

CHATSWORTH HOUSE TRUST

Annual report and financial statements

for the year ended 31 December 2014

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 December 2014

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CHATSWORTH HOUSE TRUST

Legal and administration details for the year ended 31 December 2014

Charity number

511149

Trustees/Directors (Council of Management)

The Duke of Devonshire – Chairman

The Duchess of Devonshire

The Hon. Mrs C Chetwode

Mr H M Wyndham

Mr J G E Monson

Mr E R H Perks

Mr J D S Booth

Management Team

Chief Executive Officer – Mr R H Reynolds

Chief Operating Officer – Mr E A D Cadogan

Chief Financial Officer – Mr M Terry (until 30 June 2015)

Chief Financial Officer – Mr A Lavery (appointed 1 September 2015)

Registered office

21 Buckingham Gate

London

SW1E 6LS

Independent Auditors

Saffery Champness

Lion House

Red Lion Street

London

WC1R 4GB

Solicitors

Currey & Co LLP

21 Buckingham Gate

London

SW1E 6LS

Bankers

Royal Bank of Scotland

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 year ended 31 December 2014

The Members of the Council of Management, who are also directors and trustees for the purpose of the Companies and Charities Acts, have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2014.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Chatsworth House Trust is a company limited by guarantee incorporated on the 23 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.

Charity Trustees, Directors and Members of the Council of Management

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

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

- * These Members of the Council are also members of the charity.

Mr Monson, Mr Booth and Mr Perks are also members of the Finance, Audit and Conflicts Committee and also sit on the Investment Committee. The Duke and Duchess of Devonshire, The Hon. Mrs C Chetwode and Mr Wyndham are members of the Conservation and Art Purchase Committee.

The members of the Council (other than Mr E R H Perks) receive no remuneration other than out of pocket travel expenses (details of which are set out on page 27 and 28 of the accounts respectively).

Appointment of Members

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

In making Member appointments the Council make reference to the Charity Commission's guidelines and ensure 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 the Chatsworth House Trust.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2014 (continued)

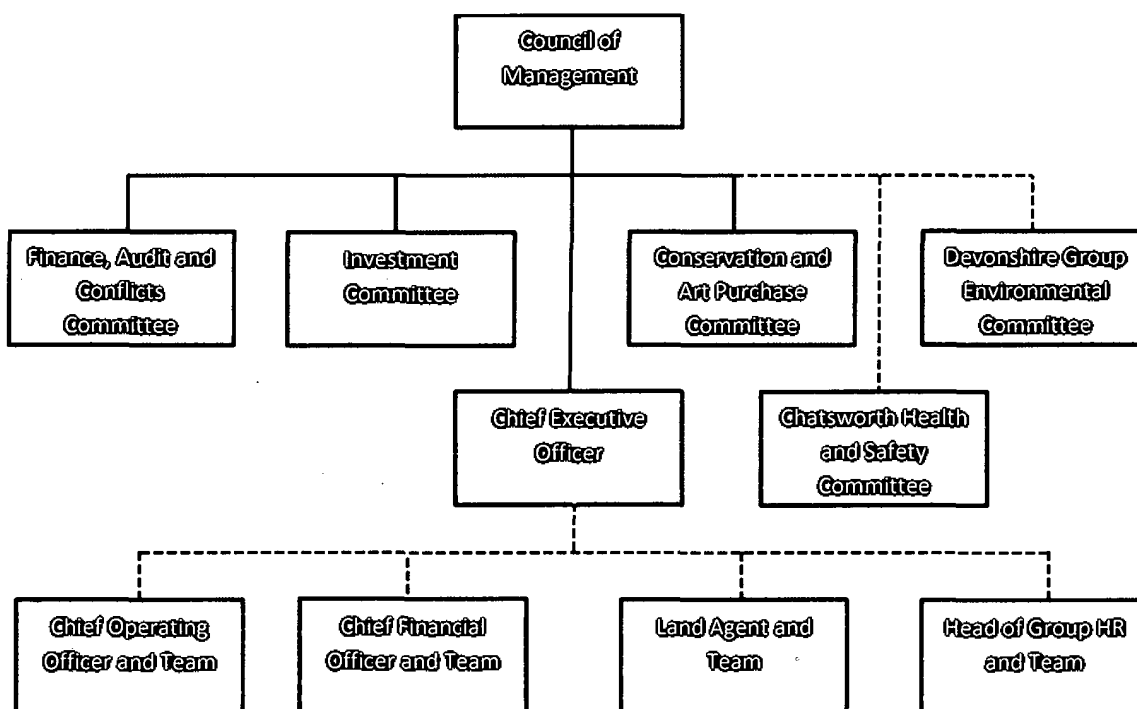
New Member Induction and Training

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 members. Members are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisational structure and decision making

The charity Council consists of the directors and charity trustees. The number of the Members of the Council shall not be less than 5 nor more than 8.

