near perfect. The traditional style cross country fences were met with universal praise, not only by those competing, but also by many of Burghley's past winners, who were all invited to a celebratory lunch on the Friday of the Event.

Footage of past events was transmitted on giant screens and CCTV's around the site and brought about much comment. Her Royal Highness The Princess Royal, who won the Event in 1971, attended on the final day to award the prizes.

In recognition of the Marquess of Exeter the cross country fence in the main arena paid tribute to his Olympic effort back in 1928, simulating hurdles on a running track.

Finally to commemorate the Horse Trials 50th Anniversary, a £15,000 Bursary was awarded to the Animal Health Trust, the Newmarket-based veterinary charity, who will use the fund to develop a rapid result blood test to identify horses infected with Strangles, a particularly debilitating respiratory condition.



Education at Burghley

Children now grow up in a multi media world; through television, the internet, DVD's and the like children have the opportunity for new avenues of thought, a chance to travel the world, learn about different cultures, and gain exposure to ideas they may never encounter in their own community. With this in mind it is easy to ignore the huge impact that seeing and touching things in real life still makes on a child. How many of us can still remember visits we made as children? Most teachers, in spite of the problems they have with health and safety issues, recognise the value of 'out of school' experiences; especially for the children who may not normally perform well in the classroom. This view is supported and promoted by the 'Government in their Learning Out of the Classroom' initiative launched in 2009. Visits by schools are no longer treated as the annual 'day out in the summer term'; visits occur all the year round and they have to be relevant to the curriculum being followed in school. It is therefore important for us to keep education at the forefront of what we do here at Burghley House.

In 2011 we again saw almost 7,000 children visiting Burghley as part of an organised school visit. For these children it was an enjoyable and valuable educational experience. Their impressions of Burghley are of course very important, they are our visitors of the future, any negative aspect of their time spent with us will remain in their minds and may deter them from making the return visit later in life.

In the education department we try very hard to provide opportunities which will ensure that all our young visitors are treated equally and given a relevant educational and enjoyable experience. It isn't easy! Children are children and as such have very different needs from adults. Economics has meant that groups are generally increasing in size as the cost of transport can then be shared between a greater number. Groups of over 100 are now not unknown and the management of such groups requires careful organisation and a degree of tolerance at times from others. Many of our schools are now annual visitors to Burghley and each year we continue to attract new groups.

In education we continue to improve and add to our portfolio of learning opportunities for schools. Our 'Tudor Doctor and Medicines' workshop demonstrated by Alwyn our Director of Education is proving increasingly popular and in our new workshop, the 'Tudor Pedlar', the children meet our pedlar, Rachel Lusher - education assistant, who opens her backpack and talks about the items it contains, who the pedlar would have sold to and how the things were used in everyday life. This experience will provide a real insight for children into the lives of the poorer Tudors.

We were pleased to have our work recognised in 2011 by winning the 'Hudson's Heritage Award for Education, Family and Community'. In recent years we have made great efforts to make Burghley an attractive place for families to visit. We have achieved this through the continuing development of the Garden of Surprises, Sculpture Garden and the free craft workshops we have provided for visiting children.

As the world becomes increasingly digital in its outlook we are continuing to provide within an increasingly difficult financial climate a very real, hands-on learning experience which we hope will remain with the youngsters throughout their lives and whom we hope to welcome back many times in the future.



Looking to the future

Our objectives for 2012/13



To continue to attract a high number of visitors to Burghley House.

