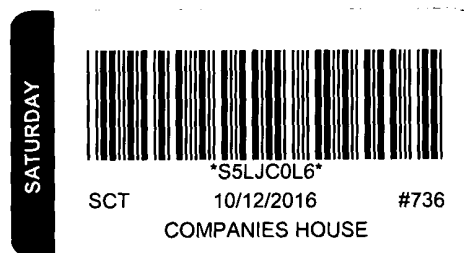


Company Registration No. 05747404 (England and Wales)
Scottish Charity No SC039389
English Charity No 1113423

The Mertoun Gardens Trust

Financial statements

For the year ended 31 March 2016



Saffery Champness
CHARTERED ACCOUNTANTS

The Mertoun Gardens Trust

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The Mertoun Gardens Trust

Trustees' report

For the year ended 31 March 2016

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 2016.

The financial statements comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Standard for Smaller Entities.

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 which reports to the Trustees and 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.

The Mertoun Gardens Trust

Trustees' report (continued) For the year ended 31 March 2016

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.

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 planting, preservation and maintenance of the Gardens for the public benefit, 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 liaising with local schools to encourage organised school visits.

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 Waverton Investment Management 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.

**Trustees' report (continued)
For the year ended 31 March 2016**

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 www.mertoungardens.com.

Financial review

Reserves and financial review

During the year the Trustees received incoming resources totalling £323,355 (2015: £442,950). Direct expenditure on the Gardens amounted to £72,484 (2015: £78,940) and general administration costs of £17,535 (2015: £16,599). This resulted in a net surplus for the year of £233,336 (2015: £347,411) before the loss on disposal of investments of £13,302 (2015: £1,116) and unrealised losses on investments of £8,334 (2015: £117,891 gain). 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 is shown as a restricted capital endowment. The intention of the Trustees is that the endowment should be able to generate sufficient income 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.

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.

Trustees' report (continued)
For the year ended 31 March 2016

In preparing these financial statements, the Trustees 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in the going concern basis unless it is inappropriate to presume that the charity will continue in business

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
.....

The Mertoun Gardens Trust

Company information

Registered charity name	The Mertoun Gardens Trust
Trustees	Lord Henry Alexander Egerton Lady Alice Marian Fremantle Michael John Chantler
Gardens Committee	Her Grace the Duchess of Sutherland Evelyn, Duchess of Sutherland Mrs Harriet Bowes-Lyon Mr Charles Stewart (Resigned 2 October 2015)
Secretary	Mr Charles Stewart (Resigned 2 October 2015) Mr James Galbraith (Appointed 2 October 2015)
English charity number	1113423
OSCR charity number	SC039389
Company number	05747404
Registered office	66 Lincoln's Inn Fields London WC2A 3LH
Independent Examiner	Jamie H Younger CA Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	Adam & Company plc 25 St Andrew Square Edinburgh EH2 1AF Bank of Scotland plc 8/9 The Square Kelso TD5 7HG
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
Investment Managers	Waverton Investment Management 21 St James's Square London SW1Y 4HB

Independent examiners' report to the directors on the unaudited accounts of The Mertoun Gardens Trust

I report on the accounts of the company for the year ended 31 March 2016 which are set out on pages 7 to 15.

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.

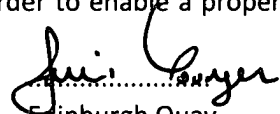
Independent examiner's statement

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 (FRSSE version)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

8/12/16


Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

The Mertoun Gardens Trust

**Statement of financial activities
incorporating the income and expenditure account**

	Notes	Endowment Fund 2016	Unrestricted Fund 2016	Total Funds 2016	Total Funds 2015
		£	£	£	£
Income					
Donations	2	-	247,284	247,284	355,504
Investments	3	-	49,518	49,518	55,226
Charitable activities		-	26,553	26,553	32,220
Total income		-	323,355	323,355	442,950
Expenditure					
Charitable activities	4	-	78,959	78,959	86,215
Other: investment management costs	6	5,530	5,530	11,060	9,324
Total expenditure		(5,530)	(84,489)	(90,019)	(95,539)
Net (expenditure)/income	7	(5,530)	238,866	233,336	347,411
Other recognised (losses)/gains					
Realised losses on investments		(13,302)	-	(13,302)	(1,116)
Unrealised (losses)/gains on investments		(8,334)	-	(8,334)	117,891
Net movement in funds		(27,166)	238,866	211,700	464,186
Gross transfer between funds		-	-	-	-
Total funds brought forward		1,821,814	123,026	1,944,840	1,480,654
Total funds carried forward		1,794,648	361,892	2,156,540	1,944,840

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

The notes on pages 10 to 15 form part of these financial statements.

