

Company Registration No. 00480214 (England and Wales)

CASTLE HOWARD ESTATE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

CASTLE HOWARD ESTATE LIMITED

COMPANY INFORMATION

Directors	The Hon. N P G Howard Mr G F G Howard Mrs V Barnsley Mr R Sebag-Montefiore	(Appointed 17 August 2020)
Secretary	Mr A Nixon	
Company number	00480214	
Registered office	The Estate Office Castle Howard York YO60 7DA	
Auditor	BHP LLP Rievaulx House 1 St Mary's Court Blossom Street York North Yorkshire YO24 1AH	
Bankers	Coutts & Co 2 Whitehall Quay Leeds LS1 4HR	
Solicitors	Forsters LLP 31 Hill Street London W1J 5LS Lupton Fawcett Stamford House Piccadilly York YO1 1PP	

CASTLE HOWARD ESTATE LIMITED

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CASTLE HOWARD ESTATE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present the strategic report for the year ended 31 January 2021.

Review of the business

Castle Howard is one of Britain's finest stately homes and has been home to the Howard family for more than 300 years. The Castle Howard Estate, featuring over 200 listed buildings and monuments, is approximately 8,800 acres, comprised of farmland, woodland and parkland.

The objective of the company, Castle Howard Estate Limited, which was incorporated in 1950, is to conserve and restore Castle Howard for the benefit of future generations. The company therefore carries out a diverse range of business activities associated with being a heritage destination with land ownership.

Since incorporation millions of pounds have been committed to the conservation and essential repairs of Castle Howard's landscape, buildings and monuments. Income generated through tourism and estate businesses is supplemented where possible by grants from organisations such as Historic England and Natural England.

The business is carried out for profit but invests all free cashflow in essential repairs, conservation and restoration. The profit on ordinary activities for the year amounted to £5,770,039 (2020: £2,110,800 loss), this includes £7,546,010 of upwards property revaluation (2020: downwards £1,424,812) on the company's investment property portfolio. Accumulated gains in the profit and loss reserves carried forward at 31st January 2021 are £23,281,176 (2020: £21,602,401).

The year to 31 January 2021 has been an extraordinary period and, like most businesses in the UK, Castle Howard Estate Limited faced challenges it has never had to face before, with the government imposed restrictions and the loss in early 2020 of both the groups market and the international market. As a result the impact to Castle Howard Estate Limited's trading has been significant. Turnover saw a decrease of 26.7% in the year. Total visitors to the house and grounds were 160,102 (PY 274,593) down by 41.7%. As a result the focus of management has had to be redirected almost solely to responding to, and where possible mitigating the impact of the COVID-19 crisis on the business. It undertook a significant restructuring in order to both reduce ongoing operational and overhead costs and to improve staffing flexibility throughout the seasons. These cost efficiencies together with government aid, primarily in the form of the Coronavirus Job Retention Scheme and the Cultural Recovery Fund For Heritage, significantly reduced the impact of this revenue shortfall on the operating loss.

The company's profit and loss account still reflects the company's strategy to address, where possible, the conservation needs and carry out repairs. During the year the business received a Historic England Capital Grants Fund to fund urgent repair work to the East Wing Roof.

CASTLE HOWARD ESTATE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

Principal risks and uncertainties

The longer term implications of the COVID pandemic on visitor numbers are still not yet fully understood especially in relation to the groups market and inbound tourism. However, the business is experiencing a higher demand for domestic holidays ('stay-cations') and a shift in UK consumer demand for locally sourced and made produce. There also remain concerns over the impact to the business of COVID on staff absenteeism, so COVID operational protocols remain in operation across the business.

The impact of Brexit on both the employment market and the supply chain are seen as key uncertainties for the business. Recruitment of staff, especially hospitality staff, is proving very challenging, preventing the business from opening up all its outlets and providing a full catering offer. Management are now having to review pay rates in order to remain competitive as part of its wider recruitment strategy.

In any one year the weather and timings of national holidays has an impact on the business, but with a diverse portfolio of income streams, it is expected that this impact can be managed over the longer term.

