

Charity No. SC014118
Company No. SC313664

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2012

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COMPANIES HOUSE

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

Legal and administrative information

Chairman	Charles James Payan Dawnay
Trustees	John Paul Henry Beards Dr Iain Gordon Brown Sir Robert Maxwell Clerk Charles James Payan Dawnay Henrietta Dundas-Bekker (resigned 16 December 2011) William Jason Hugh Elles James Gordon Dickson Ferguson Charles Drysdale Graham Guest Francis Rowan Oldfield de Courcy Hamilton Toby Prideaux Metcalfe
Company Secretary	Lindsays
Registered Office	Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
Auditor	Alison Gray Accountancy Limited Statutory Auditor Le Noyer Ettrick Terrace Selkirk TD7 4LE
Accountants	Chiene + Tait 61 Dublin Street Edinburgh EH3 6NL
Bankers	Clydesdale Bank 102 High Street Dalkeith EH22 1HZ
Investment Managers	Speirs & Jeffrey 36 Renfield Street Glasgow G2 1NA
Solicitors	Lindsays Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
Charity number	SC014118
Company number	SC313664

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT

The Trustees submit their report together with the financial statements for the year ended to 31 March 2012.

Administrative Details

The reference and administrative details, including the names of the Trustees who held office during the period, are set out on page 1.

Structure, Governance and Management

Penicuik House Preservation Trust was established in order to take over the previously unincorporated Penicuik House Preservation Trust.

Governing Document

Penicuik House Preservation Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 19 December 2006. It is registered as a Scottish charity with OSCR. The Board is the governing body of Penicuik House Preservation Trust.

Appointment of Trustees

As set out in the Articles of Association, at an Annual General Meeting the Charity may by ordinary resolution appoint or reappoint as an elected Trustee any member in respect of whom a written notice of willingness has been received.

Trustee induction and training

All Trustees bring relevant skills to the project. Trustees are asked to provide a brief paper outlining their skills and experience prior to appointment. Training needs and the skills profile of future Trustees are assessed and met by the serving Trustees.

Organisation

The Board of Trustees, which must have a minimum of 4 members, governs the charity. The Board is required to meet no fewer than 4 times per year. The members of the Board are both directors of the company and trustees of the charity.

The Trustees have formed an Operations Group which meets monthly and comprises of 3 Trustees, the joint managing director of the Scottish Lime Centre Trust, the Architect, the QS, the Training Officer and the Project Manager.

The Project Manager, Stuart Beattie, is the interface between the professionals and the Charity and attends all Design Team Meetings (comprising the Architect, the QS, engineer, CDM consultant and the contractor). He is responsible for the day to day management. He is also the other joint managing director of The Scottish Lime Centre Trust.

Related parties

Information on related parties and related party transactions is set out in the notes to the financial statements.

Risk Management

The Trustees have assessed the major risks to which the Charity is exposed and, in particular, those related to the operations and finances of the Charity and are satisfied that systems are in place to mitigate their exposure to such risks.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

TRUSTEES REPORT (CONTINUED)

Objectives and activities

The objects of the Charity as stated in the Memorandum of Association are the advancement of heritage and the advancement of education for the public benefit by:

- The maintenance, repair, conservation and presentation of the buildings known as Old Penicuik House, Penicuik, Midlothian ("Old Penicuik House") and such other property as shall be conveyed to or leased by the Charity;
- The protection and improvement of the amenities of Old Penicuik House and said other property; and
- Facilitating and encouraging access to and the study (including the promotion of training opportunities) and appreciation of Old Penicuik House and said other property by the general public, alone or in co-operation with others.

Penicuik House is one of the finest examples of Palladian architecture in Scotland. It sits at the centre of the most important 18th Century designed landscape in the Scottish Lowlands, which together form an exceptional physical record of the Scottish Enlightenment and the artistic patronage of the Clerk family. The house and policies are located 10 miles south of Edinburgh, on the south west side of the town of Penicuik.

The Penicuik House Preservation Trust is endeavouring to deliver a six year phased programme of work to Penicuik House which would consolidate the ruin of the house while at the same time delivering a number of educational and training benefits. Please refer to our web-site for further details of the project (www.penicuikhouse.co.uk).

