

Company Registration No. 05747404 (England and Wales)  
Scottish Charity No SC039389  
English Charity No 1113423

**THE MERTOUN GARDENS TRUST**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**



***Saffery Champness***  
CHARTERED ACCOUNTANTS

## THE MERTOUN GARDENS TRUST

### COMPANY INFORMATION

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<b>Registered charity name</b>	The Mertoun Gardens Trust
<b>Trustees</b>	Lord Henry Egerton Lady Alice Marian Fremantle Michael John Chantler
<b>Gardens Committee</b>	Her Grace the Duchess of Sutherland Evelyn, Duchess of Sutherland Mrs Harriet Bowes-Lyon Mr Charles Stewart
<b>Secretary</b>	Mr Charles Stewart
<b>English charity number</b>	1113423
<b>OSCR charity number</b>	SC039389
<b>Company number</b>	05747404
<b>Registered office</b>	66 Lincoln's Inn Fields London WC2A 3LH
<b>Independent Examiner</b>	Jamie H Younger CA Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
<b>Bankers</b>	Adam & Company plc 25 St Andrew Square Edinburgh EH2 1AF  Bank of Scotland 8/9 The Square Kelso TD5 7HG
<b>Solicitors</b>	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
<b>Investment Managers</b>	J O Hambro Investment Management 21 St James's Square London SW1Y 4HB

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**THE MERTOUN GARDENS TRUST**

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## **THE MERTOUN GARDENS TRUST**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2012**

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The Trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2012

#### **The Trustees**

The Trustees who served the charity during the year were as follows

Lord Henry Alexander Egerton  
Lady Alice Marian Fremantle  
Michael John Chantler

#### **Structure, governance and management**

##### Legal Status

The Mertoun Gardens Trust is a private company limited by guarantee (company number 05747404) and a registered charity (charity number 1113423) The charity is also registered with the Office of the Scottish Charity Regulator (charity number SC039389)

It is governed by its memorandum and articles of association dated 16 March 2006 In the event of the charity being wound up, the liability of the members of the company is limited to £1 each

##### The organisation's structure

The minimum number of Trustees is 3 and the maximum 10 Trustees must be a member of the company

Trustees can be appointed by the Board at any time and the appointment must be ratified at the following annual general meeting

The Gardens are administered by a Gardens Committee to whom the day to day running and administration of the Gardens has been delegated by the Trustees

##### How the trustees are appointed and trained

The Trustees have been appointed on the basis of their skills, knowledge and experience of the current and future activities of the organisation, by agreement with existing Trustees The Trustees recognise that new Trustees should be aware of the charity's charitable purposes, modus operandi and plans Trustees are kept informed of developments in the law and accounting practices by their professional advisers

##### How decisions are made

Most decisions are taken by consensus agreement Should it be necessary, an issue may be determined by a simple majority of the votes cast at a meeting, but a written resolution signed by all the Trustees is as valid as a resolution passed at a meeting Except for the chairman of the meeting, who has a second or casting vote, every Trustee has one vote on each issue

## **THE MERTOUN GARDENS TRUST**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2012**

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#### **Risk management**

The Trustees keep under review the main risks to which the charity is exposed. The Trustees meet regularly and review the policies and procedures established to help mitigate these risks as necessary. Day to day risks are mitigated by the policies and procedures established by the Trustees as implemented by the Gardens Committee and are reviewed on a regular basis.

#### **Strategy and activities**

##### **Strategy of the charity**

The strategy of the charity is

- To promote for the public benefit the planting, maintenance, improvement and preservation of Mertoun Gardens at St Boswells, Melrose, Roxburghshire,
- To advance the education of the public, in particular in relation to the history, design and horticultural significance of the Gardens, and
- Such other charitable purpose as the Trustees shall think fit

##### **Objectives for the year**

In addition to the ongoing preservation and maintenance of the Gardens, the Trustees are committed to opening the Gardens to the widest possible audience. The Trustees have sought accordingly to ensure that admission charges to the Gardens are kept as low as reasonably possible and have explored means of widening the audience, including inviting local schoolchildren to visit the Gardens.