After the exceptional achievement of last year's open season with record visitor numbers we are hopeful of achieving similar success this coming year. We aim to do this partly by demonstrating Burghley's unique connection with Olympic History. The 6th Marquess of Exeter was not only a well known Olympic athlete but also an advocate of amateur athletics worldwide and an ambassador for the Olympic ideal. This year's exhibition 'An Olympian at Burghley' will demonstrate his sporting achievements that culminated in the winning of a gold medal for the 440 yard hurdles in the 1928 Games in Amsterdam. It will also reflect his role as the Chairman of the organising committee for the 1948 Games, the last to be held in London. The majority of these pieces, such as the original Olympic medals and the 1948 Olympic torch are not normally on display and the facility of the Treasury gallery enables us to bring together a great variety of these historic and fragile items in a more modern and appropriate setting. During the whole Olympic fortnight we will also be giving visitors the opportunity to extend their visit into the South Gardens and join in with our Great Olympic Garden Party while watching the complete programme of the 2012 Games on a giant screen. This year we will be hosting a new exhibition in the Sculpture Gardens. The show will be called 'Flora and Fauna' and this will include our most recent acquisition for the permanent collection, *Stag* by Sally Matthews, referencing the historic herd of fallow deer resident in Burghley Park. Other highlights include the living '*Tunnel*' sculpture by Mike Dodd that visitors will be able to walk through which will grow and change with the seasons, also pieces by Wendy Henley using recycled waste materials make reference to Man's treatment of the natural world.

To offer a wide variety of educational opportunities for both children and adults.

This year we will continue to provide a broad range of activities for children which tie in with the National Curriculum Key Stages 1, 2 and 3, focusing on the Tudor and Victorian periods. New this year are study days for undergraduates looking at Tudor architecture and interior design. Also days for students undergoing teacher-training for primary schools on preparing an educational visit and in particular a visit to Burghley. As part of our Tudor day package for schools we will introduce the 'Tudor Pedlar' as an additional classroom element; our pedlar will describe what her role would have been in Tudor times and then open the contents of her back pack to display items such as clay dice, pewter buttons, leather thronging, charms and tools for weaving and sewing such as a lucet, hooks and eyes and brass needles. For this Olympic year we have devised a sculpture workshop for the children to create their own Olympic Athlete in action using wire and Plaster-of-Paris impregnated cloth. We will continue with the selection of general interest study days for adults, which include the opportunity to look at specific topics such as iconography and religions and mythological painting using the picture collection at Burghley. Building on the traditions of music in the 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 enrich the educational opportunities for our day to day visitors we will launch our children's guidebook *Beastly Boring Burghley* aimed specifically at 6-12 year olds.

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

2011 was a record year in terms of visitor numbers and this resulted in higher income from charitable activities. The change in ownership of the Burghley Horse Trials saw an increase in trading income but as a result returns from the investment portfolio decreased. This financial performance has enabled the Trust to maintain its expenditure at Burghley House.

Income

The formation of Burghley Horse Trials Limited as a trading subsidiary of the Charity explains the significant increase in income from commercial activities from £793,098 to £4,036,287. Income from the rental of Burghley Park for this Event had previously been included in Investment Income.

Income derived from investment properties and other property assets that it owns fell this year to £2.6 million (2011: £2.7 million).

Income from the showing of Burghley House increased to £771,376 from £694,516 in the previous year. This increase reflects the successful showing season with visitor numbers exceeding 100,000 for the first time.

Costs of generating funds

Resources expended on generating funds are now just over £4.5 million as a result of the addition of Horse Trials costs.

The level of expenditure on the maintenance and repair of investment property has been maintained at levels incurred in previous years.

Cost of charitable activities

The cost of repairing and restoring the fabric of Burghley House and its collections came to £677,013 (2011: £737,976). 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 2009 and 2010 showing seasons.

Surplus for the year

The Trust showed an unrestricted income fund surplus for the year of £766,633 (2011: surplus £385,438), an unrestricted capital fund surplus of £1,113,320 (2011: surplus £917,356) and a restricted capital fund deficit of £4,760 (2011: deficit £4,760).

The net surplus is £1,875,193 (2011: surplus £1,298,034) and has been added to unrestricted income, unrestricted capital and restricted capital funds.

This result is stated after revaluing the investment properties upwards by £1,100,000 (2011: an increase of £750,000).

The results of the subsidiary companies, Burghley Enterprises Limited and Burghley Horse Trials Limited, show profits for the year of £348,290 (2011: £249,349) and £89,391 (2011: £NIL) respectively and are incorporated into these accounts. The profits are paid up to this Charity under Gift Aid.