Financial Review

During the period there were net resources expended of £238,674 (2011: net incoming resources of £227,081) based on incoming resources of £685,020 and resources expended of £923,694 as detailed in the Statement of Financial Activities. Unrestricted reserves carried forward are in deficit of £173,876 (2011: deficit £132,156), endowment reserves carried forward are £2,863,786 (2011: £3,000,642) and restricted reserves carried forward are nil (2011: nil).

Investment Policy

The Trustees have delegated authority to the Investment Committee to manage the investments of the Trust. The goal of the Investment Committee is to achieve the highest possible income whilst maintaining the real value of the underlying assets. To achieve this goal the Investment Committee will pursue a low-medium risk strategy. The Trustees are satisfied that the investments have performed adequately during the year and in line with the goal of maximising income.

Principal Funding Sources

The principal funding sources of the Charity are grants from the Heritage Lottery Fund and Historic Scotland.

Grants were also received from The Monument Trust, Esme Fairbairn Foundation, The Mickey and Jane Ingall Charitable Trust, The Gannochy Trust and The Nancie Massey Charitable Trust.

The Charity has also benefited from personal donations from private individuals.

Reserves Policy

The Trustees aims are to expend monies made available to them by means of grants or donations towards the stabilisation and preservation of the ruin of Penicuik House. The Clerk family transferred an Endowment of £2.5 million to the Charity in the period ended 31 March 2009 to ensure reserves and future maintenance after the project is complete.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

TRUSTEES REPORT (CONTINUED)

Reserves Policy (Continued)

The Trustees are aware that the unrestricted reserves of the Trust are in deficit and are currently taking steps to find new funding which will reverse this deficit. The deficit is currently being funded by a £500,000 loan from the Architectural Heritage Fund, which was specifically obtained by the Trustees to help with working capital during the repair and restoration stage of Penicuik House.

Achievements and Objectives

The project is divided into six annual phases. The stabilisation of the ruin is carried out between the months of April and October to allow the use of traditional lime mortar repair work. This latest phase of the project has seen good progress being made in the further consolidation of the house. Some of the most important rooms, requiring some of the most challenging repairs, have been tackled with great success and these have included the Entrance Hall and Ossian Hall which form the centre bay of the house. To gain a better understanding of the building and how these grand rooms may have looked, both were carefully recorded by the archaeologist before any rebuilding work began.

The training centre courses run by the Scottish Lime Centre Trust have continued to be popular with new seminars being introduced and these in turn have expanded the range of courses offered and increased the number of visitors to the house. At the time of writing the project remains on time and on budget to complete successfully by the end of next year.

Plans for Future Periods

The plans for the future are to continue to consolidate the ruin of Old Penicuik House while delivering training opportunities in traditional building skills.

Trustees' Responsibilities

The Trustees (who are also directors of Penicuik House Preservation Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure of the charitable company for the year. In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and 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 departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements, comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

TRUSTEES REPORT (CONTINUED)

Trustees' Responsibilities (cont)

The Trustees are also responsible for safeguarding the assets of the charitable company 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 audit information of which the charity's auditor is unaware, and
- Each Trustee has taken all the steps he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).



Charles James Payan Dawnay
Chairman

18 October 2012

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

STATEMENT of FINANCIAL ACTIVITIES
(including Income and Expenditure Account)

For the year ended 31 March 2012

	Note	Un- Restricted Funds £	Restricted Funds £	En- dowment Funds £	Total 2012 £	Total 2011 £
Incoming resources						
<i>Incoming resources from</i>						
<i>Generated funds:</i>						
- Voluntary income						
- Donations		36,010	—	—	36,010	52,550
- Investment income	2	118,456	—	—	118,456	101,927
Charitable activities	3	—	530,554	—	530,554	730,300
Total incoming resources		154,466	530,554	—	685,020	884,777
Resources expended						
<i>Costs of generating funds:</i>						
- Voluntary income		10,559	—	—	10,559	10,046
- Investment management costs		3,600	—	—	3,600	3,563
Charitable activities	4	376,954	530,554	—	907,508	642,106
Governance costs	6	2,027	—	—	2,027	1,981
Total resources expended		393,140	530,554	—	923,694	657,696
Net (outgoing)/incoming resources before transfers		(238,674)	—	—	(238,764)	227,081
Transfer between funds		196,954	—	(196,954)	—	—
Net (outgoing)/incoming resources before other recognised gains and losses		(41,720)	—	(196,954)	(238,674)	227,081
Realised gain on investments		—	—	13,925	13,925	—
Unrealised gain on investments	8	—	—	46,173	46,173	228,737
Net movement in funds		(41,720)	—	(136,856)	(178,576)	455,818
Total funds brought forward		(132,156)	—	3,000,642	2,868,486	2,412,668
Total funds carried forward	12	(173,876)	—	2,863,786	2,689,910	2,868,486

