

CHATSWORTH HOUSE TRUST

Annual report and consolidated financial statements

for the year ended 31 March 2017

Registered Charity Number 511149

Registered Company Number 01541046



CHATSWORTH

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CHATSWORTH HOUSE TRUST

Annual report and financial statements

For the year ended 31 March 2017

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CHATSWORTH HOUSE TRUST

Legal and administration details for the year ended 31 March 2017

Charity number

511149

Trustees/Directors (Council of Management)

The Duke of Devonshire – Chairman

The Duchess of Devonshire

The Hon. Mrs L Chetwode

Mr H M Wyndham

Mr J G E Monson

Mr E R H Perks

Mr J D S Booth

Mr M W Fane

Secretary

Mr A C Lavery

Key Management Personnel

Chief Executive Officer – Mr R H Reynolds

Chief Operating Officer – Mr E A D Cadogan

Chief Financial Officer – Mr A C Lavery

Registered office

The Estate Office

Edensor

Bakewell

Derbyshire

DE45 1PJ

Independent Auditors

KPMG LLP

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

Solicitors

Currey & Co LLP

33 Queen Anne Street

London

W1G 9HY

Bankers

The Royal Bank of Scotland plc

The Square

Bakewell

Derbyshire

DE45 1BT

Investment advisors

Smith & Williamson Investment Management Limited

25 Moorgate

London

EC2R 6AY

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the period ended 31 March 2017

The members of the Council of Management have pleasure in presenting their report together with the audited financial statements for the year ended 31 March 2017.

The information with respect to the Council of Management, officers and advisors set out on page 1 forms part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Chatsworth House Trust is a company limited by guarantee incorporated in the United Kingdom, number 01541046, on the 23rd January 1981 and governed by its Memorandum and Articles of Association. It is also a registered charity, number 511149. The liability of each member in the event of winding up is limited to £5,000.

The charity is governed by the Council of Management (hereafter referred to as the Council). Council members are directors of the company and charity trustees for the purposes of the Companies Act and the Charities Act respectively.

Members of the Council of Management

The following served as members of the Council during the year and up to the date of signing the financial statements.

- * The 12th Duke of Devonshire - Chairman
- * The Duchess of Devonshire
- The Hon. Mrs L Chetwode
- Mr H M Wyndham
- Mr J G E Monson
- Mr E R H Perks
- Mr J D S Booth
- Mr M W Fane

* These members of the Council are also members of the company.

Under the articles of association of the company, the number of the members of the Council shall not be less than 5 and no more than 8.

Appointment of Members

The power to appoint new members of the Council of Management is vested in the Council.

In appointing new Council members, the Council makes reference to the Charity Commission's guidelines and ensures the appropriate mix of skills, knowledge and experience exists to make sure the charity is well governed and is run effectively and efficiently in a manner appropriate to its size and complexity. The skills of Council members together with their ability to devote the necessary time and energy to the charity are regularly reviewed.

Membership of the Council is determined with a view to ensuring responsible oversight of the purposes of Chatsworth House Trust.

New Member Induction and Training

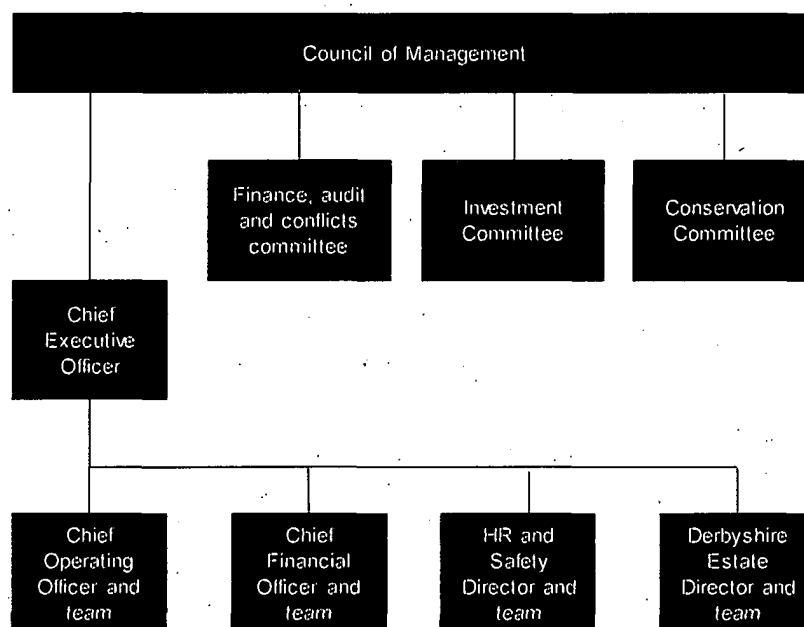
New members undergo an orientation day to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit, content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other Council members. Members are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

Organisational structure and decision making

The Council meets formally twice a year to review the company's operation and performance, receive reports as required and approve budgets and other matters. The Council has created sub-committees as set out below to oversee, monitor and report back to the full Council on specific aspects of the charity's activities and governance and to facilitate effective operations. The Council has delegated authority for day to day operational matters, including finance, estate management, employment and health and safety to a senior management team who are jointly employed by the company and the Trustees of the Chatsworth Settlement.



Mr Monson, Mr Booth and Mr Perks are members of the Finance, Audit and Conflicts Committee and members of the Investment Committee. These committees meet formally twice per year. Mr Reynolds, Mr Cadogan and Mr Lavery are in attendance for the meetings of each of these committees.

The Duke and Duchess of Devonshire, The Hon. Mrs L Chetwode, Mr Wyndham and Mr Perks are members of the Conservation Committee. The committee meets formally once per year. Mr Cadogan and members of his team responsible for the preservation and restoration of the art collection are in attendance at this committee.

The Council receives regular reports from and reviews the work of the Chief Executive and his team who manage the charity's activities and make such recommendations as they feel appropriate.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

OBJECTIVES AND ACTIVITIES

Objectives

The primary objectives and aims of the charity, as stated in its governing document, are to:

- Preserve for public benefit the mansion house known as Chatsworth House in Derbyshire, together with its ancillary buildings, gardens, arboreta, woodlands, and park; or such part or parts thereof as shall from time to time be held by the charity, and to promote for the public benefit the study and appreciation of Chatsworth as a place of historic and architectural interest and natural beauty.
- Preserve for the public benefit such pictures, statues, furniture, books and other chattels being of historic or artistic interest such as the charity considers it appropriate to acquire, and to keep at Chatsworth and to promote for the public benefit the study and appreciation of the charity's works of art as features of historic or artistic interest.
- Advance the education of the public in the arts and sciences.
- Provide at Chatsworth, in the interests of social welfare, facilities for physical recreation (including sports).
- Facilitate and encourage the use, occupation and enjoyment of the whole or any part of Chatsworth and the charity's works of art for such other exclusively charitable purposes as the charity from time to time considers appropriate.

Strategies and activities for achieving objectives and providing a public benefit

The charity holds a lease of Chatsworth House and its essential contents, with approximately 1,822 acres of land including the garden, park and woodland surrounding the House. The Council has considered and taken into account the Charity Commission's guidance on public benefit and fee charging when reviewing the charity's activities and setting objectives for the year.