The Council of Management meets formally twice a year to review the charity'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 with the Trustees of the Chatsworth Settlement.



Although not formally constituted sub-committees, the Council receives regular reports from and reviews the work of the Chatsworth Environmental and Health and Safety Committees who monitor 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 December 2014 (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

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 have implemented the following activities to help achieve the objectives:

- Opening the House and gardens at Chatsworth every day from mid March to early January, keeping much of the park open every day of the year.
- Holding various events and exhibitions displaying collections of art, sculpture and other historic artefacts open to the general public.
- Offering educational programmes for school visits and self-led activities at the Farmyard linked to key elements of the school curriculum.
- Holding a popular annual Country Fair.
- Keeping the Park and Stand Wood open all year round for free public use.
- Holding international horse trials and other sporting events.
- Allowing use of grounds and buildings for other charity activities.
- Generate income for the purchase of works of art for the public benefit.

Public Benefit

The Council have considered and have taken due regard to the Charity Commission's guidance on public benefit and fee charging when setting their objectives for the year.

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.

In line with the Charity Commission's guidelines the charity gives specific attention to how it benefits the poor in society. In this regard it targets its visitor proposition to those groups that are most likely to contain the most economically disadvantaged individuals in society. This attention is specifically evidenced by the following:

In 2014 Chatsworth continued to offer subsidised education rates and received 23,732 educational visitors across the house, garden, farmyard and adventure playground (2013: 22,642).

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2014 (continued)

Public Benefit (continued)

Working through the Devonshire Educational Trust in 2014 the charity continued to be involved in a number of special projects, including ARTiculation Discovery Days and a partnership with Derbyshire County Council, delivering a range of diverse learning opportunities to children in care. The charity also provides free facilities to the Devonshire Educational Trust which has a fund open to schools and other educational organisations to apply for financial support in meeting the cost of entry to our visitor attractions and/or transportation costs. In 2014, 104 teachers or supporting adults and 510 pupils or students benefited from this scheme, with support predominantly directed towards schools with a high percentage of pupils eligible to receive pupil premium.

The charity allows free public access to its parkland which provides picnic facilities and magnificent vistas on the banks of the river Derwent.

Statement of Council Members' Responsibilities

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make 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 Council Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Council Members are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the Council Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The charity's auditors are Saffery Champness, who are willing to continue in office and a resolution will be submitted to the forthcoming annual general meeting that they be re-appointed.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2014 (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 and Revenue

The number of visitors to Chatsworth for 2014 compared with 4 prior years was as follows:

	2014	2013	2012	2011	2010
Number of Visitors*	610,083	644,817	659,553	678,593	674,169
	£	£	£	£	£
Admission Revenue	7,927,347	7,390,661	7,046,541	5,881,277	5,640,807

*Visitor numbers including estate passes

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 purchased works of art during the year to the value of £271,750 (2013: £477,976) 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 extended works will continue well into 2016. The current projected total cost of the project is £30.4m of which £22.5m had been spent at the balance sheet date. A further £8.4m will be spent in the period 2015 to 2017.

Donations from The Duke of Devonshire's Charitable Trust of £6.2m (2009: £0.1m; 2010: £5.1m; 2011: £nil; 2012: £1.0m; 2013: £nil; 2014: £nil) have been spent on the Master Plan. Further funding has come from the realisation of investments of £2.1m (2013: £nil; 2014: £nil). The balance of funding (£22.1m) is derived from the existing and future cash resources of the charity.

Future expenditure commitments for the Master Plan programme are disclosed in note 24.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2014 (continued)

Financial review

The assets and activities of the charity are split between two unrestricted funds: the General Fund and the designated Art Purchases Fund. Further details are set out in the notes to the accounts on pages 19 to 29.

The Statement of Financial Activities is set out in detail on page 13. It shows that overall the charity had net income of £1,107,182 for the year incurred from its routine activities as compared with a net deficit of £575,844 in 2013. Of this, net income of £856,484 related to the General Fund and £250,698 to the Art Purchases Fund.

Incoming resources

The charity has three principal sources of income.

The first, which represents the majority of income, is income generated from the operation of the House and major events. 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 68% (2013: 68%) of the charity's total incoming resources in 2014.

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 revenue stream is dividends from its investments. See the Investment objective and performance section below for more detail.

The third revenue stream is one-off grants and donations which this year amounted to £330,131 (2013: £344,173).

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 88% (2013: 69%) of total resources expended.

The charity also spent £1,087,936 (2013: £3,334,297) on the essential preservation and maintenance of the House and grounds under its Master Plan project, as outlined earlier in this report.