The notes on pages 8 to 14 form part of these financial statements.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

BALANCE SHEET

As at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	8	2,463,722	2,600,603
Current assets			
Debtors	9	82,053	397,502
Cash at bank and in hand		768,266	447,351
		<u>850,319</u>	<u>844,853</u>
Creditors: amounts due within one year	10	<u>(124,131)</u>	<u>(19,326)</u>
Net current assets		726,188	825,527
Total assets less current liabilities		3,189,910	3,426,130
Creditors: amounts due after more than one year	11	<u>(500,000)</u>	<u>(557,644)</u>
Net assets		<u>2,689,910</u> =====	<u>2,868,486</u> =====
Reserves			
Unrestricted income funds	12	(173,876)	(132,156)
Endowment funds	12	2,863,786	3,000,642
Restricted income funds	12	—	—
Total funds		<u>2,689,910</u> =====	<u>2,868,486</u> =====

These accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 18 October 2012 and are signed on their behalf by:



Charles James Payan Dawnay
Chairman

Charity No. SC014118
Company No. SC313664

The notes on pages 8 to 14 form part of these financial statements.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost accounting rules as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice; Accounting and Reporting by Charities (SORP 2005), the Charities and Trustee Investment (Scotland) Act 2005 (the Act), the Charities Accounts (Scotland) Regulations 2006 (as amended) (the Regulations) and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Investments and investment income

Investments are included in the Balance Sheet at market value at the period end date. All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market values at the period end and the opening market value (or purchase date if later).

Income from investments is accounted for on an accruals basis.

Donations, legacies and similar incoming resources

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

Heritage assets

The Charity owns the ruin of Old Penicuik House and the immediately surrounding land which are heritage assets for the purposes of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities. These assets have not been capitalised in the balance sheet because the Trustees are of the opinion that no reliable estimate of the value is available.

Grants receivable

Grants received, including capital grants, are reflected in the Statement of Financial Activities when they are receivable. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable and any unexpended portion is carried forward as a restricted fund. Where grants are specifically made for the performance of charitable activities in a period subsequent to the period end they are deferred and excluded from the Statement of Financial Activities.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities except support costs which are allocated to charitable activities based on an actual percentage of direct costs incurred in the year. Costs of generating voluntary income consist of consultancy fees in respect of fundraising. Costs of charitable activities consist of those applied by the charity in meeting its charitable objectives. Governance costs include the costs of general governance of the charity as opposed to direct management inherent in meeting charitable objectives, and are those associated with statutory requirements, namely Auditors remuneration.

VAT

The Charity is not registered for VAT and accordingly expenditure includes VAT where appropriate.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

1. Accounting policies (Cont)

Funds

Unrestricted general funds are the funds which can be used in accordance with the charitable objects at the discretion of the Trustees. Restricted funds are the funds that can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Endowment funds comprise an expendable endowment created by a gift from the Clerk family, the terms of which allow the capital to be spent if the Trustees so determine.

2. Investment income (unrestricted)

	2012	2011
	£	£
Interest on cash deposits	7,452	12,149
Dividend income	111,004	89,778
	-----	-----
	118,456	101,927
	=====	=====

	Consolidation and Repair	Training and Education	Total 2012	Total 2011
	£	£	£	£
3. Income from Charitable Activities				
Heritage Lottery Award (restricted)	270,505	-	270,505	418,800
Historic Scotland Award (restricted)	200,000	-	200,000	280,000
Esmee Fairbairn Award (restricted)	-	30,049	30,049	-
The Gannochy Trust (restricted)	-	5,000	5,000	7,500
The Monument Trust (restricted)	25,000	-	25,000	24,000
	-----	-----	-----	-----
	495,505	35,049	530,554	730,300
	=====	=====	=====	=====