The Council has implemented the following activities to help achieve the charity's objectives:

Preservation of the house gardens and park

Chatsworth enjoys the reputation of being "contemporary in its time" and engages visitors by providing both access and engaging experiences. Respecting this legacy, the Council aims to continue supporting Chatsworth's evolution and, in particular, programmes which refurbish, update and improve both the fabric of Chatsworth and its appeal to a diversity of visitors.

The house and gardens at Chatsworth are open to the public every day from mid-March until early January, and much of the park and Stand Wood are open every day of the year. The charity generates income from its operations which is used for the preservation and restoration of Chatsworth House and its contents, the garden and the parkland and for the purchase of works of art.

The house set within its landscape is the most admired feature of Chatsworth. Many thousands of people drive and walk through Chatsworth just to appreciate the view of the house in the landscape and to enjoy the parkland. The charity's long running Masterplan restoration programme has included extensive works to clean and restore the external façade of the building and the bastion wall, substantially improving its overall appearance.

The charity allows free public access to its parkland which provides picnic facilities and magnificent vistas on the banks of the river Derwent. In recent years, the charity has embarked on a Park Management Plan in which improvements are made to restore the landscape, views and vistas in the park including tree planting, repairing walls, footpaths and river bank maintenance. Its recently opened Game Larder Interpretation Centre is open to visitors free of charge all year round.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

Art collection

Access to the Art Collection is available to the members of the public. A large portion of the art collection is on public display in the house and gardens through the year. The charity regularly holds events and exhibitions open to the general public displaying collections of art, sculpture and other historic artefacts. Members of the Chatsworth archives or curatorial teams carry out hundreds of record searches each year at the request of members of the public, host numerous research visits and facilitate access to the archives and works of art not normally on display.

Education

In 2016/17 Chatsworth continued to offer subsidised education rates and received 19,894 educational visitors across the house, garden, farmyard and adventure playground (2015/16: 19,860).

Each year, members of the Chatsworth staff give talks delivered to local groups free of charge and Chatsworth hosts an event for local teachers three times per year free of charge.

Working through the Devonshire Educational Trust (DET), in 2016/17 the charity continued to be involved in a number of special educational projects. These included outreach projects aimed at people from minority ethnic communities and refugee and asylum seeker groups. During the year DET trust worked with 218 children and adults from a range of disadvantaged communities.

Since 2012, DET has been working in partnership with Derbyshire County Council's Virtual School to support children in care. The Council supports over 600 children in children's homes and in foster care and each year Chatsworth puts on two events for these young people and their carers.

Facilities for recreation, the support of other charitable activities and social welfare

Each year the charity hosts a popular annual Country Fair and also hosts the Chatsworth International Horse Trials. During 2017 it hosted a Royal Horticultural Society flower show for the first time. This is intended to be an annual event.

The charity encourages and facilitates events to be held in the park by local charitable organisations and special interest groups. The Helens' Trust 10k run event is held frequently in the park and Chatsworth has been the home of the Derbyshire Charity Clay Shoot for some years now.

Chatsworth offers Associate Friends memberships to local public sector bodies and/or their social clubs. Annual membership provides access for up to 6 members of their staff per day and includes entry to Chatsworth House, the Garden and the Farmyard. An annual fee is charged which represents substantial discount to normal rates.

Each year, Chatsworth donates free family admission tickets to a large number of charity or social welfare organisations in the local area.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

Statement of Council Members' responsibilities in respect of the councils' annual report and the financial statements

The Council members (who are also directors of Chatsworth House Trust for the purposes of company law) are responsible for preparing the Report of the Council of Management and the financial statements in accordance with applicable law and regulations.

Company law requires the Council Members to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Council Members are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Auditors

During early 2017, the Council invited a number of audit firms to tender for the work to audit the accounts of the company and its subsidiary companies. Following that process, the company appointed KPMG act as the company's auditors with effect from the 2016/17 year. The Council would like to extend its gratitude to the previous auditors of the company, Saffery Champness, for their guidance and support over the previous seven years.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

STRATEGIC REPORT

Achievements and Performance

The Council considers that the charity's principal objectives of maintaining and preserving Chatsworth and opening the property to the public are being achieved.

Factors relevant to achieving objectives

The key performance indicators which the Council use to monitor whether the charity is achieving these objectives are:

- Visitor numbers and trends
- Completion of essential restoration and preservation work to the house and gardens
- Financial performance against income and expenditure targets

Visitor Numbers

The number of visitors to Chatsworth for the year ended 31 March 2017 compared with 4 prior periods was as follows:

	Year Ended 31 March		Year Ended 31 December		
	2017	2016	2014	2013	2012
Visitor Numbers	624,075	660,999	610,083	644,817	659,553

Visitor numbers shown are visitors to the House, the Garden and/or the Farmyard and include visits by holders of Estate Passes (members of staff, pensioners and some tenants) and Friends of Chatsworth. Visitors to the park only and to events taking place in the park are not included in the above figures.

Special events and activities

The attendance and feedback from the various events that the charity organised and hosted, such as the annual Horse Trials, Country and Christmas Fairs, Sotheby's successful exhibition of sculpture in the grounds, the series of concerts and the bonfire night in the grounds was good.

The charity acquired works of art during the year to the value of £3,062,000 (2016: £864,000) to enhance the collection held.

Restoration and preservation work

The Master Plan is a major project of essential restoration and development intended to safeguard Chatsworth's heritage and continue its history.

The project involves restoring the exterior stonework and the historic interiors of Chatsworth House, creating new spaces for more displays, upgrading the interior services in the house and, with improved accessibility, making it easier for every visitor to enjoy their visit to Chatsworth.

The programme of work commenced in January 2007 and has now been extended to include work to the North Wing and the Lodges. The current phase of works will extend into early 2018. The current projected total cost of the project is £32.7m of which £28.6m had been spent at the balance sheet date. A further £4.1m has been committed in the current phase of the project.

Under the heading "Capital Commitments" within note 29 of these accounts, future expenditure commitments for the Master Plan programme are disclosed.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

Financial review

The Statement of Financial Activities is set out in detail on page 14. It shows that overall the charity had net resources expended £15,000 for the year incurred from its activities as compared to £1,195,000 in 2016. Of this, net resources expended of £269,000 were incurred in the General Fund, net incoming resources of £261,000 in the Art Purchases Fund, £7,000 expended in the Restricted Funds and no movement in the Endowment Fund.

Incoming resources

The charity has four principal sources of income.

The first, which represents the majority of income, is income generated from charitable activities. This is predominantly income from admissions to the house and gardens during its open season from mid-March to early January each year. The admissions income accounted for 70% (2015/16: 61%) of the charity's total incoming resources in 2016/17.

The Council expect that the present level of activity will be sustained for the foreseeable future and admissions income will continue to be the major source of funding for the charity.

The second main income stream is trading activities which includes major events such as the Chatsworth Country Fair and the Dodson & Horrell Chatsworth International Horse Trials, operated by our subsidiary company Chatsworth House Enterprises Limited.

The third main income stream is one-off grants and donations which this year amounted to £531,000 (2015/16: £1,660,000)

The fourth revenue stream is dividends, interest and rental income from its investments. See the investment objective and performance section below for more detail.