The Company is financed by cash flow and by variable and fixed rate term debt. Interest rate exposure is considered to be low, so no hedging is undertaken.

The company holds or issues financial instruments in order to achieve three main objectives, being:

- a. to finance its operations;
- b. to fund essential maintenance and conservation work; and
- c. for trading purposes.

The company monitors credit risk closely and considers that its current policies of credit checks meets its obligations of managing exposure to credit risk. The company has no significant concentrations of credit risk. Amounts shown in the Balance Sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Looking forward to the 2021/22 year the focus of the business will be to look at ways to further diversify the business's income streams, to exploit opportunities such as filming, wild camping, lodges and the touring market as well as other opportunities through the digital space in terms of both content and delivery. Another key initiative will be to continue to grow and develop the current volunteer teams. The business will also continue to take advantage of all applicable Coronavirus Grants, Reliefs and Loans, including the Job Retention Scheme. The business has also been awarded significant funding from the Government's £1.57 billion Culture Recovery Fund.

Despite the challenging environment, it is evident that areas such as memberships, grounds visitors, the garden centre, the farm shop, the holiday park and the holiday cottages will perform strongly through 2021.

The directors have secured appropriate funding to fulfill forecast expenditure for the coming year.

Key performance indicators

The Company does not have any specific key performance indicators, other than those that can be calculated from the financial statements.

CASTLE HOWARD ESTATE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

On behalf of the board

The Hon. N P G Howard
Director

22 October 2021

CASTLE HOWARD ESTATE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their annual report and financial statements for the year ended 31 January 2021.

Principal activities

The principal activity of the company is that of an Estate Company carrying on activities relating to land ownership.

Results and dividends

The results for the year are set out on page 9.

The profit for the year, after taxation, amounted to £5,770,039. The directors have not recommended a dividend.

No preference dividends were paid.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

The Hon. N P G Howard

Mr G F G Howard

The Hon. P C W Howard

(Resigned 3 August 2020)

Mrs V Barnsley

Mr R Sebag-Montefiore

(Appointed 17 August 2020)

Future developments

The company continues to explore new and existing business opportunities to enable it to continue to maintain the historic buildings and landscape of the Castle Howard Estate.

Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

The Hon. N P G Howard

Director

22 October 2021

CASTLE HOWARD ESTATE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CASTLE HOWARD ESTATE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CASTLE HOWARD ESTATE LIMITED

Opinion

We have audited the financial statements of Castle Howard Estate Limited (the 'company') for the year ended 31 January 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CASTLE HOWARD ESTATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CASTLE HOWARD ESTATE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

CASTLE HOWARD ESTATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CASTLE HOWARD ESTATE LIMITED

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and a review of legal expenses incurred. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Daniel Sowden (Senior Statutory Auditor)
For and on behalf of BHP LLP

25 October 2021

Chartered Accountants
Statutory Auditor

Rievaulx House
1 St Mary's Court
Blossom Street
York
North Yorkshire
YO24 1AH

CASTLE HOWARD ESTATE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £	2020 £
Turnover	3	7,769,483	10,594,316
Cost of sales		(7,734,306)	(8,728,841)
Gross profit		35,177	1,865,475
Administrative expenses		(1,563,852)	(1,881,754)
Other operating income		1,022,018	-
Profit/(loss) on disposal of fixed assets		125,970	27,885
Operating (loss)/profit	4	(380,687)	11,606
Interest receivable and similar income	7	567	815
Interest payable and similar expenses	8	(235,278)	(222,092)
Amounts written off investments	9	7,546,010	(1,424,812)
Profit/(loss) before taxation		6,930,612	(1,634,483)
Tax on profit/(loss)	10	(1,160,573)	(476,317)
Profit/(loss) for the financial year		5,770,039	(2,110,800)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CASTLE HOWARD ESTATE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2021

	2021	2020
	£	£
Profit/(loss) for the year	5,770,039	(2,110,800)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>5,770,039</u>	<u>(2,110,800)</u>