Investment powers, policy and performance

Powers and policy:

Under its Memorandum of Association the charity has power to invest its funds in or upon 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 £500,000 in cash to support the charity's objects and current activities while preserving the real capital value of the investments over the longer term to enable them to sustain the charity's future activities and to fund its future obligations in accordance with its objects.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2014 (continued)

Financial review (continued)

Investment powers, policy and performance (continued)

Performance review:

The General Fund received investment income of £451,067 (2013: £416,441) from its portfolio and from rental income from its property investments. In addition, the fund generated £116,183 (2013: £936,595) in realised and unrealised gains during the year from its investment portfolio.

The Art Purchases Fund received investment income of £272,118 (2013: £262,000) from its investment portfolio. In addition, the fund generated £103,596 (2013: £967,945) in realised and unrealised gains during the year.

The investment committee is undertaking a review of investment benchmarks used to monitor performance and risk, following a portfolio restructuring undertaken in 2014. The goal of this re-organisation was to increase manager and stock diversification in the global equity portion of both the General and Art Purchases funds. In this the Committee aims both to capture long-term, diversified dividend flows while also managing the growing importance of emerging markets for income focused investors.

In reviewing the investment returns for the year ending December 2014 it is necessary to view the performance in two halves as the Council amended the investment policy in June 2014. Looking at the first half of 2014, the performance against the benchmarks that prevailed up to the 11 June, the General Fund rose 1.98% (FTSE WMA balanced index TR +3.49), APF 1.73%.

Over the second half of the year the portfolios were separated into a domestic portfolio (60%) and the overseas portfolio (40%). The benchmark for the domestic portfolio is 33.3% FTSE Government Gilts 0-5 years TR, 66.7% FTSE All Share TR whilst the overseas portfolio is measured against the FTSE All World (£) TR). Combining these numbers together to measure the performance for the whole portfolio, the General fund rose 2.71%, APF 2.7%, whilst the new benchmark 2.83%.

The running yield on the investment portfolio before investment management fees was 2.69% (2013: 2.64%).

Overall result

After accounting for realised and unrealised gains on investments and on the pension scheme obligations, the total increase in funds was £316,961 as compared to £384,529 in 2013. Of this, £37,333 (2013 £829,293) related to a decrease in the General Fund and £354,294 (2013: £1,213,822) to an increase in the designated Art Purchases Fund. The overall results for the year were in line with budget.

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 (eg 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.
- £8.4m Master Plan capital commitment (see note 24).

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 in support of the charity's objectives and meet its financial commitments.

CHATSWORTH HOUSE TRUST

Report of the Council of Management for the year ended 31 December 2014 (continued)

Financial review (continued)

Reserves policy (continued)

The charity had total reserves at the year end of £25,607,075 (2013: £25,290,114). Free reserves as at 31 December 2014 amounted to: £7,797,438 (2013: £7,894,682). 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 Art Purchase Funds objective is to generate £250k of income per annum to invest in 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 21 to the accounts, staff are jointly employed by the charity and the Trustees of the Chatsworth Settlement. During the year the average number of staff involved was 142 (2013: 138). There was one staff member earning more than £60,000 per year, falling into the £60,000-£70,000 band (2013: one member falling into the band £60,000-£70,000). Pension contributions for this staff member amounted to £4,522 (2013: £7,851).

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. Particular challenges the Council are considering include; ambitious plans to extend Chatsworth's renovation programme and improving the capability of Chatsworth's lakes to cope with extreme rainfall.

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.

CHATSWORTH HOUSE TRUST

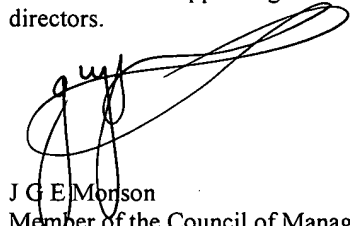
Report of the Council of Management for the year ended 31 December 2014 (continued)

Risk Management (continued)

Financial Risk

The charity is also exposed to price or liquidity risk through changes in interest rates and to the credit risk of the securities it holds. The Council have appointed qualified investment managers to manage this risk.

The trustees are approving both the Annual Report and the Strategic Report in their capacity as charity directors.