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 2012 amount to £52,280,435 (2011: £50,405,242). 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 £2,805,339 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 £695,000 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 as well as bank borrowing. This policy is subject to taking development opportunities when they become available.

Approved capital investment projects for the next year include repairs to the roof of Burghley House and the completion of the Ha Ha.

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 2012, the investment security portfolio generated total revenue of £38,335 (2011: £36,040) and an unrealised loss of £23,494 (2011: gain £59,518). The investment property portfolio generated net revenue of £2,003,029 (2011: £2,008,134), 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 referred to the guidance contained in the Charity Commission's revised general guidance on public benefit when reviewing the Charity's objectives and planning future activities.

Donations

During the year the Charity made charitable donations amounting to £16,757 (2011 : £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 Giles Floyd Bt
The Hon Edward Leigh-Pemberton
J C S Chenevix-Trench Esq - appointed 1 July 2011
E G Clive, Esq
A J Feilden, Esq
E M Harley, Esq
W A Oswald, Esq
W H M Parente Esq - appointed 1 July 2011
S J Richmond-Watson Esq - appointed 1 July 2011
Dr J M Robinson
B T J Stevens, Esq

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 Estates 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 Practice).

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 2012 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 the Charities Act 2011 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 2012 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 2011.

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 2011 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)

6 July 2012

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

Consolidated Statement of Financial Activities for the year ended 31 January 2012

	Notes	2012 Unrestricted Income £	2012 Unrestricted Capital £	2012 Restricted Capital £	2012 Total £	2011 Total £
Incoming Resources						
Incoming resources from generated funds						
- Voluntary income	2	25,898	-	-	25,898	36,090
- Activities for generating funds	2	4,036,287	-	-	4,036,287	793,098
- Investment income	4	2,569,609	36,814	-	2,606,423	2,726,266
Incoming resources from charitable activities	2	771,376	-	-	771,376	694,516
Other incoming resources		-	-	-	-	975
		7,403,170	36,814	-	7,439,984	4,250,945
Resources Expended						
Costs of generating funds						
Charitable activities		4,552,843	-	-	4,552,843	1,628,809
Governance costs		2,061,944	-	4,760	2,066,704	2,166,428
		21,750	-	-	21,750	17,300
	5	6,636,537	-	4,760	6,641,297	3,812,537
Net incoming/(outgoing) resources before other recognised gains and losses						
		766,633	36,814	(4,760)	798,687	438,408
Gains on investment assets						
- Surplus on sale of property	15	-	-	-	-	36,283
- Surplus on sale of investments	15	-	-	-	-	13,825
- Unrealised (loss)/gain on investments	7	-	(23,494)	-	(23,494)	59,518
- Unrealised gain on investment property revaluation	8	-	1,100,000	-	1,100,000	750,000
Net Movement on Funds		766,633	1,113,320	(4,760)	1,875,193	1,298,034
Balance brought forward		2,038,706	47,210,176	1,156,360	50,405,242	49,107,208
Balance carried forward	15,16	2,805,339	48,323,496	1,151,600	52,280,435	50,405,242

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 2012

	Notes	2012 £	2011 £
Turnover			
Continuing operations	2	4,833,561	1,523,704
Cost of sales		(4,340,381)	(2,014,600)
		493,180	(490,896)
Other operating expenses	3	(1,702,620)	(1,109,732)
Operating deficit	18	(1,209,440)	(1,600,628)
Interest payable		(34,810)	(18,123)
Investment income	4	2,042,937	2,057,159
Surplus on current year activities	6	798,687	438,408
Unrestricted Capital Fund	15	(36,814)	(57,730)
Restricted Capital Fund	16	4,760	4,760
Surplus on ordinary activities transferred to Unrestricted Income Fund	15	766,633	385,438