CASTLE HOWARD ESTATE LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11	134,259		84,552	
Tangible assets	12	26,274,163		25,541,275	
Heritage assets	12	483,903		483,903	
Investment properties	13	54,324,691		48,984,456	
		<u>81,217,016</u>		<u>75,094,186</u>	
Current assets					
Stocks	14	1,268,696		1,262,354	
Debtors	15	1,284,725		1,220,838	
Investments	16	15,264		14,697	
Cash at bank and in hand		2,465,081		1,106,214	
		<u>5,033,766</u>		<u>3,604,103</u>	
Creditors: amounts falling due within one year	17	(1,764,554)		(1,639,616)	
Net current assets		<u>3,269,212</u>		<u>1,964,487</u>	
Total assets less current liabilities		<u>84,486,228</u>		<u>77,058,673</u>	
Creditors: amounts falling due after more than one year	18	(6,195,985)		(5,699,042)	
Provisions for liabilities		<u>(8,213,671)</u>		<u>(7,053,098)</u>	
Net assets		<u><u>70,076,572</u></u>		<u><u>64,306,533</u></u>	
Capital and reserves					
Called up share capital	22	90,000		90,000	
Share premium account		448,100		448,100	
Other reserves		46,257,296		42,166,032	
Profit and loss reserves		23,281,176		21,602,401	
Total equity		<u><u>70,076,572</u></u>		<u><u>64,306,533</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 22 October 2021 and are signed on its behalf by:

The Hon. N P G Howard
Director

Mrs V Barnsley
Director

Company Registration No. 00480214

CASTLE HOWARD ESTATE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2021

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 February 2019	90,000	448,100	44,485,417	21,393,816	66,417,333
Year ended 31 January 2020:					
Loss and total comprehensive income for the year	-	-	-	(2,110,800)	(2,110,800)
Transfers	-	-	(2,319,385)	2,319,385	-
Balance at 31 January 2020	90,000	448,100	42,166,032	21,602,401	64,306,533
Year ended 31 January 2021:					
Profit and total comprehensive income for the year	-	-	-	5,770,039	5,770,039
Transfers	-	-	4,091,264	(4,091,264)	-
Balance at 31 January 2021	90,000	448,100	46,257,296	23,281,176	70,076,572

CASTLE HOWARD ESTATE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash absorbed by operations	28	(114,998)	(79,300)
Interest paid		(235,278)	(222,092)
Net cash outflow from operating activities		<u>(350,276)</u>	<u>(301,392)</u>
Investing activities			
Purchase of intangible assets		(64,561)	(14,076)
Proceeds on disposal of intangibles		-	(70,476)
Purchase of tangible fixed assets		(480,853)	(866,110)
Proceeds on disposal of tangible fixed assets		-	93,559
Investment property additions		(145,148)	(26,760)
Proceeds on disposal of investment property		1,925,894	463,718
Proceeds on disposal of investments		(567)	(815)
Receipts arising from loans made		(34,502)	6,191
Interest received		567	815
Net cash generated from/(used in) investing activities		<u>1,200,830</u>	<u>(413,954)</u>
Financing activities			
Repayment of borrowings		-	(13,195)
Bank loan movements		508,313	499,975
Net cash generated from financing activities		<u>508,313</u>	<u>486,780</u>
Net increase/(decrease) in cash and cash equivalents		<u>1,358,867</u>	<u>(228,566)</u>
Cash and cash equivalents at beginning of year		1,106,214	1,334,780
Cash and cash equivalents at end of year		<u><u>2,465,081</u></u>	<u><u>1,106,214</u></u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Company information

Castle Howard Estate Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Estate Office, Castle Howard, York, YO60 7DA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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).

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks and after having considered the impact of the COVID-19 pandemic and the impact of Brexit.

The directors have specifically considered the current COVID-19 environment on the business in the financial planning over the next 12 months and with the lifting of government restrictions and the government vaccination programme it is not anticipating any further significant lockdown periods going forward.