Resources expended

The charity's income has been applied in pursuance of its charitable purposes. The largest proportion of expenditure is on the costs of operating the house, admissions, general upkeep of the house and stables, and the maintenance of the garden park and woods; this accounted for 72% (2015/16: 81%) of total resources expended.

The charity also spent £3,649,000 (2015/16: £2,975,000) on the essential preservation and maintenance of the house and grounds under its Master Plan project.

Investment powers, policy and performance

Under its Memorandum of Association the charity has power to invest its funds in such investments, securities or property as the charity thinks fit.

Aside from its directly held and managed investment properties, the Council has delegated management of its investment securities to Smith & Williamson Investment Management Limited who manage its portfolio on a discretionary basis, paying due consideration to the suitability of investments selected and their appropriate diversification.

The Council have set an investment objective of generating total returns against a composite benchmark as further described below.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

Financial review (continued)

Investment powers, policy and performance (continued)

Performance review:

The General Fund received investment income of £301,000 (2015/16: £368,000) from its portfolio and £235,000 (2015/16: £213,000) from its property investments. In addition, the fund generated realised and unrealised gains of £1,425,000 (2015/16: loss £93,000) during the year from its investment portfolio.

The Art Purchases Fund received investment income of £309,000 (2015/16: £389,000) from its investment portfolio. In addition, the fund generated gains of £1,481,000 (2016/17: loss £97,000) in realised and unrealised losses during the year.

During 2014, the investment committee altered the investment portfolio to allocate a specific proportion of the total portfolio to overseas markets in order to increase diversification in both the General and Art Purchases funds. At the same time the benchmarks against which performance is measured were also altered to reflect the new asset allocation policy. The benchmark in use, which reflects the target asset allocation, is a composite benchmark consisting of 20% FTSE Government Gilts 0-5 years Total Return, 40% FTSE All Share Total Return and 40% FTSE All World (£) Total Return.

Performance in the period against the benchmarks in place during the period is as follows:

	Total Return			
	2017 Actual	2017 Benchmark	2016 Actual	2016 Benchmark
General Fund	18.3%	21.9%	2.9%	3.7%
Art Purchases Fund	18.8%	21.9%	2.9%	3.7%

The investment committee review performance with the investment manager regularly. Over the period the investment committee is satisfied with the performance of the portfolio, having due regard to its defensive positioning and the uncertainties in the current market.

During the year, asset prices rose strongly, particularly in sterling terms following the June 2016 EU Referendum in the UK. In the third quarter of 2016, following consultations with the investment committee, the investment manager began to make a tactical reduction in risk assets in favour of cash and alternative investments.

Overall result

After accounting for realised and unrealised gains on investments and on the pension scheme obligations, the total increase in funds was £1,553,000 as compared to £1,005,000 decrease in 2015/16. Of this, £182,000 (2015/16: £2,030,000) related to a decrease in the General Fund, £1,742,000 (2015/16: £245,000) to an increase in the designated Art Purchases Fund, £7,000 (2015/16: £16,000 increase) to a decrease in the Restricted Funds and £nil (2015/16: £765,000 increase) to the Endowment Fund.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

Financial review (continued)

Reserves policy

It is the policy of the Council to hold and maintain sufficient reserves at Chatsworth, to cover:

- Sustained periods of bad weather or emergencies that might affect visitor numbers (e.g. foot and mouth outbreak);
- Obligations under the charity's lease;
- Pension obligations to former employees;
- Commitment to maintain a living collection of art;
- An ongoing liability for repairs and maintenance.

Due to the uncertainty over the nature and magnitude of the future commitments of the charity, during 2014 the Council of Management has supported the creation of a fund raising office in order actively to solicit donations and sponsorship in support of the charity's objectives and meet its financial commitments.

The charity had total reserves at the year-end of £26,156,000 (2015/16: £24,603,000). Free reserves as at 31 March 2017 amounted to: £4,203,000 (2015/16: £4,594,000). Free reserves comprise assets that are available for expenditure in furtherance of the overall objects of the charity and the figure therefore excludes the Art Purchase Fund and other unrestricted funds which are tied up in tangible fixed assets and heritage assets. The objective of the Art Purchase Fund is to generate £250,000 of income per annum to acquire art.

The Council of Management is satisfied that the charity's assets are available and adequate to fulfil its obligations.

Employees

As stated in note 28 to the accounts, staff are jointly employed by the company and the Trustees of the Chatsworth Settlement. During the year the average number of staff involved was 150 (2015/16: 143). There were three staff members earning more than £60,000 per year (2015/16: four) which is more fully disclosed in note 12 "Analysis of staff costs". Pension contributions for these staff members amounted to £9,783 (2015/16: £10,715).

The charity's policy for setting remuneration for executives and staff is to pay fair market rates given the nature and extent of responsibilities of the relevant staff members. Benchmarking surveys are undertaken periodically.

The charity's policies for recruitment, training, career development and promotion of employees are based on the role and capability of the individual and give those who are disabled equal treatment with the able bodied. In addition, the charity does not discriminate against employees or potential employees on the basis of race, colour, nationality, ethnic or national origin, religion, political beliefs, sex or marital status. Where appropriate, employees disabled after joining the charity are given suitable training for continuing employment with the charity or elsewhere.

Plans for the Future

The Council will continue to maintain and preserve Chatsworth for the benefit of the public. This will include respecting Chatsworth's legacy as a place of evolution and for being contemporary in its time. Enhancing and extending the visitor experience will remain central to protecting the financial health of the organisation and thus enable it to deal with the challenges and potential risks ahead. In the immediate future, the Council's priority is to complete the current phase of the Masterplan. Over that period, the Council will be considering ambitious plans to extend Chatsworth's renovation programme which include the stables and the gardens as well as enhancements to the overall visitor experience.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 March 2017 (continued)

Financial review (continued)

Risk Management

The Council of Management has reviewed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity and the protection of Chatsworth House against major damage or loss to its structure or fabric.

The Council desires to achieve and maintain appropriate corporate governance and, acknowledging its ultimate responsibility for the operation of the charity and safeguarding the assets in its ownership, has appointed senior management (as detailed above) to manage the systems that are in place to identify and mitigate the exposure to the major strategic, business and operational risks.

UK economic downturn

A downturn in the UK economy represents a risk to the charity. The charity is reliant on visitors continuing to visit Chatsworth to deliver its performance and spend on leisure activities is considered discretionary. The Council and management regularly review the charity's operations with a critical eye to ensure they remain fresh and are meeting the needs and wants of a wide variety of visitors throughout the year. This includes putting on events such as the Chatsworth Country Fair, the Christmas Markets and the RHS Chatsworth Flower Show. The Council's reserves policy is also designed to protect the charity from the impact of an economic downturn.

Financial Risk

The charity is also exposed to price risk, liquidity risk and credit risk in the securities held in its investment portfolios. The Council has appointed qualified investment managers to manage the investment portfolios. These investment managers are subject to the oversight of the Investment Committee which meets the investment managers twice per year to review performance.

Liquidity

The charity is exposed to liquidity risk, in particular where long term commitments are funded by operating surpluses which may be vulnerable to short term trading downturns. The management of liquidity is the responsibility of the CFO and overseen by the Finance, Audit & Conflicts Committee and ultimately the Council. The Council takes a cautious approach to liquidity risk and the charity's reserves policy and the investments held in the general fund are important tools in managing this risk.