	Direct Costs	Support Costs	Total 2012	Total 2011
	£	£	£	£
4. Charitable activities				
Consolidation and repair costs	723,974	49,550	773,524	540,781
Training and education	125,240	8,744	133,984	101,325
	-----	-----	-----	-----
	849,214	58,294	907,508	642,106
	=====	=====	=====	=====

PENICUIK HOUSE PRESERVATION TRUST
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

5. Support Costs	Marketing and Promotion costs £	Management costs £	Total 2012 £	Total 2011 £
Marketing and advertising	1,209	—	1,209	1,083
Accountancy fees	—	11,340	11,340	10,489
Legal and professional fees	—	19,699	19,699	12,686
Subscriptions	—	80	80	130
Bank charges	—	25	25	424
Rates and insurance	—	5,898	5,898	5,165
Loan interest payable	—	20,000	20,000	20,000
Miscellaneous	—	43	43	488
	1,209	57,085	58,294	50,465
	=====	=====	=====	=====

6. Governance costs	2012 £	2011 £
Auditor's remuneration	2,027	1,981
	=====	=====

Two Trustees received a total of £47 for expenses during the year (2011: £489) and no Trustees were paid any remuneration (2011: nil). All expenses were incurred in order to meet the Charity's objectives.

7. Taxation

Penicuik House Preservation Trust is a registered charity whose income is within the exemptions granted by Part II of the Corporation Tax Act 2010 and as a consequence no liability to corporation tax arises.

8. Investments	2012 £	2011 £
Market Value at 1 April 2011	2,586,526	1,961,937
Additions at cost	—	395,852
Disposals at opening market value	(183,029)	—
Unrealised gain on revaluation	46,173	228,737
	-----	-----
Market value at 31 March 2012	2,449,670	2,586,526
Cash held by investment managers	14,052	14,077
	-----	-----
Total UK investments	2,463,722	2,600,603
	=====	=====

The cost of the equity investments included at market value is £1,935,892 (2011: £2,060,536).

PENICUIK HOUSE PRESERVATION TRUST
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

8. Investments (cont)

All investments are listed on a recognised stock exchange.

All investments held exceed 5% of the total portfolio valuation and are as follows:

	2012	2011
	£	£
Aberdeen Asian Income Fund	242,539	281,880
BNY Mellon Newton Global Higher Income Fund	217,804	215,203
City of London Investment Trust	238,383	236,925
Edinburgh Investment Trust	233,374	229,500
Finsbury Grown and Income Trust	234,731	285,120
Henderson Far East Income Limited	231,465	247,943
Keystone Investment Trust	219,275	208,535
M&G Charifund	200,876	205,499
Murray Income Trust	206,526	200,661
Sarasin International Equity Inc Fund	196,537	206,447
Scottish American Inv Co	228,160	268,813
	-----	-----
	2,449,670	2,586,526
	=====	=====

9. Debtors

	2012	2011
	£	£
Accrued Income	82,053	397,502
	=====	=====

10. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	8,250	611
Accruals	38,237	18,715
Loan interest accrual	77,644	-
	-----	-----
	124,131	19,326
	=====	=====

11. Creditors: amounts falling due after one year

	2012	2011
	£	£
Loan	500,000	500,000
Loan interest accrual	-	57,644
	-----	-----
	500,000	557,644
	=====	=====

The loan was obtained from the Architectural Heritage Fund to help fund the working capital of the Trust during the repair and restoration of Penicuik House. The loan has been extended and is repayable in May 2014 and the accrued interest to date is payable in May 2012. Interest on the loan is charged at 4% simple per annum until 12 May 2012 and 5% thereafter.