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

25/9/15

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 December 2014 set out on pages 13 to 29. 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 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 matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Council Members' Responsibilities, 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

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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Council Management to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's state of affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance the Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Council of Management for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHATSWORTH HOUSE TRUST

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:

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



Timothy Adams (Senior Statutory Auditor)
For and on behalf of

Saffery Champness
Chartered Accountants
Statutory Auditors
Lion House
Red Lion Street
London
WC1R 4GB

CHATSWORTH HOUSE TRUST

Statement of Financial Activities (including income and expenditure account) for the year ended 31 December 2014

		General Fund	Art Purchases Fund	Total funds	Total funds
	Note	(unrestricted)	(unrestricted)	2014	2013
				£	£
Incoming resources					
Incoming resources from generated funds:					
Investment income	3	451,067	272,118	723,185	678,441
Voluntary income: Grants & Donations	4	330,131	-	330,131	344,173
Incoming resources from charitable activities:					
Operation of the House	2	10,682,144	-	10,682,144	9,836,082
Total incoming resources		11,463,342	272,118	11,735,460	10,858,696
Resources expended:					
Charitable activities					
Operation of the House	5	9,310,294	-	9,310,294	7,890,531
Preservation and Maintenance		1,087,936	-	1,087,936	3,334,297
Governance costs	7	189,790	-	189,790	178,744
Cost of Generating Funds:					
Investment Management Fees	13	18,838	21,420	40,258	30,968
Total resources expended		10,606,858	21,420	10,628,278	11,434,540
Net income/(deficit) for the year		856,484	250,698	1,107,182	(575,844)
Other recognised gains and losses					
Realised gains on investment assets		1,068,704	1,113,840	2,182,544	532,822
Unrealised (losses)/gains on investment assets	13	(952,521)	(1,010,244)	(1,962,765)	1,371,718
Unrealised gains on investment properties	12	-	-	-	211,000
Actuarial (losses) on pension scheme	20	(1,010,000)	-	(1,010,000)	(1,155,167)
Net movement of funds		(37,333)	354,294	316,961	384,529
Total funds brought forward		9,620,143	15,669,971	25,290,114	24,905,585
Total funds carried forward		9,582,810	16,024,265	25,607,075	25,290,114

The statement of financial activities includes all gains and losses recognised in the period. All incoming resources and resources expended derive from continuing activities. The deficit for the period for Companies Act purposes comprises the net income for the year, plus realised investment gains (or less the realised investment losses) and equals £3,289,726 (2013: loss £43,022).

CHATSWORTH HOUSE TRUST

Balance Sheet as at 31 December 2014

	Notes	2014	2013
		£	£
Fixed assets			
Fixed assets	10	1,785,371	1,725,461
Heritage Assets	11	5,746,523	5,474,773
Investment properties	12	2,461,000	2,461,000
Investments	13	19,963,173	19,753,908
		29,956,067	29,415,142
Current assets			
Stocks	14	37,916	26,106
Debtors	15	993,646	741,098
Cash at bank and in hand		5,211,049	4,504,871
		6,242,611	5,272,075
Creditors (Amounts falling due within one year)	16	(3,153,603)	(3,110,103)
Net current assets		3,089,008	2,161,972
Unfunded pension scheme liability	20	(7,438,000)	(6,287,000)
Net assets	17	25,607,075	25,290,114
Capital and Reserves			
Unrestricted income funds:			
General Fund	18	8,001,948	5,611,167
Art Purchases Fund	19	14,722,071	13,357,557
Revaluation Reserve	18 & 19	2,883,056	6,321,390

Both the General Fund and Art Purchases Funds are unrestricted.

The financial statements on pages 13 to 29 were approved by the Council on 25/9 2015 and were signed on its behalf by

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

CHATSWORTH HOUSE TRUST

Cashflow Statement for the year ended 31 December 2014

	Notes	2014	2013
		£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	22	673,365	(636,062)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Bank interest received		24,840	33,030
Property income received		173,635	143,869
Investment income received		484,451	470,574
NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		682,926	647,473
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(660,877)	(1,052,785)
Receipts from sale of tangible fixed assets		14,500	-
Payments to acquire investments		(11,577,689)	(3,738,042)
Receipts from sale of investments		10,651,542	4,291,138
Decrease in cash with broker		922,411	1,571,855
NET CASH (OUTFLOW)/INFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(650,113)	1,072,166
INCREASE IN CASH AND NET FUNDS	23	706,178	1,083,577

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 December 2014

Basis of Accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, modified by the revaluation of investments. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable United Kingdom Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements present information about the charity as an individual undertaking and not about its group. The charity has claimed the exemption available under section 405(2) of the Companies Act 2006 and has not consolidated its subsidiary undertakings, The Chatsworth Estates Company and Chatsworth House Enterprises Limited, 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.

Tangible Fixed Assets

All tangible fixed assets are for the charity's use and are stated at cost to the charity, 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 £250.

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 granted to the Council of Management is not valued in the accounts as the timber will revert to The Trustees of the Chatsworth Settlement at the end of the lease.

Heritage Assets

In 2011, the charity adopted FRS30 which requires separate identification and disclosure of Heritage Assets.