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 2012

	Notes	2012 £	2011 £
Surplus on ordinary activities (above)		766,633	385,438
Restricted expenditure	16	(4,760)	(4,760)
Surplus on disposal of property	15	-	36,283
Surplus on disposal of investments	15	-	13,825
Capital element of mineral royalty income	15	36,814	57,730
Revaluation of investment properties	15	1,100,000	750,000
Unrealised (loss)/gain on investments	15	(23,494)	59,518
Total recognised profit for the year ended 31 January 2012		1,875,193	1,298,034

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

Balance Sheets

as at 31 January 2012

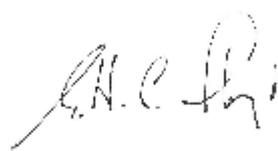
	Notes	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Fixed assets					
Investment securities	7	1,157,040	1,180,793	1,205,554	1,229,309
Tangible assets	8	236,326	156,852	100,304	128,938
Investment properties	8	43,765,198	41,178,488	43,765,198	41,178,488
Heritage assets	9	8,207,561	8,220,194	8,207,561	8,220,194
		53,366,125	50,736,327	53,278,617	50,756,929
Current assets					
Stocks	10	293,739	439,730	4,000	4,392
Debtors	11	626,670	620,857	843,324	1,023,021
Cash at bank and in hand		742,309	527,791	363,334	461,319
		1,662,718	1,588,378	1,210,658	1,488,732
Creditors: amounts falling due within one year.	12	(2,148,408)	(1,119,463)	(1,608,840)	(1,040,419)
Net current (liabilities)/assets		(485,690)	468,915	(398,182)	448,313
Total assets less current liabilities		52,880,435	51,205,242	52,880,435	51,205,242
Creditors: amounts falling due between 2 and 5 years	13	(600,000)	(800,000)	(600,000)	(800,000)
Net assets		52,280,435	50,405,242	52,280,435	50,405,242
Capital and Reserves					
Unrestricted Income Fund	15	2,805,339	2,038,706	2,805,339	2,038,706
Unrestricted Capital Fund	15	48,323,496	47,210,176	48,323,496	47,210,176
Restricted Capital Fund	16	1,151,600	1,156,360	1,151,600	1,156,360
Total Funds		52,280,435	50,405,242	52,280,435	50,405,242

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

The financial statements were approved for issue by the Governors on 24 April 2012.



Sir John Nutting Bt. QC - Chairman
Governor



Sir Giles Floyd Bt.
Governor

Company Registration No. 951524

Burghley House Preservation Trust Annual Report and Accounts 2011/12

Consolidated Cash Flow Statement for the year ended 31 January 2012

	Notes	2012 £	2011 £
Net cash outflow from operating activities	18	(369,447)	(1,386,248)
Returns on investments and servicing of finance			
Investment income		2,042,937	2,057,159
Interest paid		(34,810)	(18,123)
		2,008,127	2,039,036
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,724,421)	(1,330,590)
Payments to acquire investment securities		(80,658)	(64,877)
Receipts from sales of plant and equipment		-	975
Receipts from sales of investment properties		-	108,283
Receipts from sales of investment securities		-	154,460
		(1,805,079)	(1,131,749)
Financing			
New bank loans		500,000	887,476
Repayment of bank loans		(200,000)	-
Increase in cash in the year	19	133,601	408,515

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 2012. 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 2012. 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 2012 the total of such guarantees amounted to £12.

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

	2012 £	2011 £
Equestrian event income	3,193,531	-
Function and exhibition income	265,670	308,830
Shop sales	323,020	313,927
Film income	93,133	10,191
Restaurant income	75,706	62,273
Other income	9,471	2,168
Timber and woodlands income	75,756	95,709
	4,036,287	793,098
Viewing fees - House and Gardens	771,376	694,516
Donations	25,898	36,090
	4,833,561	1,523,704

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

	2012 £	2011 £
Distribution expenses	6,422	7,328
Administration expenses	1,696,198	1,102,404
	1,702,620	1,109,732