Charitable Donations

The charity has close links with the Devonshire Educational Trust. During the year £74,042 (2015/16: £97,185) was donated to Devonshire Educational Trust. Devonshire Educational Trust is considered to be a related party and more fully explained in note 27.

The Council is approving both the Annual Report and the Strategic Report in their capacity as company directors and as trustees.

J G E Monson
Member of the Council of Management
Registered Company No: 01541046



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATSWORTH HOUSE TRUST

We have audited the financial statements of Chatsworth House Trust for the year ended 31 March 2017 set out on pages 14 to 35. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable company's members, 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 2, the trustees (who are also the directors of the charitable 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.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Council of Managements' Annual Report, which constitutes the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATSWORTH HOUSE TRUST (Continued)

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 requires us to report to you if, in our opinion:

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



Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

13 November

2017

CHATSWORTH HOUSE TRUST

Consolidated Statement of Financial Activities (incorporating the Income and Expenditure account) for the year ended 31 March 2017

	Notes	General Fund (unrestricted) £000	Art Purchases Fund (unrestricted) £000	Endowment Fund £000	Other Restricted Funds (restricted) £000	Total Funds 2017 £000	Total Funds 2016 £000
Income from:							
Charitable Activities	3	9,018	-	-	-	9,018	8,746
Trading activities	4	2,799	-	-	-	2,799	3,178
Donations & Legacies	6	459	-	-	72	531	1,660
Investment income	5	546	309	-	-	855	988
Total		12,822	309	0	72	13,203	14,572
Expenditure on:							
Raising funds	7	1,166	48	-	-	1,214	1,578
Charitable activities	8	8,276	-	-	79	8,355	11,214
Preservation and Maintenance		3,649	-	-	-	3,649	2,975
Total		13,091	48	0	79	13,218	15,767
Net (expenditure)/income for the year		(269)	261	0	(7)	(15)	(1,195)
Net (losses)/gains on investments	16	1,425	1,481	-	-	2,906	(190)
Net income/(deficit) for the year		1,156	1,742	0	(7)	2,891	(1,385)
Other recognised gains and losses							
Actuarial (loss)/gain on pension scheme	26	(1,338)	-	-	-	(1,338)	380
Net movement of funds		(182)	1,742	0	(7)	1,553	(1,005)
Total funds brought forward		7,553	16,269	765	16	24,603	25,607
Total funds carried forward		7,371	18,011	765	9	26,156	24,602

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The comparative figures for 2015/16 are shown in note 2.

CHATSWORTH HOUSE TRUST

Consolidated and Company Balance Sheets as at 31 March 2017

	Notes	Group		Charity	
		2017	2016	2017	2016
		£000	£000	£000	£000
Fixed assets					
Fixed assets	13	2,039	1,831	1,934	1,831
Heritage Assets	14	9,672	6,611	9,672	6,611
Investment properties	15	2,461	2,461	2,461	2,461
Investments	16	20,593	19,780	20,593	19,780
Total Fixed Assets		34,765	30,683	34,660	30,683
Current assets					
Stocks	17	63	62	63	62
Debtors	18	1,646	1,205	2,074	1,417
Cash at bank and in hand		1,626	2,188	553	1,774
Total Current Assets		3,335	3,455	2,690	3,253
Creditors (Amounts falling due within one year)	19	(3,362)	(2,382)	(2,612)	(2,180)
Net current assets		(27)	1,073	78	1,073
Net assets excluding pension liability		34,738	31,756	34,738	31,756
Defined benefit pension scheme liability	26	(8,582)	(7,153)	(8,582)	(7,153)
Net assets		26,156	24,603	26,156	24,603
The funds of the charity:					
Unrestricted income funds:					
General Fund	22	7,371	7,553	7,371	7,553
Art Purchases Fund	23	18,011	16,269	18,011	16,269
Restricted Funds	24	9	16	9	16
Endowment Fund	25	765	765	765	765
		26,156	24,603	26,156	24,603

The financial statements on pages 13 to 35 were approved by the Council on 25 October 2017 and were signed on its behalf by

J G E Monson
Member of the Council of Management
Registered Company No: 01541046

CHATSWORTH HOUSE TRUST

Consolidated Statement of Cash Flows for the year ended 31 March 2017

	<i>Notes</i>	2017 <i>£000</i>	2016 <i>£000</i>
Cash flows from operating activities:			
Net cash from operating activities	28	200	(2,618)
Cash flows from investing activities:			
Income from investments		855	987
Proceeds from the sale of property, plant and equipment		1	4
Purchase of property, plant and equipment		(3,712)	(1,390)
Purchase of investments		(1,795)	(4,934)
Proceeds from sale of investments		5,908	5,251
Net cash generated by/(used in) investing activities		1,257	(82)
Change in cash and cash equivalents		1,457	(2,700)
Cash and cash equivalents at the beginning of the period		2,714	5,412
Cash and cash equivalents at the end of the period	32	4,171	2,712

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 March 2017

Basis of Accounting

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and investment properties, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Charities Act 2011 and the Companies Act 2006.

Chatsworth House Trust meets the definition of a public benefit entity under FRS 102.

During the previous year, the charity and subsidiary companies changed their accounting reference date by extending the period by 3 months to a 15 month period ending on 31 March 2016. This was done so that the planning and budgeting for each forthcoming financial year would take place during the period of house closure (January – March). In addition it brought the accounting reference date in line with that of the Chatsworth Settlement.

The current period is for a twelve month period and the comparative figures included in the related notes are for 15 months ended 31 March 2016. As a result, the prior period figures are not directly comparable.

The charity used its powers under the Companies Act 2006 to effect the change and notice was given to the registrar of companies on 15 December 2015.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The Council have considered how the Charity will meet the challenges presented by the current economic climate. They have carried out a detailed review of the Charity's resources including the adequacy of working capital for the next twelve months. The Council are satisfied that the Charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

Group financial statements

The financial statements consolidate the results of the charity and of its wholly owned subsidiary, Chatsworth House Enterprises Limited, registered number 09037793, on a line by line basis. The charity has claimed the exemption under section 405(2) of the Companies Act 2006 and has not consolidated its subsidiary undertaking, The Chatsworth Estates Company, in these financial statements as the directors consider that the amounts involved are not material for the purposes of giving a true and fair view. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Tangible Fixed Assets

All tangible fixed assets are for the company's use and are stated at cost to the company, or where gifted at probate value, less accumulated depreciation in accordance with the policies noted below.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation of equipment and vehicles is calculated on the straight line basis at annual rates estimated to write off assets over expected useful lives varying from three to ten years with the exception of turbines and boilers which are given an expected life of fifteen years. The minimum level at which assets are capitalised is £1,000.

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 March 2017 (continued)

Tangible Fixed Assets (continued)

The house and leasehold property are maintained in such a condition that the fabric and ambience of the house and park are not impaired by the passage of time. Expenditure on maintaining the house and park is written off as incurred. Additions to leasehold property are capitalised and written off over their expected useful lives, or the period of the lease if shorter. The expenditure on the stables restaurant, bar and meeting room is being written off over twenty-five years, and expenditure on the farmyard buildings and adventure playground over ten years.