In its own right the charity 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. To date, no impairments have occurred of capitalised items. Revaluations are not performed as the Council of Management do 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 £5,746,523 (2013: £5,474,773).

The charity 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 charity but displayed in areas open to the public within Chatsworth House and Gardens. These items are included in the lease assigned to the charity on 10 April 1981 (see note 21) and represent the essential contents of Chatsworth House. The charity 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.

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 December 2014 (continued)

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 open market 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.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the Council compliance with the standard is necessary for the financial statements to give a true and fair view. Furthermore, the amount of any depreciation would be immaterial. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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. A full provision is made against items over one year old.

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.

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

CHATSWORTH HOUSE TRUST

Accounting Policies for the year ended 31 December 2014 (continued)

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:

- Charitable expenditure comprises the costs of maintaining and preserving the House and its associated land together with costs associated with opening it to the public.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, eg allocating staff costs by the time spent and other costs by their usage.

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 charity and which has not been designated for other purposes.

The Art Purchase Fund is an unrestricted fund that has been designated by the Council for the purposes set out in note 19.

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

The Revaluation Reserve represents the surplus of the market value over the cost of investments and investment properties.

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 Trustees of the Chatsworth Settlement on secondment to 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

Notes to the financial statements for the year ended 31 December 2014

1 Legal status of the Company

The company is a charitable company limited by guarantee and has no share capital. The company is limited by guarantee. 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 ceases to be a member, an amount not exceeding £5,000. At 31 December 2014 there were seven (2013: seven) members.

2 Analysis of incoming resources from charitable activities	2014	2013
	£	£
Amounts receivable from admissions	7,927,347	7,390,661
Income from park events	1,572,798	1,562,573
Franchise income (see note 21)	664,438	667,754
Other income	517,561	215,094
	10,682,144	9,836,082

Franchise income is receivable from The Trustees of the Chatsworth Settlement and is based on the annual turnover of businesses located in premises leased by the charity.

3 Investment income

	General Fund	Art Purchases Fund	2014	2013
	£	£	£	£
Income from quoted investments:				
- UK fixed interest stocks	7,761	10,152	17,913	34,557
- UK equities	183,748	188,825	372,573	293,333
- Overseas stocks	68,344	65,879	134,223	173,652
Interest on cash with broker	4,778	7,262	12,040	26,541
Other UK bank interest	12,801	-	12,801	6,489
Income from UK properties	173,635	-	173,635	143,869
	451,067	272,118	723,185	678,441

4 Voluntary Income: Grants & Donations

	2014	2013
	£	£
Staff/pensioner housing (see note 21)	330,131	344,173
	330,131	344,173

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Operation of the House

	2014	2013
	£	£
Admissions expenses	2,213,239	1,985,465
Expenses of park events	930,689	918,754
Maintenance of the art collection	333,753	297,698
Maintenance of the garden, park and woods	1,035,750	985,383
General upkeep of the House and stables	1,487,825	1,540,406
Special repair expenditure	912,108	38,614
General insurance	194,097	188,342
Country Fair volunteer costs	25,000	25,000
Staff/pensioner housing (see note 21)	330,131	344,173
Allocation of support costs (see note 6)	1,847,702	1,566,696
	9,310,294	7,890,531

6 Support Costs

	2014	2013
	£	£
Management charge (see note 21)	886,640	809,350
Wages & salaries	552,140	489,963
Legal & professional	82,373	25,503
Depreciation	51,573	58,680
Other administrative	126,914	93,138
Service & interest cost on unfunded pension scheme	330,000	272,000
	2,029,640	1,748,634
Allocated:		
Operation of the House	1,847,702	1,566,696
Preservation and maintenance	29,725	29,725
Governance costs	152,213	152,213
	2,029,640	1,748,634

For the year ended 31 December 2014, support costs have been allocated across the three categories as shown above.

Included within legal and professional fees are amounts payable to the auditor of £7,475 (2013: £4,536) for non audit services.