##### **Investment policy**

There are no restrictions on the charity's power to invest and the Trustees have adopted an investment strategy that seeks to balance the income needs of the charity with future capital growth. The Trustees have delegated the management of the investment portfolio to JO Hambro Investment Management (previously was Taylor Young Investment Management Limited) who manage the portfolio on a discretionary basis and who report to and meet with the Trustees on a regular basis to review the performance of the portfolio and investment strategy.

#### **Achievements and performance**

The Trustees confirm they have referred to the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and setting its plans for future years.

The Charity's significant activities are outlined in this report. In furtherance of their charitable objects, the Trustees maintain the Gardens and open them to the public generally and with special parties and guided tours being organised by arrangement. Publicity relating to the opening of the Gardens is given in various local and national publications and on its website [mertoungardens.com](http://mertoungardens.com)

## **THE MERTOUN GARDENS TRUST**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2012**

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#### **Financial review**

##### Reserves and financial review

During the year the Trustees received incoming resources totalling £68,501 (2011 £250,349) Direct expenditure on the Gardens amounted to £72,949 (2011 £83,279) and general administration costs of £26,766 (2011 £19,552) This resulted in a net deficit for the year of £31,214 (2011 surplus £147,518) before the losses on disposal of investments of £28,347 (2011 gain £14,317) and unrealised gains on investments of £21,547 (2011 £100,690) The Trustees are aware of the need to increase the income generating asset base in order to balance their books

The Trustees have reviewed the reserves available to them and are satisfied that they are adequate to meet their short term needs The investment portfolio was managed by Taylor Young Investment Management Limited and has now been taken over by JO Hambro Investment Management The investment portfolio is shown as a capital endowment until further notice with a view to generating sufficient income from the endowment to meet the costs of the charity's operations

#### **Plans for future years**

As stated, the Trustees wish to build up their endowment to ensure that sufficient income can be generated from the investment portfolio in order to meet the costs associated with operating the Gardens and opening the Gardens to the public The Trustees wish to ensure the widest possible public access to the Gardens commensurate with their preservation and planting seasons

## THE MERTOUN GARDENS TRUST

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2012

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#### Responsibilities of the Trustees

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that year.

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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with Companies Act 2006. The Trustees 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 Trustees are aware

- there is no relevant accounting information of which the charity's accountants are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant accounting information and to establish that the accountants are aware of that information.

#### Small company provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Signed on behalf of the board



Michael John Chantler

Trustee  
21/1/12

## THE MERTOUN GARDENS TRUST

### INDEPENDENT EXAMINERS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF THE MERTOUN GARDENS TRUST

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I report on the accounts of the company for the year ended 31 March 2012 which are set out on pages 6 to 14

#### **Respective responsibilities of trustees and examiner**

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) or under regulation 10 (1)(a) to (c) of The Charities Accounts (Scotland) Regulations 2006 (the 2006 Accounts Regulations) and that an independent examination is needed. The charity is required by company law to prepare accrued accounts and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants of Scotland.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to

1. examine the accounts under section 145 of the 2011 Act and section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act),
2. to follow the provisions laid down in the General Directions given by the Charity Commission under section 145 (5)(b) of the 2011 Act, and
3. to state whether particular matters have come to my attention

#### **Basis of independent examiner's report**

My examination was carried out in accordance with the general Directions given by the Charity Commission and is in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

#### **Independent examiner's statement**

In connection with my examination, no matter has come to my attention

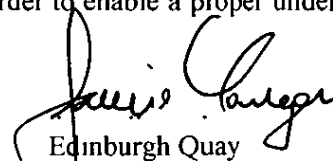
1. which gives me reasonable cause to believe that, in any material respect, the requirements
  - to keep accounting records in accordance with section 386 of the Companies Act 2006 and section 44(1) (a) of the 2005 Act, and
  - to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006, section 44(1)(b) of the 2005 Act and Regulation 8 of the 2006 Accounts Regulations, and
  - which are consistent with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charities