4 Investment income

	2012 £	2011 £
Income from investment property	2,566,515	2,677,241
Investment income from securities	38,335	36,040
Bank deposit interest	1,573	12,985
	2,606,423	2,726,266
Less: Expenses	(563,486)	(669,107)
	2,042,937	2,057,159

Notes to the Accounts

5 Analysis of total resources expended

	2012 Direct costs £	2012 Support costs £	2012 Total £	2011 Total £
Costs of generating funds				
Equestrian event expenditure	3,000,770	-	3,000,770	-
Expenditure on investment properties	563,486	155,351	718,837	834,355
House showing expenditure	387,715	106,891	494,606	502,735
Timber and woodland expenses	265,448	73,182	338,630	291,719
	4,217,419	335,424	4,552,843	1,628,809
Charitable activities				
House showing expenditure	1,075,878	296,615	1,372,493	1,427,452
Expenditure on heritage property	531,046	146,408	677,454	737,976
Donations	16,757	-	16,757	1,000
	1,623,681	443,023	2,066,704	2,166,428
Governance costs				
Audit fees	21,750	-	21,750	17,300
	21,750	-	21,750	17,300
Total	5,862,850	778,447	6,641,297	3,812,537

Support costs

	2012 £	2011 £
Management costs	188,277	184,864
Wages and salaries	391,589	362,895
Overheads	196,354	201,011
Depreciation	2,227	2,697
	778,447	751,467

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

6 Surplus on current year activities

	2012 £	2011 £
Surplus on current year activities is stated after (crediting)/charging:		
Government grants - New woodland	(9,429)	(7,383)
(Profit) on disposal of tangible fixed assets	-	(670)
Depreciation of tangible assets	170,870	223,985
Auditors' remuneration - Charity £15,500 (2011: £14,800)	21,750	17,300

Notes to the Accounts

7 Investment securities

	2012 £	2011 £
Group		
Quoted investments		
Market value at 1 February 2011	1,088,207	1,104,447
Additions	80,658	64,877
Disposals	-	(140,635)
Unrealised gain on investments	(23,494)	59,518
	1,145,371	1,088,207
Other unquoted investments		
Cost at 1 February 2011 and at 31 January 2012	13	13
Cash held on deposit	11,656	92,573
Market value at 31 January 2012 - Group	1,157,040	1,180,793
Charity		
Cost of investment in subsidiaries	48,514	48,514
Value at 31 January 2012 - Charity	1,205,554	1,229,309
Historical cost at 31 January 2012	1,067,909	1,068,171

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 2012.

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	Total Plant and Fixtures
	£	£
Group		
Cost		
At 1 February 2011	41,178,488	1,001,902
Additions	1,486,710	175,344
Disposals	-	(29,268)
Surplus on revaluation of properties	1,100,000	-
At 31 January 2012	43,765,198	1,147,978
Depreciation		
At 1 February 2011	-	845,050
On disposals	-	(29,268)
Charge for the year	-	95,870
At 31 January 2012	-	911,652
Net book value		
At 31 January 2012	43,765,198	236,326
At 31 January 2011	41,178,488	156,852
Charity		
Cost		
At 1 February 2011	41,178,488	891,276
Additions	1,486,710	33,229
Disposals	-	(29,268)
Surplus on revaluation of properties	1,100,000	-
At 31 January 2012	43,765,198	895,237
Depreciation		
At 1 February 2011	-	762,338
On disposals	-	(29,268)
Charge for the year	-	61,863
At 31 January 2012	-	794,933
Net book value		
At 31 January 2012	43,765,198	100,304
At 31 January 2011	41,178,488	128,938

Notes to the Accounts

8 Tangible fixed assets (continued)

Investment properties	2012	2011
	£	£
Historic cost	21,727,472	20,240,763
Revaluation reserve	22,037,725	20,937,725
Net book value at 31 January 2012	43,765,197	41,178,488

The Governors, using their knowledge of the property portfolio, have increased the value of the investment properties by £1,100,000 at 31 January 2012.