7 Governance Costs

	2014	2013
	£	£
Secretarial fees (see note 21)	24,663	14,821
Auditors' remuneration – audit fees	12,534	11,289
Trustee expenses (see note 21)	380	421
Allocation of support costs (see note 6)	152,213	152,213
	189,790	178,744

8 Taxation

The charity 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 December 2014 (continued)

9 Staff numbers

	2014	2013
The average number of full-time equivalent employees (including casual and part time staff) during the year was as follows:	Number	Number
Administration and management	20	18
Domestic	9	9
Wardens	34	33
Maintenance	35	35
Gardens	25	25
Domain	7	7
Farm yard	12	11
	142	138

Analysis of Staff Costs

	2014 £	2013 £
Salaries and wages	2,783,312	2,579,457
Social security costs	529,510	484,045
Employer pension contributions to the defined contribution scheme	1,012	7,770
Staff/pensioner housing	330,131	344,173
Service cost on unfunded pension scheme	57,000	53,000
Interest cost on unfunded pension scheme	273,000	219,000
Total Staff Costs	3,973,965	3,687,445

10 Tangible assets

	Long Leasehold Buildings £	Equipment and Vehicles £	Total £
Cost:			
At 1 January 2014	1,700,796	4,080,241	5,781,037
Additions	34,700	354,427	389,127
Disposals	-	(47,874)	(47,874)
At 31 December 2014	1,735,496	4,386,794	6,122,290
Accumulated Depreciation:			
At 1 January 2014	1,194,243	2,861,333	4,055,576
Charge for the period	57,002	271,965	328,967
Disposals	-	(47,624)	(47,624)
At 31 December 2014	1,251,245	3,085,674	4,336,919
Net Book Amounts			
At 31 December 2014	484,251	1,301,120	1,785,371
At 31 December 2013	506,553	1,218,908	1,725,461

All the above tangible assets are applied for direct charitable purposes.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

11 Heritage Assets

During the year additions of £271,750 were added to the collection.

Five year financial summary of heritage asset transactions

	2014	2013	2012	2011	2010
	£	£	£	£	£
Opening balance b/fwd	5,474,773	4,996,797	4,891,108	4,766,854	4,691,243
Acquisitions	271,750	477,976	105,689	124,254	75,611
Closing balance c/fwd	5,746,523	5,474,773	4,996,797	4,891,108	4,766,854

Preservation and Management

The company employs its own Collections Department which is responsible for the ongoing restoration and maintenance of the collection at Chatsworth. The collections team (included within administration and management in note 9) consists of fourteen full-time and five part-time staff and comprises a Head of Arts and Historic Collections who has overall responsibility as well as his 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 2014 £68,636 was expended on restoration and maintenance of the collection (2013: £60,108).

12 Investment properties

	2014	2013
	£	£
Investment properties held at market value	2,461,000	2,461,000

An independent open market valuation was carried out as at 31 December 2013 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. A review was undertaken by Mr Tom Richardson of the Royal Institute of Chartered Surveyors, a partner in Strutt and Parker LLP as at 31 December 2014 and he advises no change in the market value.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

13 Investments

	General Fund £	Art Purchases Fund £	Total 2014 £	Total 2013 £
Market value at 1 January 2014	9,559,918	10,193,990	19,753,908	19,973,578
Acquired during the period, at cost	5,722,665	5,840,774	11,563,439	3,738,782
Disposal	(4,319,772)	(4,149,226)	(8,468,998)	(3,758,315)
Unrealised (losses)/gains for the period	(952,521)	(1,010,244)	(1,962,765)	1,371,718
Investment Income	264,630	272,118	536,748	528,083
Cashdraw down	(585,371)	(833,530)	(1,418,901)	(2,068,970)
Management Fees	(18,838)	(21,420)	(40,258)	(30,968)
Market value at 31 December 2014	9,670,711	10,292,462	19,963,173	19,753,908

The investments, which are listed on recognised stock exchanges, and stated at market value, comprised:

£ Fixed Interest	640,421	682,545	1,322,966	6.6%	838,883	4.2%
£ Index Linked	336,161	496,919	833,080	4.2%	781,105	4.0%
Other Index Linked	185,042	151,398	336,440	1.7%	577,500	2.9%
Alternative Investments	395,745	395,745	791,490	4.0%	561,515	2.8%
United Kingdom	3,781,819	3,929,399	7,711,218	38.6%	8,998,523	45.6%
North America	-	-	-	-	3,810,901	19.3%
Europe	141,713	141,713	283,426	1.4%	1,374,870	7.0%
Far East	-	-	-	-	993,892	5.0%
Rest of the World	2,924,435	3,081,849	6,006,284	30.1%	593,380	3.0%
Other Securities	1,158,338	1,319,003	2,477,341	12.4%	100,000	0.5%
Cash	107,037	93,891	200,928	1.0%	1,123,339	5.7%
Total market value	9,670,711	10,292,462	19,963,173	100.0%	19,753,908	100.0%
Cost	8,089,849	8,990,268	17,080,117	-	13,891,822	-

Also the company owns 100% of the shares of The Chatsworth Estates Company, an unlimited company; the shares were acquired for no consideration. At 31 March 2015 the net assets of The Chatsworth Estates Company amounted to £14,246 (2014: £13,221) and the profit for the year was £1,028 (2014: £927); the company is an investment company and is responsible for certain property as special executor of the 9th Duke of Devonshire's will and holds the legal estate in certain other property as a bare trustee for the Trustees of the Chatsworth Settlement, who purchased it in 1950. During the year Chatsworth House Enterprises Limited was incorporated, a 100% owned subsidiary with a share capital of £1. This company was dormant throughout the period.