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached

Jamie H Younger CA  
Saffery Champness  
Chartered Accountants

4/12/12

  
Edinburgh Quay  
133 Fountainbridge  
Edinburgh  
EH3 9BA



**THE MERTOUN GARDENS TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES  
INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	Designated Funds 2012 £	Unrestricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Donations	2	-	-	-	181,620
Investment income	3	-	43,979	43,979	40,266
Activities for generating income		-	24,522	24,522	28,463
<b>Total incoming resources</b>		-	68,501	68,501	250,349
<b>Resources expended</b>					
<b>Cost of generating funds:</b>					
Charitable trading activities	4	-	72,949	72,949	83,279
Governance costs	5	-	7,100	7,100	7,150
Investment management costs	6	9,833	9,833	19,666	12,402
<b>Total resources expended</b>		(9,833)	(89,882)	(99,715)	(102,831)
<b>Net (outgoing) / incoming resources</b>	7	(9,833)	(21,381)	(31,214)	147,518
<b>Other recognised gains</b>					
Realised (losses)/gains on investments		(28,347)	-	(28,347)	14,317
Unrealised gains on investments		21,547	-	21,547	100,690
<b>Net movement in funds</b>		(16,633)	(21,381)	(38,014)	262,525
<b>Total funds brought forward</b>		1,078,554	191,767	1,270,321	1,007,796
<b>Total funds carried forward</b>		1,061,921	170,386	1,232,307	1,270,321

There are no other recognised gains or losses other than those shown in these accounts

The notes on pages 9 to 14 form part of these financial statements

# THE MERTOUN GARDENS TRUST

## BALANCE SHEET AS AT 31 MARCH 2012

	Notes	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	9		24,495		28,713
Investments	10		1,189,512		1,220,418
			<u>1,214,007</u>		<u>1,249,131</u>
<b>Current assets</b>					
Debtors	11	3,479		3,106	
Cash at bank and in hand		22,655		30,262	
		<u>26,134</u>		<u>33,368</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(7,834)</u>		<u>(12,178)</u>	
<b>Net current assets</b>			<u>18,300</u>		<u>21,190</u>
<b>Total assets less current liabilities</b>			<u>1,232,307</u>		<u>1,270,321</u>
<b>Capital and reserves</b>					
Unrestricted income funds			170,386		191,767
Designated fund			1,061,921		1,078,554
<b>Total funds</b>			<u>1,232,307</u>		<u>1,270,321</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps adequate accounting records which comply with Section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

**THE MERTOUN GARDENS TRUST**


**BALANCE SHEET (continued)  
AS AT 31 MARCH 2012**

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These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The notes on pages 9 to 14 form part of these financial statements

Approved by the Board for issue on *5 November 2012*

  
Michael John Chantler  
Trustee

**Company Registration No. 05747404**

# THE MERTOUN GARDENS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small

#### 1.4 Donations, Legacies and similar incoming resources

Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Property improvements	20% Straight line
Plant and machinery	15% Reducing balance
Motor vehicles	25% Reducing balance

#### 1.6 Investments

Investments are shown at market value

#### 1.7 Resources expended

Expenditure is included on an accruals basis

Costs of generating funds comprise those costs directly attributable to raising donations and grants

Charitable expenditure comprises costs that are directly attributable to the furtherance of achieving the charities objectives

Governance costs comprise costs that directly relate to the governance of the charity

#### 1.8 Unrestricted funds

These are funds which can be used in accordance with the charitable objectives at the discretion of the trustees

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# THE MERTOUN GARDENS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2012

### 1 Accounting policies (continued)

#### 1.9 Designated funds

The Trustees have designated, as an administrative allocation of unrestricted general funds, the investment portfolio on the basis that it is intended to form a capital endowment whose income is to be used for the general purposes of the Trust