The loan is secured by a bond and floating charge over the investment portfolio that is currently managed by Speirs & Jeffrey Stockbrokers.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

12. Funds	Balance at 1 April 2011 £	Income £	Expenditure £	Transfers £	Realised gains on Disposals £	Unrealised gains on Investments £	Balance at 31 March 2012 £
Unrestricted income fund							
General Fund	(132,156)	154,466	(393,140)	196,954	-	-	(173,876)
Endowment fund							
Endowment fund	3,000,642	-	-	(196,954)	13,925	46,173	2,863,786
Restricted income funds							
Heritage Lottery Award	-	270,505	(270,505)	-	-	-	-
Historic Scotland Award	-	200,000	(200,000)	-	-	-	-
The Gannochy Trust	-	5,000	(5,000)	-	-	-	-
The Monument Trust	-	25,000	(25,000)	-	-	-	-
Esmee Fairbairn Foundation	-	30,049	(30,049)	-	-	-	-
Restricted income funds subtotal	-	530,554	(530,554)	-	-	-	-
TOTAL	2,868,486	685,020	(923,694)	-	13,925	46,173	2,689,910

Transfers

In March 2012 part of the endowment fund was disposed of to help fund the working capital of the Trust. The transfer represents the disposal proceeds of the investments sold.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

12. Funds (cont)

Unrestricted Fund

The General Fund commenced the year in deficit and remains so at the year end. The Trustees are aware of this situation and will take steps over the course of the next financial year to reverse the deficit by means of active fundraising and other measures. The Trustees feel that the deficit of this fund will not impact the objects of the charity during the course of the next year as funding is in place over this period to operate normally. The deficit is funded by the working capital loan from Architectural Heritage Fund.

Endowment Fund

The Clerk family have established an endowment for the Trust, the income from which is being used to help fund the activities of the Trust.

Restricted Funds

The use of the restricted funds identified above is limited to the purposes for which the projects were established and for which funding was made available. Details of the nature of each restricted fund are noted below:

Heritage Lottery Award

To provide 32.6% of the total eligible project costs towards the proposals for the ruin of Penicuik House. Funds are received after costs are incurred and a claim submitted.

Historic Scotland Award

To contribute to the costs of the proposals for the ruin of Penicuik House. Funds are received after costs are incurred and a claim submitted.

The Gannochy Trust

To contribute to cost of engaging and training two apprentices and two adult trainees. This is a three year funding agreement completed in 2012.

The Monument Trust

To contribute towards training costs. Also a three year arrangement completed in 2012.

Esmee Fairbairn Award

To contribute towards the cost of engaging a training officer and to provide accredited training in conservation masonry.

PENICUIK HOUSE PRESERVATION TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

13. Analysis of net assets between funds	Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Total £
<u>Unrestricted Income Fund:</u>				
General fund	–	326,124	(500,000)	(173,876)
<u>Endowment Fund:</u>				
Endowment fund	2,463,722	400,064	–	2,863,786
<u>Restricted Fund</u>				
Restricted income funds	–	–	–	–
	<u>2,463,722</u>	<u>726,188</u>	<u>(500,000)</u>	<u>2,689,910</u>
	=====	=====	=====	=====

14. Related party transactions

The Trustee, Sir Robert Maxwell Clerk, has provided a guarantee of £25,000 for the Clydesdale Bank overdraft facility. The overdraft facility of £35,000 was cancelled in March 2012, however the guarantee is still in place.

During the year Stuart Beattie received £21,563 (2011: £20,404) for acting as Project Manager.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF PENICUIK HOUSE PRESERVATION TRUST

I have audited the financial statements of Penicuik House Preservation Trust for the year ended 31 March 2012 set out on pages 6 to 14. 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 members, as a body, in accordance with section 495 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). My audit work has been undertaken so that I might state to the members and the charitable company's Trustees those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity, its members as a body and its Trustees as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities statement set out on page 4, 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.

I have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and to report in accordance with regulations made under those acts.

My 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 me 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 charitable 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, I read all of the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my audit report.

Opinion

In my opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure account, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
PENICUIK HOUSE PRESERVATION TRUST**

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires me to report to you if, in my opinion:

- The Charitable company has not kept proper and adequate accounting records or returns adequate for my audit have not been received from branches not visited by me; or
- The financial statements are not in agreement with the accounting records or returns; or
- Certain disclosures or Trustees' remuneration specified by law are not made; or
- I have not received all the information and explanations I require for my audit; or
- The Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Report.

Alison Gray

**Alison Gray (Senior Statutory Auditor)
For and on behalf of Alison Gray Accountancy Limited
Statutory Auditor
Le Noyer
Ettrick Terrace
Selkirk
TD7 4LE**

24 October 2012

Alison Gray Accountancy Limited is eligible to act as auditor in terms of section 1212 of the Companies Act 2006