14 Stocks

	2014 £	2013 £
Stores	19,715	6,810
Livestock	18,201	19,296
	37,916	26,106

CHATSWORTH HOUSE TRUST

Notes to the financial statements for year ended 31 December 2014 (continued)

15 Debtors

	2014 £	2013 £
Trade debtors	392,173	233,805
Bad debt provision	(10,258)	(11,232)
	<u>381,915</u>	<u>222,573</u>
Prepayments and accrued income	611,731	518,525
	<u>993,646</u>	<u>741,098</u>

16 Creditors – Amounts falling due within one year

	2014 £	2013 £
Amounts falling due within one year:		
The Trustees of the Chatsworth Settlement	1,732,185	986,909
Other trade creditors	127,592	94,705
Deferred income	7,652	7,652
Accruals	1,286,174	2,020,837
	<u>3,153,603</u>	<u>3,110,103</u>

The Trustees of the Chatsworth Settlement are shown as a net balance within creditors. The trustees consider it appropriate to show these balances net, due to legal right of set off.

17 Analysis of net assets between funds

	General Fund £	Art Purchases Fund £	Total £
Tangible fixed assets	2,912,471	4,619,423	7,531,894
Investment properties	2,461,000	-	2,461,000
Investments	9,670,711	10,292,462	19,963,173
Net current assets	1,976,628	1,112,380	3,089,008
Unfunded pension scheme liability	(7,438,000)	-	(7,438,000)
Net assets at 31 December 2014	9,582,810	16,024,265	25,607,075

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

18 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 reserve £	Revenue reserve £	Total £
The reserves of the fund comprise:			
At 1 January 2014	4,008,976	5,611,167	9,620,143
Unrealised losses on investments	(952,521)	-	(952,521)
Revaluation of investment properties	-	-	-
Actuarial losses on unfunded pension scheme liability	-	(1,010,000)	(1,010,000)
Realised gains on investments	-	1,068,704	1,068,704
Net incoming resources	-	856,484	856,484
Transfer between reserves	(1,475,593)	1,475,593	-
At 31 December 2014	1,580,862	8,001,948	9,582,810

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.

19 Art Purchases Fund

The company 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 £	Revenue reserve £	Total £
The reserves of the fund comprise:			
At 1 January 2014	2,312,414	13,357,557	15,669,971
Unrealised losses on investments	(1,010,244)	-	(1,010,244)
Realised gains on investments	-	1,113,840	1,113,840
Net incoming resources	-	250,698	250,698
Transfer between reserves	24	(24)	-
At 31 December 2014	1,302,194	14,722,071	16,024,265

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.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

20 Pensions

There is an obligation to provide pensions for the period since 12 April 1981 for the eligible employees of the Trustees of the Chatsworth Settlement on secondment to the charity.

The pension scheme of the Trustees of the Chatsworth Settlement provides benefits based on final pensionable salary. The scheme was closed to new members in 1999. A defined contribution scheme was established in 2001.

Pension fund contributions during the year amounted to £66,912 (2013: £43,128). Pensions paid to former employees in the year amounted to £189,000 (2013: £174,167).

During the year a formal valuation has been undertaken by Helen Ross FIA, a senior consultant with Punter Southall Limited. This valuation as required by Financial Reporting Standard 17 has been recognised in the accounts.

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

	2014	2013
Discount rate	3.5%	4.4%
RPI	3.0%	3.4%
Salary Inflation	3.0%	3.4%

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£	£
Present value of scheme liabilities	7,438,000	6,287,000
Deficit in the scheme	7,438,000	6,287,000

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	1,010,000	1,154,000
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	2014	2013
	£	£
Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	6,287,000	5,034,000
Actuarial (gains)/losses	1,010,000	1,155,167
Interest cost	273,000	219,000
Service cost	57,000	53,000
Benefits paid	(189,000)	(174,167)
Closing defined benefit obligation	7,438,000	6,287,000

Previous 5 year scheme obligation

	2013	2012	2011	2010	2009
	£	£	£	£	£
	6,287,000	5,034,000	4,751,000	4,725,000	3,394,784

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

21 Related party transactions

Chatsworth Settlement Trustees

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

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

- Recharges

Support costs include charges from Chatsworth Settlement Trustees for senior management time and central overheads including; Finance, Human Resources, IT Systems, Land Agency and Planning. During the year £886,640 (2013: £809,350) was recharged to the company. In addition, the charity charges for work undertaken by its own internal departments for the benefit of the Chatsworth Settlement Trustees. All charges are made on the basis of time spent or resources consumed and these amounted to £30,440 (2013: £32,120).