At the very least, based on the experience to date, the Company's wider estate operations will remain open, as well as the Grounds, the Adventure Playground, the Garden Centre and the Farm Shop. The main income stream that is likely to be continued to be significantly impacted is from visitors to the Main House, due to the continued depressed groups market and the low levels of international tourism. Whilst the situation continues to evolve, making scenario planning difficult, the company monitors its funding position and its liquidity risk throughout the year to ensure it has access to sufficient funds to meet forecast cash requirements.

Cash forecasts are regularly produced based on scenario modelling and the Company's latest understanding. This scenario modelling would indicate that throughout a severe but plausible downside scenario, the Company will continue to have significant liquidity headroom. To help mitigate this risk to liquidity, the Company has received a loan of £4.5m from the government's Culture Recovery Fund: Repayable Finance (Round Two) and at the date of signing had circa £6.9m cash in the bank and has an overdraft facility of £500,000 with Coutts Bank. The Company has also identified, within the property portfolio, several non-core properties, that could be sold to generate necessary cash. If required, the Company could also defer capex and conservation development costs planned for the next 12 months.

The directors therefore believe that the Company is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Company will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements.

1.3 Turnover

Turnover represents the amount of entrance fees received, rents receivable and goods and produce sold (stated net of value added tax).

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts and grants is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Grants of a revenue nature are credited to income in the period to which they relate. Grant relating to capital expenditure have been deducted from the costs of the relevant assets to which they relate.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Digital guide	5 years
Land entitlements	7 years

1.5 Tangible fixed assets

Castle Howard is known as one of England's finest historic houses, on which work began in about 1699. The Estate is situated within the Howardian Hills, an Area of Outstanding Natural Beauty, and comprises over 115 listed buildings, monuments, follies, land, ancient woodland and collections.

Freehold land and buildings includes:

- the House
- estate buildings, parkland and other historic assets, monuments and follies (Heritage Assets)
- farmland, farm buildings and other buildings located on the estate.

These are included at deemed cost, being the fair value on 1 February 2014. The fair value of the freehold land and buildings has been arrived at on the basis of a valuation carried out at 31 January 2016 by Savills (UK) Limited Chartered Surveyors, who are not connected with the company.

Preservation Costs:

Expenditure which in the Directors' view is required to restore or conserve individual items, including preservation work on Castle Howard House, other listed buildings, scheduled monuments etc., is recognised in the Profit and Loss Account when it is incurred.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

All other fixed assets are initially recorded at cost.

Tangible fixed assets other than freehold land 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:

Freehold land/ buildings	None/ 50 years
Plant and machinery	5-10 years
Heritage Assets: Exhibits	None

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Heritage assets

Included in the above are purchased and donated exhibits of mixed and varied nature. These are included at cost when this can be established and nil when this is not known, in line with FRS102 Section 34. These assets are not depreciated as the directors believe they have indeterminate lives.

Further information on heritage assets is given in note 27 of the accounts.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Farm livestock, produce, stores and workings in land is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of farm livestock, produce, stores and workings in land.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of investment property

The company holds investment properties that are required under FRS102 to be carried at fair value. An external valuation of the properties was obtained as at 31 January 2016. Since this date, the residential properties valuation has been adjusted in line with the Office of National Statistics' published House Price Index for Ryedale. No adjustment has been made in respect of tenanted farmland as, in the directors' opinion, the rental yields on which the valuation was based have not altered significantly.

Valuation of farm stock

The farm stock valuation is based on the total cost of inputs required to produce the crops. In arriving at the value of the farm stock in hand at the balance sheet date, the costs need to be apportioned across the various crop types. This estimate of the cost allocation is based upon an external report which provides the expected inputs required to produce each crop type.