Growing timber is not valued in the accounts as the timber will revert to the Chatsworth Settlement at the end of the lease

Heritage Assets

In its own right the company owns a collection of paintings, ceramics and sculptures previously identified as Arts & Treasures. These items are included in the accounts at their historical cost and are not depreciated as they are deemed to have indefinite lives. The assets held are reviewed for impairment at the reporting end date. To date, no impairments have occurred of capitalised items. Revaluations are not performed as the Council of Management does not consider that reliable information can be obtained due to the diverse nature of the assets and the lack of comparable market values. At the balance sheet date the book value of these items was £9,673,000 (2015/16: £6,611,000), of which £765,000 (2015/16: £765,000) was held in restricted funds.

The company also owns historical archives that have been donated to it. The archives are held at £nil value on the basis that they are rarely used for public display and that it would be extremely difficult to place a meaningful value upon them.

In addition to the above there are items not belonging to the company but displayed in areas open to the public within Chatsworth House and Gardens. These items are included in the lease assigned to the company on 10 April 1981 (see note 27) and represent the essential contents of Chatsworth House. The company does not therefore recognise these assets on its Balance Sheet. Under the terms of the lease and subject to the agreement of the Council of Management, chattels can be removed from public display if they are replaced by an item or items that are deemed to be of equal value, public interest or heritage importance.

Investments

Investments are stated in the balance sheet at mid-market value and include cash balances held by the investment managers. Unrealised losses and gains on investments are taken to the revaluation reserve.

Investments denominated in foreign currencies are converted into sterling at the exchange rate prevailing at the year end.

Investment Properties

Investment properties are stated at fair value. A formal revaluation is carried out every five years by an independent valuer and property valuations are assessed annually by the Council of Management.

The aggregate surplus or deficit on revaluation is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment property.

Foreign Exchange

Foreign currency transactions during the year have been translated at rates approximating to the rates prevailing at the date of the transaction. Foreign currency current assets and liabilities are translated to sterling at the rates of exchange prevailing at the end of the financial year. Any exchange profits or losses are credited or charged to net income in the year in which they arise.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. The cost of stock is determined on a FIFO basis. 100% provision at cost has been made for items over 1 year old.

Debtors

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

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 March 2017 (continued)

Creditors and Provisions

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

Donations and Gifts

Grants and donations comprise the fair value of amounts receivable during the year. Rent costs of staff and pensioner housing are donated from the Chatsworth Settlement.

Revenue Recognition

Grants receivable comprise amounts receivable during the year. Capital grants are recognised in full in the year of receipt, as required by the Charity Commission.

Income from UK equity investments is accounted for when it falls due; income from fixed interest securities and foreign investments is accounted for when it is received.

Other revenue is recognised on an accruals basis and represents net amounts, invoiced to third parties, excluding value added tax.

Allocation of Costs

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category:

- Raising funds comprises of costs relating to the operation of major events and fees associated with the investment portfolio.
- Charitable activities are the costs incurred in opening the house, garden and farmyard to the public.
- Preservation and maintenance costs are the costs directly attributable to maintaining and preserving the house and its associated land.

The charity's funds

The General Fund is an unrestricted fund which is available for the use at the discretion of the Council in furtherance of the general objectives of the company and which has not been designated for other purposes.

The Art Purchase Fund is an unrestricted fund that has been set aside by the Council for the purposes set out in note 23.

The Restricted Funds are used for the purpose of grant funded activities where there is a specific purpose for the grant.

The Endowment Fund has been created to account for a specific donation.

Investment income, gains and losses are allocated to the appropriate fund.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Pension Liabilities

There has been a liability to provide pensions since 12 April 1981, for eligible employees of the Chatsworth Settlement jointly employed by the company. This liability remains unfunded, and is met as it falls due. The unfunded scheme has been closed to new entrants and a new money purchase pension scheme has been established for employees joining on or after 1 September 1999.

The liability in respect of the unfunded pension scheme has been recognised on the balance sheet.

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 March 2017 (continued)

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at their fair value.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

1 Legal status of the Company

The company is a charitable company limited by guarantee and has no share capital. Each member has undertaken to contribute to the assets of the company, in the event of its being wound up while he is a member, or within one year after he or she ceases to be a member, an amount not exceeding £5,000. At 31 March 2017 there were four (2016: four) members.

2 Comparative Statement of Financial Activities

The following shows the comparative consolidated Statement of Financial Activities for the period ended 31 March 2016, analysed between the General Fund, the Art Purchases Fund, the Restricted Funds and the Endowment Fund.

	General Fund (unrestricted) £000	Art Purchases Fund (unrestricted) £000	Endowment Fund £000	Other Restricted Funds (restricted) £000	Total Funds 2016 £000
Income from:					
Charitable Activities	8,746	-	-	-	8,746
Trading activities	3,178	-	-	-	3,178
Donations & Legacies	867	-	750	43	1,660
Investment income	599	389	-	-	988
Total	13,390	389	750	43	14,572
Expenditure on:					
Raising funds	1,546	32	-	-	1,578
Charitable activities	11,186	-	-	27	11,213
Preservation and Maintenance	2,975	-	-	-	2,975
Total	15,707	32	-	27	15,766
Net (expenditure)/income for the year	(2,317)	357	750	16	(1,194)
Net gains on investments	(93)	(97)	-	-	(190)
Net (deficit)/income for the year	(2,410)	260	750	16	(1,384)
Other recognised gains					
Actuarial gain on pension scheme	380	-	-	-	380
Net movement of funds	(2,030)	260	750	16	(1,004)
Total funds brought forward	9,583	16,024	-	-	25,607
Total funds carried forward	7,553	16,284	750	16	24,603

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

3 Income from charitable activities

	2017 £000	2016 £000
Amounts receivable from admissions	9,018	8,746

4 Income from other trading activities

	2017 £000	2016 £000
Income from park events	1,368	2,032
Rental income (see note 27)	693	733
Other income	738	413
	2,799	3,178

Rental income is receivable from the Trustees of the Chatsworth Settlement which operates catering and retail outlets at Chatsworth. Income is based on the annual turnover of these outlets.

The wholly owned trading subsidiary Chatsworth House Enterprises Limited (company number 9037793) pays all of its profits to the charity under the gift aid scheme. Chatsworth House Enterprises has been formed for the purpose of putting on events in the garden and domain and for other general trading purposes and has been in operation since 1 January 2015. The charity charges facility fees for the use of the House, Gardens and Park.

A summary of the trading results of Chatsworth House Enterprises Limited is shown below.