Staff are jointly employed by the charity and the Chatsworth Settlement Trustees. The total cost of staff invoiced to the charity during the year was £3,313,834 (2013: £3,093,524).

Rent costs of staff and pensioner housing are donated from Chatsworth Settlement Trustees, the amount during the year was £330,131 (2013: £344,173).

- Rent

The charity leases from the Chatsworth Settlement Trustees 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.

Franchise income (note 2) is also receivable and is based on the annual turnover of businesses located in premises leased by the company; during the year £664,438 (2013: £667,754) 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 Chatsworth Settlement Trustees. During the period, the company sold heat and power amounting to £7,222 (2013: £nil) to the charity.

Currey & Co LLP

Currey & Co LLP is a related party as Mr E R H 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 year are £24,663 (2013: £14,821).

Sothebys

Although the charity is independent of Sotheby's, the 12th Duke of Devonshire, a Member of the Council is on the Board of Directors of Sotheby's USA (Sotheby's parent company) and Mr H M Wyndham, also a Member of the Council, is employed and remunerated by Sotheby's.

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

21 Related party transactions (continued)

Sothebys (continued)

During the year the company recognised income of £400,000 (2013: £100,000) from Sotheby's, for hosting Sotheby's annual selling exhibition of modern and contemporary sculpture. Set up costs of £66,400 (2013: £69,150) were recharged to Sotheby's. The agreement to host the exhibition is for a five year period from 2013 to 2017 for an annual consideration of £250,000.

The Derbyshire Charity Clay Shoot Event (DCCS)

Although the charity is independent of DCCS, the DCCS event is held on land belonging to Chatsworth Settlement Trustees and land within the lease held by the charity. Members of the common management team are actively involved as organisers of the DCCS event. During the year a facility fee of £10,000 (2013: £10,000) was paid to Chatsworth House Trust. The remaining event surplus of £250,000 was donated to: £83,800 Devonshire Educational Trust, £81,400 Cavendish Cancer Care, £36,200 each to Sheffield Children's Hospital and Arthritis UK and £12,400 to the Countryside Alliance (Donations for 2013 were £195,666. £78,266 to Devonshire Educational Trust, £68,483 Cavendish Cancer Care and £24,458 each to Helen's Trust and Neurocare).

Transactions with Council Members

Members of the Council were reimbursed for travel expenses amounting to £380 (2013: £421).

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 quinquennial reviews). During the year rent of £30,000 (2013: £30,000) was received. An independent rent review was undertaken during the year; Smiths Gore acted for the charity, and the Duke was represented by Strutt and Parker. Following that review a revised rent of £75,000 per annum, reflecting the renovation of the private apartments, is payable with effect from 25 March 2015.

The charity invoices the Duke of Devonshire the full cost of any private expenditure incurred. During the year £12,343 (2013: £18,182) was invoiced for gas, electricity, maintenance, stationery and office costs.

	2014	2013
	£	£
Amounts due (from)/to Chatsworth House Trust at 31 December 2014 (to)/from		
Chatsworth Settlement Trustees	(1,732,185)	(986,909)
Duke of Devonshire	6,055	7,606
Sotheby's	-	14
Currey & Co LLP	-	-
Devonshire Renewable Energy Limited	(7,222)	-

CHATSWORTH HOUSE TRUST

Notes to the financial statements for the year ended 31 December 2014 (continued)

22 Reconciliation of operating surplus to net cash (outflow)/inflow from operating activities

	2014 £	2013 £
Net income/(deficit) for the year	1,107,182	(1,107,613)
Investment Income (net of Investment management fees)	(682,926)	(674,473)
Pension service and interest	330,000	272,000
Depreciation charges	328,967	314,257
(Increase)/Decrease in stocks	(11,810)	223
(Increase)/decrease in debtors	(252,548)	89,925
Increase in creditors	43,500	643,786
Unfunded pension scheme benefits paid	(189,000)	(174,167)
Net cash inflow/ (outflow) from operating activities	673,365	(636,062)

23 Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase in cash in the period	706,178	1,083,577
Net funds at 1 January 2014	4,504,871	3,421,294
Net funds at 31 December 2014	5,211,049	4,504,871

24 Capital Commitments

At the 31st December 2014 phases 1, 2, 3a and 3b of the Master Plan were complete and phase 4 was being planned. The Council of Management anticipate that commitments will be entered into during 2015 for phase 4 of the Master Plan which will be undertaken during 2015, 2016 and 2017 for an anticipated additional expenditure of £8.4m.