9 Heritage assets

	Burghley House and grounds	Chattels at probate value	Chattels at market value	Total Heritage assets
	£	£	£	£
Group and charity				
Cost				
As at 31 January 2011	4,664,612	3,953,793	206,154	8,824,559
Additions	55,923	-	6,444	62,367
At 31 January 2012	4,720,535	3,953,793	212,598	8,886,926
Depreciation				
As at 31 January 2011	604,365	-	-	604,365
Charge for the year	75,000	-	-	75,000
At 31 January 2012	679,365	-	-	679,365
Net book value				
At 31 January 2012	4,041,170	3,953,793	212,598	8,207,561
At 31 January 2011	4,060,247	3,953,793	206,154	8,220,194

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 2012 (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 10.

Notes to the Accounts

9 Heritage assets (continued)

Five year financial summary of heritage transactions:

	2012 £	2011 £	2010 £	2009 £	2008 £
Burghley House & grounds - cost of additions	62,367	15,000	46,012	177,580	604,845

10 Stocks

	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Property for development	175,796	175,796	-	-
Showing supplies	113,943	109,932	-	-
Estate maintenance supplies	4,000	4,392	4,000	4,392
Burghley Horse Trials stock	-	149,610	-	-
	293,739	439,730	4,000	4,392

11 Debtors

	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Trade debtors	202,760	282,155	158,511	218,930
Amounts owed by subsidiary undertakings	-	-	323,208	469,536
Other debtors	16,160	111,681	16,162	111,681
Prepayments and accrued income	407,750	227,021	345,443	222,874
	626,670	620,857	843,324	1,023,021

12 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Bank loans and overdraft	700,000	200,000	700,000	200,000
Trade creditors	388,283	258,192	365,917	228,814
Taxes and social security costs	44,532	35,291	44,532	35,291
Other creditors	8,563	6,233	8,563	6,233
Accruals and deferred income	1,007,030	619,747	489,828	570,081
	2,148,408	1,119,463	1,608,840	1,040,419

13 Creditors: amounts falling due between two and five years

	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Unsecured bank loan	600,000	800,000	600,000	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 £158,152 (2011: £126,221).

15 Unrestricted income and capital funds

	Group and Charity	
	2012	2011
	£	£
Unrestricted Income fund		
Balance brought forward at 1 February 2011	2,038,706	1,653,268
Surplus for the year	766,633	385,438
Balance carried forward at 31 January 2012	2,805,339	2,038,706
Unrestricted Capital fund		
Balance brought forward at 1 February 2011	47,210,176	46,292,820
Surplus on disposal of property and investments	-	50,108
Capital element of mineral royalty income	36,814	57,730
Revaluation of investment property	1,100,000	750,000
Unrealised (loss)/gain on investment revaluation	(23,494)	59,518
Balance carried forward at 31 January 2012	48,323,496	47,210,176
Realised element of unrestricted capital fund	26,196,851	26,160,037
Unrealised gains on investment properties	22,037,725	20,937,725
Unrealised gain on investment securities	88,920	112,414
Balance carried forward at 31 January 2012	48,323,496	47,210,176

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 2011	Income	Expenditure	31 January 2012
	£	£	£	£
Brewhouse fund	1,079,700	-	-	1,079,700
Garden of Surprises fund	76,660	-	4,760	71,900
	1,156,360	-	4,760	1,151,600

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 2012 are represented by:			
Investment securities	1,157,040	-	1,157,040
Tangible fixed assets	236,326	-	236,326
Heritage assets	7,055,961	1,151,600	8,207,561
Investment properties	43,765,198	-	43,765,198
Current assets	1,662,718	-	1,662,718
Creditors	(2,748,408)	-	(2,748,408)
	51,128,835	1,151,600	52,280,435

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

	2012 £	2011 £
Operating deficit - page 27	(1,209,440)	(1,600,628)
Depreciation	170,870	223,985
(Profit) on sale of tangible fixed assets	-	(675)
Decrease/(increase) in stocks	145,991	(141,124)
(Increase) in debtors	(5,813)	(11,777)
Increase in creditors	528,945	143,971
Net cash outflow from operating activities	(369,447)	(1,386,248)