	2017 £000	2016 £000
Turnover	2,081	2,484
Cost of sales	(1,108)	(1,513)
Facility fee	(426)	(334)
Administration costs and interest payable	(11)	(4)
Net profit	536	633
Amount gift aided to the charity	(536)	(633)
Retained in subsidiary	-	-

The assets and liabilities of the subsidiary were:

Fixed assets	106	0
Current assets	1,480	660
Current liabilities	(1,586)	(660)
Total net assets	-	-

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017

5 Investment income

	General Fund	Art Purchases Fund	2017	2016
	£000	£000	£000	£000
Income from quoted investments				
UK Fixed interest stocks	10	11	21	30
UK Equities	261	268	529	659
Overseas stocks	14	14	28	32
Interest on cash with broker	16	16	32	38
Other UK bank interest	10	-	10	16
Income from UK Properties	235	-	235	213
	546	309	855	988

6 Income from donations

	2017	2016
	£000	£000
Staff/pensioner housing	459	436
Other Donations & Legacies	72	1,224
	531	1,660

The income from donations and legacies was £531,000 (2015/16: £1,660,000) of which £459,000 was unrestricted (2015/16: £867,000) and £72,000 restricted (2015/16: £793,000). The restricted fund includes grants from Heritage Lottery Fund of £69,000 for the restoration of the Game Larder and £2,000 for the Game Larder exhibition boards and RPA £1,000 for tree planting.

The charity benefits greatly from the support of its many volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of the volunteers is not recognised in the accounts.

7 Analysis of expenditure on raising funds

	2017	2016
	£000	£000
Subsidiary trading operations	1,119	1,515
Investment fees (see note 16)	95	62
	1,214	1,577

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

8 Analysis of expenditure on charitable activities

	2017 £000	2016 £000
Admissions expenses	2,419	2,696
Maintenance of the art collection	324	433
Maintenance of the garden, park and woods	1,155	1,327
General upkeep of the house and stables	1,532	1,882
Repair expenditure	(188)	1,420
General insurance	206	230
Management Rents	459	435
Allocations of support costs (see note 10)	2,176	2,492
Allocation of governance costs (see note 10)	272	298
	8,355	11,213

Expenditure on charitable activities was £8,355,000 (2015/16: £11,213,000) of which £8,275,000 was unrestricted (2015/16: £11,186,000) and £79,000 was restricted (2015/16: £27,000).

9 Analysis of governance and support costs

	2017 £000	2016 £000
Management Charge	1,003	1,119
Wages & Salaries	771	904
Legal & Professional	41	21
Depreciation	103	97
Other Administrative	183	216
Service & interest cost on unfunded pension scheme	329	389
Secretarial Fees	39	52
Audit Fees	24	37
Trustee's expenses	-	-
	2,493	2,835
Allocated:		
Charitable activities	2,176	2,492
Governance Costs	272	298
Preservation and Maintenance	45	45
	2,493	2,835

Included within legal and professional fees are amounts payable to the former auditor (Saffery Champness) of £13,000 (2015/16 £9,000) for non-audit services. No fees were payable to KPMG for non-audit services during the year.

10 Taxation

The company is generally exempt from United Kingdom corporation tax because of its charitable status.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

11 Staff numbers

The average monthly head count was 331 staff (2015/16: 300 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the period was as follows:

	2017 Number	2016 Number
Administration and management	24	24
Domestic	8	8
Wardens	39	37
Maintenance	29	30
Gardens	27	24
Domain	6	8
Farm yard	17	12
	150	143

12 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

	2017 £000	2016 £000
Salaries & Wages	2,945	3,593
Social Security	483	459
Employers pension contributions to the money purchase scheme	69	88
Staff/pensioner housing	459	435
Service cost on unfunded pension	76	69
Interest cost on unfunded pension	253	320
	4,285	4,964

Three employees had employee benefits in excess of £60,000 (2015/16: four).

	2017 Number	2016 Number
£60,000 - £70,000	1	2
£70,000 - £80,000	1	-
£80,000 - £90,000	1	1
£90,000 - £100,000	-	1
	3	4

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

No fee nor salary is paid to any Council member during the year (2015/16: £nil). Council members were reimbursed for out of pocket expenses incurred during the period - £276 (2015/16: £322). As outlined in note 27, Mr ERH Perks is also a partner in Currey & Co LLP which supplies legal services to the charity.

The key management personnel of the parent charity comprise the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. The total employee benefits of the key management personnel of the parent charity total £244,000 (2015/16: £201,000).

The key management personnel of the group comprise those of the parent charity and the key management personnel of its wholly owned subsidiaries, The Chatsworth Estate Company and Chatsworth House Enterprises Limited.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

13 Tangible assets

	Group			Charity		
	Long Leasehold Buildings £000	Equipment and Vehicles £000	Total £000	Long Leasehold Buildings £000	Equipment and Vehicles £000	Total £000
Cost:						
At 1 April 2016	1,735	4,890	6,625	1,735	4,890	6,625
Additions	-	650	650	-	545	545
Disposals	-	(100)	(100)	-	(100)	(100)
At 31 March 2017	1,735	5,440	7,175	1,735	5,335	7,070
Accumulated Depreciation:						
At 1 April 2016	1,323	3,471	4,794	1,323	3,471	4,794
Charge for the period	15	407	422	15	407	422
Disposals	-	(80)	(80)	-	(80)	(80)
At 31 March 2017	1,338	3,798	5,136	1,338	3,798	5,136
Net Book Amounts						
At 31 March 2017	397	1,642	2,039	397	1,537	1,934
At 31 March 2016	412	1,419	1,831	412	1,419	1,831

14 Heritage Assets

During the period additions of £3,062,000 (2015/16: £864,000) were added to the collection. The most material item in the year being the purchase of an oil on canvas view of Chatsworth by Jan Siberechts.

Five year financial summary of heritage asset transactions

	2017 £000	2016 £000	2014 £000	2013 £000	2012 £000
Opening balance b/fwd	6,611	5,747	5,475	4,997	4,891
Acquisitions	3,062	864	272	478	106
Closing balance c/fwd	9,673	6,611	5,747	5,475	4,997

Preservation and Management

The charity employs its own Collections Department which is responsible for the ongoing restoration and maintenance of the collection at Chatsworth. The collections team consists of twelve full-time and three part-time staff and comprises a Director of Collections and Exhibitions who has overall responsibility as well as her team of curators, archivists, librarians and a textiles team.

The team utilises a sophisticated collections management system which is used to maintain the nature, location and provenance of all items in the collection.

The company incurs as an expense all the costs associated with its own heritage assets as well as those assets which are the subject of the lease. In 2016/17 £61,000 was expended on restoration and maintenance of the collection (2015/16: £99,000).

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

15 Investment properties

	2017 £000	2016 £000
Investment properties held at fair value	2,461	2,461

An independent open market valuation was carried out as at 31 December 2014 valuing the investment properties at £2,461,000. The valuation was carried out by Miss Fiona Yarrow of the Royal Institute of Chartered Surveyors, a partner in Strutt and Parker LLP. Strutt and Parker LLP has reviewed that valuation as at 31 March 2017 and advised no change in the fair value.