2 Donations	2012 £	2011 £
Donation received from The Marquis of Stafford	-	181,620

3 Investment income	2012 £	2011 £
Bank interest receivable	113	162
Income from investments	43,866	40,104
	<u>43,979</u>	<u>40,266</u>

4 Cost of charitable activities	2012 £	2011 £
Labour costs	43,436	44,601
Heating and lighting	3,009	2,346
Seed, fertilisers, plants etc	1,197	1,256
Equipment maintenance and running expenses	4,963	3,059
Rates on gardeners' houses	1,325	1,325
Buildings maintenance	3,587	15,918
Administration	3,974	4,099
Insurance	2,175	2,229
Contractor services	4,885	3,783
Depreciation	4,398	4,663
	<u>72,949</u>	<u>83,279</u>

**THE MERTOUN GARDENS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2012**

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<b>5 Governance costs</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Accountancy fees	3,100	3,000
VAT & tax advice	-	1,695
	<u>3,100</u>	<u>3,150</u>
Legal fees	4,000	4,000
	<u>7,100</u>	<u>7,150</u>
<b>6 Investment Management Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Investment managers' fees	<u>19,666</u>	<u>12,402</u>
<b>7 Net outgoing resources for the year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Net outgoing resources are stated after charging		
Depreciation of tangible assets	<u>4,398</u>	<u>4,663</u>

**8 Taxation**

The company is a charity for the purposes of Section 505 ICTA 1988 and is exempt from taxation on the whole of its income

**THE MERTOUN GARDENS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2012**

**9 Tangible fixed assets**

	<b>Improvements to property £</b>	<b>Plant and machinery £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2011	29,208	64,182	9,141	102,531
Additions	-	180	-	180
At 31 March 2012	<u>29,208</u>	<u>64,362</u>	<u>9,141</u>	<u>102,711</u>
<b>Depreciation</b>				
At 1 April 2011	10,914	54,052	8,852	73,818
Charge for the year	2,779	1,547	72	4,398
At 31 March 2012	<u>13,693</u>	<u>55,599</u>	<u>8,924</u>	<u>78,216</u>
<b>Net book value</b>				
At 31 March 2012	<u>15,515</u>	<u>8,763</u>	<u>217</u>	<u>24,495</u>
At 31 March 2011	<u>18,294</u>	<u>10,130</u>	<u>289</u>	<u>28,713</u>

**THE MERTOUN GARDENS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2012**

**10 Fixed asset investments**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
Market value as at 1 April 2011	1,112,880	790,902
Additions	365,209	355,297
Realised/unrealised (losses)/gains	(6,800)	115,007
Disposals	(632,594)	(148,326)
Market value as at 31 March 2012	838,695	1,112,880
<b>Unquoted Investments</b>		
Value as at 1 April 2011 & 31 March 2012	1	1
Value of quoted and unquoted investments at 31 March 2012	838,696	1,112,881
Funds in bank held for investment	350,816	107,537
Investment value at 31 March 2012	<u>1,189,512</u>	<u>1,220,418</u>
Quoted investment cost as at 31 March 2012	<u>707,017</u>	<u>895,027</u>

**11 Debtors**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Other debtors	-	403
VAT debtor	3,264	2,488
Prepayments	215	215
	<u>3,479</u>	<u>3,106</u>

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,784	6,288
Cottage deposits	1,040	1,040
Accruals	5,010	4,850
	<u>7,834</u>	<u>12,178</u>



**THE MERTOUN GARDENS TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2012**

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**13 Company Limited by guarantee**

The charity is a company limited by guarantee. The liability of members is restricted to £1 each.

**14 Related party relationships and transactions**

M J Chantler, one of the Trustees, is also a partner in Farrer & Co LLP. Farrer & Co LLP provides legal and administrative support to the charity. During the year Farrer & Co LLP supplied services to the charity amounting to £4,000 (2011: £4,000) relating to advice given in connection with general charitable advice and administrative support.