The Mertoun Gardens Trust

**Balance sheet
As at 31 March 2016**

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	10		14,500		14,645
Investments	12		2,121,477		1,913,699
			<u>2,135,977</u>		<u>1,928,344</u>
Current assets					
Stocks		470		299	
Debtors	11	3,721		3,686	
Cash at bank and in hand		23,948		22,788	
		<u>28,139</u>		<u>26,773</u>	
Creditors: amounts falling due within one year	13	<u>(7,576)</u>		<u>(10,277)</u>	
Net current assets			<u>20,563</u>		<u>16,496</u>
Total assets less current liabilities			<u>2,156,540</u>		<u>1,944,840</u>
Capital and reserves					
Unrestricted fund	14		361,892		123,026
Endowment fund	14		1,794,648		1,821,814
Total funds			<u>2,156,540</u>		<u>1,944,840</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.

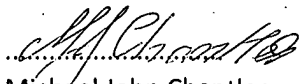
The Mertoun Gardens Trust

Balance sheet (continued)
As at 31 March 2016

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 10 to 15 form part of these financial statements.

Approved by the Board for issue on



Michael John Chantler
Trustee

Company Registration No. 05747404

Notes to the financial statements
For the year ended 31 March 2016

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated.

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 Expenditure

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.

The Mertoun Gardens Trust

Notes to the financial statements (continued) For the year ended 31 March 2016

1 Accounting policies

(continued)

1.8 Unrestricted fund

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

1.9 Endowment fund

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

	2016	2015
	£	£
Donation received from The Marquis of Stafford	<u>247,284</u>	<u>355,504</u>

3 Investment income

	2016	2015
	£	£
Bank interest receivable	43	60
Income from investments	<u>49,475</u>	<u>55,166</u>
	<u>49,518</u>	<u>55,226</u>

Notes to the financial statements (continued)
For the year ended 31 March 2016

4 Cost of charitable activities	2016	2015
	£	£
Labour costs	45,912	49,932
Heating and lighting	1,455	1,721
Seed, fertilisers, plants etc	1,401	1,708
Equipment maintenance and running expenses	3,261	4,584
Rates on gardeners' houses	1,325	1,325
Buildings maintenance	7,266	7,861
Administration	4,821	4,609
Insurance	1,724	941
Contractor services	1,538	2,049
Depreciation	3,781	4,210
Governance costs	6,475	7,275
	<u>78,959</u>	<u>86,215</u>

A full breakdown of governance costs is included in note 5.

5 Governance costs	2016	2015
	£	£
Accountancy fees	3,475	3,275
Legal fees	3,000	4,000
	<u>6,475</u>	<u>7,275</u>

6 Investment Management Costs	2016	2015
	£	£
Investment managers' fees	<u>11,060</u>	<u>9,324</u>

7 Net outgoing resources for the year	2016	2015
	£	£
Net outgoing resources are stated after charging:		
Depreciation of tangible assets	<u>3,781</u>	<u>4,210</u>

Notes to the financial statements (continued)
For the year ended 31 March 2016

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.

9 Staff numbers

	2016	2015
Maintenance	<u>3</u>	<u>3</u>

10 Tangible fixed assets

	Improvements to property £	Plant and machinery £	Motor Vehicles £	Total £
Cost				
At 1 April 2015	29,208	65,975	10,091	105,274
Additions	<u>3,080</u>	<u>556</u>	<u>-</u>	<u>3,636</u>
At 31 March 2016	<u>32,288</u>	<u>66,531</u>	<u>10,091</u>	<u>108,910</u>
Depreciation				
At 1 April 2015	22,030	59,231	9,368	90,629
Charge for the year	<u>2,505</u>	<u>1,095</u>	<u>181</u>	<u>3,781</u>
At 31 March 2016	<u>24,535</u>	<u>60,326</u>	<u>9,549</u>	<u>94,410</u>
Net book value				
At 31 March 2016	<u>7,753</u>	<u>6,205</u>	<u>542</u>	<u>14,500</u>
At 31 March 2015	<u>7,178</u>	<u>6,744</u>	<u>723</u>	<u>14,645</u>