16 Investments

	General Fund £000	Art Purchases Fund £000	Total 2017 £000	Total 2016 £000
Market value at 1 April 2016	9,579	10,201	19,780	19,963
Acquired during the period, at cost	853	942	1,795	4,933
Disposal	(1,999)	(2,884)	(4,883)	(4,807)
Unrealised (losses)/gains for the period	1,003	876	1,879	(634)
Investment Income	301	310	611	758
Cashdraw down	1,268	238	1,506	(371)
Management Fees	(47)	(48)	(95)	(62)
Market value at 31 March 2017	10,958	9,635	20,593	19,780

	General Fund £000	Art Purchases Fund £000	Total 2017 £000	%	Total 2016 £000	%
£ Fixed Interest	614	596	1,210	5.9%	1,275	6.4%
£ Index Linked	279	427	706	3.4%	765	3.9%
Other Index Linked	253	248	501	2.4%	729	3.7%
Alternative Investments	447	425	872	4.2%	892	4.5%
United Kingdom	3,508	3,309	6,817	33.0%	7,689	38.8%
Europe	97	96	193	0.9%	-	0.0%
Rest of the World	3,947	3,800	7,747	37.6%	7,905	40.0%
Cash	1,813	734	2,547	12.4%	525	2.7%
Total market value	10,958	9,635	20,593	100.0%	19,780	100.0%
Cost	6,977	7,047	14,024		17,113	

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

16 Investments (continued)

Investments in subsidiary and associated undertakings

	Country of incorporation	Principal activity	Holding	Net assets	Profit/(Loss) for period
The Chatsworth Estates Company	United Kingdom	Investment Company and Nominee	100%	£11,770	(£1,774)
Chatsworth House Enterprises Limited	United Kingdom	Trading activities	100%	£1	£nil
Treasure Houses Exhibitions Asia*	United Kingdom	Overseas exhibitions	10%	£nil	£nil

* held indirectly

17 Stocks

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Stores	40	47	40	47
Livestock	23	15	23	15
	63	62	63	62

18 Debtors

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	353	533	74	315
Bad Debt Provision	(26)	(23)	(26)	(23)
	327	510	48	292
Amounts due from group companies	-	-	834	456
Prepayments and accrued income	1,319	695	1,192	669
	1,646	1,205	2,074	1,417

19 Creditors – Amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts falling due within one year:				
The Chatsworth Settlement	516	105	516	105
Other trade creditors	475	557	458	553
Deferred income	325	299	325	299
Accruals	2,046	1,421	1,312	1,223
	3,362	2,382	2,611	2,180

The Chatsworth Settlement is shown as a net balance within creditors. The trustees consider it appropriate to show debtor and creditor balances net, due to a legal right of set off.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

20 Deferred income

Deferred income comprises the element of membership fees of the Friends of Chatsworth which relate to future periods.

	£000
Balance as at 1 April 2016	299
Amounts released to income earned from charitable activities	(291)
Amounts deferred in year	317
Balance as at 31 March 2017	325

21 Analysis of group net assets between funds

	General	Art	Endowment	Other	
	Fund	Purchases	Funds	Restricted	Total
	£000	£000	£000	£000	£000
Tangible fixed assets	3,167	7,780	765	-	11,712
Investment properties	2,461	-	-	-	2,461
Investments	10,958	9,635	-	-	20,593
Cash at bank and in hand	443	109	-	-	552
Net current assets	(1,076)	487	-	9	(580)
Unfunded pension scheme liability	(8,582)	-	-	-	(8,582)
	7,371	18,011	765	9	26,156

22 General Fund

The company's General Fund was established by gifts from the 11th Duke of Devonshire, the 12th Duke of Devonshire and the Duke of Devonshire's Charitable Trust.

	Revaluation	Revenue	Total
	reserve	reserve	
	£000	£000	£000
The reserves at the fund comprise:			
At 1 April 2016	1,455	6,098	7,553
Unrealised gains on investments	1,005	-	1,005
Revaluation of investment	-	-	-
Actuarial losses on unfunded pension scheme liability	-	(1,338)	(1,338)
Realised gains on investments	-	420	420
Net outgoing resources	-	(269)	(269)
Transfer between reserves	1,521	(1,521)	-
At 31 March 2017	3,981	3,390	7,371

The revaluation reserve represents the surplus of the market value over the cost of investments and investment properties. The revenue reserve represents accumulated revenue surpluses, accumulated realised surpluses on disposals of investments, together with capital grants and donations received.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

23 Art Purchases Fund

The charity has established this fund from surpluses arising in past years from the General Fund to generate income primarily for the purchase of works of art for the public benefit, though the fund may be used for other purposes at the discretion of the Council of Management.

	Revaluation reserve £000	Revenue reserve £000	Total £000
The reserves of the fund comprise:			
At 1 April 2016	1,213	15,056	16,269
Unrealised gains on investments	875	-	875
Realised losses on investments	-	606	606
Net incoming resources	-	261	261
Transfer between funds	500	(500)	0
At 31 March 2017	2,588	15,423	18,011

The revaluation reserve represents the surplus of the market value over the cost of investments. The revenue reserve represents accumulated revenue surpluses, accumulated realised surpluses on disposals of investments, together with capital grants and donations received.

24 Restricted Funds

The company has established these funds to account for donations for specific projects and for specific grant funded activities.

	Garden Grant £000	Seahorse Fountain £000	Game Larder £000	RPA (Tree Planting) £000	Game Larder Exhibition Boards £000	Total £000
The reserves of the fund comprise:						
At 1 April 2016	8	8	-	-	-	16
Income	-	-	69	1	2	72
Expenditure	(8)	0	(69)	(1)	(1)	(79)
At 31 March 2017	-	8	-	-	1	9

The garden grant has been used for tree felling, planting and guarding. A grant received from the Heritage Lottery Fund has been used for the restoration of the game larder. The RPA grant was used for tree planting in the park and in the game larder for exhibition boards. The seahorse fountain grant from Duke of Devonshire's Charitable Trust will be used for its restoration.

25 Endowment Fund

The charity has established this fund to account for donations of art to the charity arising in the prior period.

	Chaos Meteoro £000	Total £000
The reserves of the fund comprise:		
At 1 April 2016	765	765
Income	-	-
Expenditure	-	-
Transfer between funds	-	-
At 31 March 2017	765	765

This donated sculpture has been placed in the Chatsworth garden. At the time that the donation was made, the Council agreed that the work should remain at Chatsworth for a period of 35 years from October 2015.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

26 Pensions

Contributions were made during the year to the Chatsworth Settlement (2001) Pension Scheme (a defined contribution scheme), which amounted to £69,000 (2015/16: £88,000).

Since 12 April 1981, there has been an obligation to provide pensions for eligible employees of the Chatsworth Estate Pension Scheme. The Chatsworth Estate Pension Scheme provides benefits based on final pensionable salary. The scheme was closed to new members in 1999.

Pensions paid to former employees under the Chatsworth Estate Pension scheme (a defined benefit scheme) in the year amounted to £238,000 (2015/16: £294,000).

During the year a formal valuation has been undertaken by Jim Burrows FIA, a senior consultant with Punter Southall Limited. This valuation as required by FRS 102 has been recognised in the accounts.

The major assumptions used in the calculation of the liability are as follows:

	2017	2016
Discount rate	2.7%	3.6%
Salary Inflation	3.3%	3.0%

The amounts recognised in the balance sheet are as follows:

	2017 £000	2016 £000
Present value of scheme liabilities	8,582	7,153
Deficit in the scheme	8,582	7,153

Analysis of amount recognised within actuarial gains and losses

Changes in assumptions underlying the present value of the scheme liabilities:

Changes in discount rate and mortality rates	1,338	(380)
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	2017 £000	2016 £000
Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	7,153	7,438
Actuarial (gains)/losses	1,338	(380)
Interest cost	253	320
Service cost	76	69
Benefits paid	(238)	(294)
Closing defined benefit obligation	8,582	7,153

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

27 Related party transactions

The Chatsworth Settlement

The Chatsworth Settlement is a related party due to its common management with Chatsworth House Trust.