19 Analysis of net debt

	2012 £	2011 £	Change in Year £
Cash at bank and in hand - page 28	742,309	527,791	214,518
Cash held on deposit - note 7	11,656	92,573	(80,917)
	753,965	620,364	133,601
Debts falling due within one year	(700,000)	(200,000)	(500,000)
Debts falling due after one year	(600,000)	(800,000)	200,000
	(1,300,000)	(1,000,000)	(300,000)
Net debt	(546,035)	(379,636)	(166,399)

Notes to the Accounts

20 Governors and employees

	Group 2012 Number	Group 2011 Number	Charity 2012 Number	Charity 2011 Number
The number of Governors who served the Group and the Company during the year was:	12	10	12	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	44	40	40
Maintenance and forestry	14	14	14	14
Equestrian event	6	-	-	-
	82	76	72	72
Employment costs	£	£	£	£
Wages and salaries	1,555,015	1,278,099	1,263,025	1,226,090
Social security costs	133,641	106,862	104,907	104,032
Other pension costs	158,152	126,221	128,594	124,527
	1,846,808	1,511,182	1,496,526	1,454,649

The number of employees whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the year was 2 (2011 - 1). No remuneration was paid to any Governor in the year. Travelling expenses of £592 were reimbursed in the year (2011: £383).

21 Subsidiary companies

Burghley Enterprises Limited

The turnover of Burghley Enterprises Limited amounted to £766,999 (2011: £697,391), and the net profit arising of £348,294 (2011: £249,349) 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 2012 are shown below.

Audited accounts are filed with the Registrar of Companies.

	2012 £	2011 £
Turnover and other income	773,168	703,541
Cost of sales and expenses	(424,874)	(454,192)
Profit for the year	348,294	249,349
Shareholders funds	48,514	48,514

Notes to the Accounts

21 Subsidiary companies (continued)

Burghley Horse Trials Limited

Burghley Horse Trials Limited commenced activity on the 17th December 2010 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.

The turnover of Burghley Horse Trials Limited amounted to £3,193,531, and the net profit arising of £89,391 is due to be paid under Gift Aid to Burghley House Preservation Trust Limited.

The results of Burghley Horse Trials Limited for the thirteen month period ended 31 January 2012 are shown below.

Audited accounts are filed with the Registrar of Companies.

	2012 £
Turnover and other income	3,195,545
Cost of sales and expenses	(3,106,154)
Profit for the year	89,391
Shareholders funds	1

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 £18,544 (2011: £18,652) for management and maintenance services. The amount owed to the company in respect of these services at 31 January 2012 was £17,544 (2011: £17,135).

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 £22,744 for the year ended 31 January 2012 (2011: £20,960).

The Trustees of the 6th Marquess of Exeter are also due to receive £73,138 as a licence fee from Burghley Horse Trials Limited (2011: £NIL).

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 £4,006,688 (2011: £3,832,578) which includes a donation of £348,290 (2011: £249,349) from its wholly owned subsidiary undertaking, Burghley Enterprises Limited and a donation of £89,391 (2011: £NIL) from its wholly owned subsidiary undertaking, Burghley Horse Trials Limited. The net surplus for the year for the Charity was £1,871,118 (2011: £1,333,859).

Legal and Administrative Details

Governors

Sir John Nutting Bt. QC (Chairman)
Sir Giles Floyd Bt
The Hon Edward Leigh-Pemberton
J C S Chenevix-Trench Esq
E G Clive, Esq
A J Feilden, Esq
E M Harley, Esq
W A Oswald, Esq
W H M Parente Esq
S J Richmond-Watson Esq
Dr J M Robinson
B T J Stevens, Esq

Company Secretary J E P Fitch

Estates Director D J Pennell

Company number 951524 (England and Wales)

Charity number 258489

Registered office

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Investment Advisors

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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