11 Debtors

	2016 £	2015 £
Other debtors	112	37
VAT debtor	3,252	3,419
Prepayments	<u>357</u>	<u>230</u>
	<u>3,721</u>	<u>3,686</u>

Notes to the financial statements (continued)
For the year ended 31 March 2016

12 Fixed asset investments

	2016	2015
	£	£
Quoted Investments		
Market value as at 1 April 2015	1,787,452	1,336,476
Additions at cost	609,054	1,079,429
Realised/unrealised (losses)/gains	(21,636)	116,776
Disposals	(499,633)	(745,229)
	<u>1,875,237</u>	<u>1,787,452</u>
Market value as at 31 March 2016	1,875,237	1,787,452
Unquoted Investments		
Value as at 1 April 2015 & 31 March 2016	<u>1</u>	<u>1</u>
Value of quoted and unquoted investments at 31 March 2016	1,875,238	1,787,453
Funds in bank held for investment	<u>246,239</u>	<u>126,246</u>
Investment value at 31 March 2016	<u>2,121,477</u>	<u>1,913,699</u>
Quoted investment cost as at 31 March 2016	<u>1,494,959</u>	<u>1,140,508</u>

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	3,726	3,602
Other creditors	3,850	6,675
	<u>7,576</u>	<u>10,277</u>

Notes to the financial statements (continued)
For the year ended 31 March 2016

14 Analysis of movements in funds

	Balance 1 April 2015	Income	Expenditure	Other losses	Balance 31 March 2016
Endowment fund (expendable)	1,821,814	-	(5,530)	(21,636)	1,794,648
Unrestricted fund	123,026	323,355	(84,489)	-	361,892
	<u>1,944,840</u>	<u>323,355</u>	<u>(90,019)</u>	<u>(21,636)</u>	<u>2,156,540</u>

15 Company Limited by guarantee

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

16 Related party relationships and transactions

Mertoun Gardens is leased from a Sutherland Family Settlement for a peppercorn sum and the lease expires on 31 March 2037.

Michael John Chantler, one of the Trustees, was a partner in Farrer & Co LLP until his retirement on 30 April 2014 and he continued in the period of these accounts as a consultant. Farrer & Co LLP provides legal and administrative support to the charity. During the year Farrer & Co LLP supplied services to the charity amounting to £3,000 (2015: £4,000) relating to advice given in connection with general charitable advice and administrative support.

The Mertoun Gardens Trust

Statement of financial activities For the year ended 31 March 2016

	£	2016 £	£	2015 £
Incoming Resources				
Donations		247,284		355,504
Income from investments		49,475		55,166
Income from Mertoun Gardens:				
- Admission Charges	2,329		2,910	
- Garden Sales	1,628		7,670	
- Contracting charges	7,292		6,945	
- Letting income	15,304		14,695	
- Bank interest	43		60	
		<u>26,596</u>		<u>32,280</u>
		323,355		442,950
Direct Charitable Expenditure				
Expenditure on Mertoun Gardens:				
Seeds, fertilisers and plants	1,401		1,708	
Wages and salaries	45,912		49,932	
Heating and lighting	1,455		1,721	
Rates on gardener's cottage	1,325		1,325	
Equipment maintenance and running expenses	3,261		4,584	
Building maintenance	7,266		7,861	
Administration and sundry expenses	4,821		4,609	
Insurance	1,724		941	
Contractor services	1,538		2,049	
Depreciation	3,781		4,210	
		<u>(72,484)</u>		<u>(78,940)</u>
		250,871		364,010
Other Expenditure				
Accountancy fees	3,475		3,275	
Legal fees	3,000		4,000	
Investment management charges	11,060		9,324	
		<u>(17,535)</u>		<u>(16,599)</u>
Surplus for the year		233,336		347,411
Fund balances brought forward		1,944,840		1,480,654
Realised loss on investments		(13,302)		(1,116)
Unrealised (loss)/gain on investment		(8,334)		117,891
Fund balances carried forward		<u>2,156,540</u>		<u>1,944,840</u>

This page does not form part of the financial statements on which the independent examiner has reported.