The related party transactions in the year relate to the following:

- Recharges

Staff are jointly employed by the company and the Chatsworth Settlement. The Chatsworth Settlement operate central payroll and the total cost of staff invoiced to the charity during the period was £3,456,005 (2015/16: £4,140,502).

Support costs include charges from the Chatsworth Settlement for senior management time and central overheads including; Finance, Human Resources, IT Systems, Land Agency and Planning. Since February 2016, these staff have also been jointly employed by the charity and the Chatsworth Settlement. During the period £1,004,948 (2015/16: £1,118,849) was recharged to the company. In addition, the company charges for work undertaken by its own internal departments for the benefit of the Chatsworth Settlement. All charges are made on the basis of time spent or resources consumed.

Rent costs of staff and pensioner housing are donated from the Chatsworth Settlement, the amount during the period was £458,726 (2015/16: £435,312). Included in the management fee above is the maintenance and repair costs of £148,964 (2015/16: £112,707).

- Rent

The charity leases from the Chatsworth Settlement under a 99 year lease at nominal rent, granted in 1981, Chatsworth House and its essential contents, together with the garden, park and woodland surrounding the house (comprising approximately 1,822 acres in total). The charity's lease was granted subject to a sub-lease of the private quarters to the Duke of Devonshire. The charity waived its rights under the lease over some of the contents referred to above in exchange for a commitment that Chatsworth Settlement Trustees replace these contents with chattels of not less than an equivalent value and interest to the public.

Rental income (note 4) is also receivable from the Chatsworth Settlement based on the annual turnover of businesses operated by them in premises located at Chatsworth. During the year £693,433 (2015/16: £732,810) was received.

A ground rent of £250 per annum has been agreed in respect of the occupation of land by Devonshire Renewable Energy Limited for the renewable energy centre. The company is 100% owned by the Chatsworth Settlement. During the period, the company sold heat and power amounting to £26,368 (2015/16: £13,697) to the charity.

Currey & Co LLP

Currey & Co LLP is a related party as Mr ERH Perks, who was a Member of the Council during the period, is also a partner in Currey & Co LLP.

Fees are charged for the legal services provided by Currey & Co LLP. The fees for the period are £39,070 (2015/16: £51,711).

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the period ended 31 March 2017 (continued)

27 Related party transactions (continued)

Devonshire Educational Trust

The Devonshire Educational Trust is a related party as the Duke of Devonshire, the chairman of the Chatsworth House Trust is a trustee of The Devonshire Educational Trust. The charity has made donations in the period of £74,042 (2015/6: £97,185) to The Devonshire Educational Trust. During the period, The Devonshire Educational Trust entered into a memorandum of understanding for ten years to occupy a dilapidated building situated at Chatsworth for a nominal ground rent of £250 per annum. The building was subsequently refurbished by The Devonshire Educational Trust to create a facility suitable for educational visits to Chatsworth.

Mrs S Reynolds

Mrs S Reynolds was a Director of the Art Out Loud exhibition and is related to Mr R H Reynolds, who is the Chief Executive Officer of Chatsworth House Trust. During the year Mrs Reynolds was paid a fee of £10,000 (2016: £nil).

Sotheby's

The Duke of Devonshire, the chairman of the Chatsworth House Trust is on the Board of Directors of Sotheby's.

During the year the company received £250,000 (2015/16: £250,000) from Sotheby's, for hosting Sotheby's annual selling exhibition of modern and contemporary sculpture. Set up costs of £82,986 (2015/16: £84,722) were recharged to Sotheby's.

The Derbyshire Charity Clay Shoot Event (DCCS)

The DCCS is an annual fundraising event supporting local charities held on land belonging to the Chatsworth Settlement and within the lease held by the charity. Members of the Chatsworth management team are actively involved as organisers of the DCCS event and the charity benefits from the continued success of this event as part of the event surplus is donated to The Devonshire Educational Trust to support activity at Chatsworth which advances the education of the public in the arts and sciences.

During the year the company received a facility fee of £10,000 (2015/16: £10,000).

Transactions with Council Members

Members of the Council were reimbursed for travel expenses amounting to £276 (2015/16: £332).

The Duke of Devonshire leases the private apartments from the charity, pursuant to the lease set out above, under which a full market rent is payable (subject to five yearly reviews). During the year rent of £75,000 (15 months to 31 March 2016: £82,500) was received. A rent review was undertaken during 2015/16 with a revised rent being applicable from March 2015.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

27 Related party transactions (continued)

The charity invoices the Duke of Devonshire the full costs of any private expenditure incurred. During the year £11,774 (2015/16: £22,855) was invoiced for gas, electricity, maintenance, stationery and office costs.

	2017 £	2016 £
Amounts due (from)/to Chatsworth House Trust at 31 March 2017 (to)/from		
The Chatsworth Settlement	(516,356)	(104,738)
Duke of Devonshire	367	4,416
Devonshire Renewable Energy Ltd	(242)	-

28 Reconciliation of movement in funds to net cash flow from operating activities

	2017 £000	2016 £000
Net income/(deficit) for the year	1,553	(1,005)
(Gains)/losses on investments	(2,906)	190
Actuarial loss on pension scheme	1,338	(380)
Pension service and interest	329	389
Unfunded pension scheme non-cash movement	(238)	(294)
Depreciation charges	440	476
Investment income	(855)	(987)
(Increase)/decrease in stocks	(2)	(24)
(Increase)/decrease in debtors	(438)	(212)
Increase/(decrease) in creditors	980	(771)
Net cash outflow from operating activities	201	(2,618)

29 Capital commitments

At the 31st March 2017 phases 1, 2, 3a and 3b of the Master Plan were complete (subject to normal retentions against defects) and phase 4 was in progress. The remaining committed expenditure under the masterplan amounts to £4.1m at the balance sheet date.

30 Operating lease commitments

There were no operating lease commitments as at 31 March 2017 and 31 March 2016.

31 Financial instruments

	2017 £000	2016 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	327	511
Carrying amount of financial liabilities		
Measured at amortised cost	3,362	2,382

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 March 2017 (continued)

32 Reconciliation of cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	1,626	2,188
Cash held with investment manager	2,545	524
Net funds at 31 March 2017	4,171	2,712

33 Judgements applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management has noted the following areas of judgement:

Pension Scheme

The carrying value of the liability in respect of the Chatsworth Estate Pension Scheme relies on judgment of the future inflation, mortality rates and the discount rate to be applied. Any changes in these assumptions which are disclosed in note 26 will impact the carrying value of the pension liability. In addition, the last actuarial valuation of the pension scheme liability was performed as at 31 March 2016. The carrying value of the liability as at 31 March 2017 is derived from a roll-forward approach. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying value of the liability.

Tangible fixed assets – Art

As explained in the accounting policies, revaluations are not performed of the charity's heritage property owing to the lack of comparable market values.

Tangible fixed assets – property

The charity's property investment is valued on an open market value by a firm of Chartered Surveyors. By its nature this is a matter of judgement and an actual sale of the property could realise more or less than the carrying value in the charity's accounts.