Deferred tax

The provision for deferred tax represents the directors' best estimate of the future cost to the company due in relation to future gains on sale of investments. The estimate takes into account the current level of unrealised gains on investments at the substantially enacted corporation tax rate at the reporting date, currently set at 19%. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the Balance Sheet date, the proposal to increase the rate to 25% had not been substantively enacted. Substantive enactment occurred on 24 May 2021, therefore its effects are not included in these financial statements.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
The sale of goods	5,368,727	8,180,768
Rental income	1,789,063	1,833,387
Subsidies	238,352	353,279
Commission	24,466	8,702
Other	348,875	218,180
	<u>7,769,483</u>	<u>10,594,316</u>

	2021 £	2020 £
Other significant revenue		
Interest income	567	815
Grants receivable	729,895	-
Coronavirus Job Retention Scheme grant receivable	357,741	-
	<u></u>	<u></u>

	2021 £	2020 £
Turnover analysed by geographical market		
UK	<u>7,769,483</u>	<u>10,594,316</u>

4 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the company's auditors for non audit services	8,000	8,000
Fees payable to the company's auditor for the audit of the company's financial statements	27,000	27,575
Depreciation of owned tangible fixed assets	298,964	253,349
Amortisation of intangible assets	14,854	-
Operating lease charges	21,187	19,849
	<u></u>	<u></u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Full time	63	69
Part time	58	101
Total	121	170

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,597,236	3,471,803
Social security costs	212,583	285,567
Pension costs	149,939	217,041
	2,959,758	3,974,411

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	196,157	262,597

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	n/a	165,943

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

The number of directors for whom retirement benefits are accruing amounted to nil (2020: nil)

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	567	815

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	567	815
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	235,278	222,092
	<u> </u>	<u> </u>

9 Amounts written off investments

	2021	2020
	£	£
Changes in the fair value of investment properties	7,546,010	(1,424,812)
	<u> </u>	<u> </u>

10 Taxation

	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	1,160,573	476,317
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit/(loss) before taxation	6,930,612	(1,634,483)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,316,816	(310,552)
Tax effect of expenses that are not deductible in determining taxable profit	-	283,176
Tax effect of income not taxable in determining taxable profit	(1,433,742)	(15,770)
Change in unrecognised deferred tax assets	(98,345)	70,453
Other permanent differences	-	682,182
Chargeable gains / (losses)	1,399,779	(229,162)
Other	(23,935)	(4,010)
	<u> </u>	<u> </u>
Taxation charge for the year	1,160,573	476,317
	<u> </u>	<u> </u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

11 Intangible fixed assets

	Digital guide	Land entitlements	Total
	£	£	£
Cost			
At 1 February 2020	84,552	-	84,552
Additions	42,740	21,821	64,561
At 31 January 2021	127,292	21,821	149,113
Amortisation and impairment			
At 1 February 2020	-	-	-
Amortisation charged for the year	14,854	-	14,854
At 31 January 2021	14,854	-	14,854
Carrying amount			
At 31 January 2021	112,438	21,821	134,259
At 31 January 2020	84,552	-	84,552

12 Tangible fixed assets

	Freehold land/ buildings	Plant and machinery	Heritage Assets: Exhibits	Total
	£	£	£	£
Cost				
At 1 February 2020	24,606,000	4,404,247	483,903	29,494,150
Additions	-	480,853	-	480,853
Disposals	-	(553)	-	(553)
Transfer from investment property	551,000	-	-	-
At 31 January 2021	25,157,000	4,884,547	483,903	30,525,450
Depreciation and impairment				
At 1 February 2020	137,832	3,331,140	-	3,468,972
Depreciation charged in the year	22,972	275,992	-	298,964
Eliminated in respect of disposals	-	(552)	-	(552)
At 31 January 2021	160,804	3,606,580	-	3,767,384
Carrying amount				
At 31 January 2021	24,996,196	1,277,967	483,903	26,758,066
At 31 January 2020	24,468,168	1,073,107	483,903	26,025,178

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

13 Investment property

	2021 £
Fair value	
At 1 February 2020	48,984,456
Additions through external acquisition	145,148
Transfers to owner-occupied property	(551,000)
Disposals	(1,799,923)
Net gains or losses through fair value adjustments	7,546,010
	<u>54,324,691</u>
At 31 January 2021	<u>54,324,691</u>

Investment property comprises rental properties and tenanted farmland. The Directors have considered the fair value of the investment property and using available information and qualified internal resources have increased the value of the residential properties by 24% (2020: decreased by 4.2%) on the valuation carried forward in the prior years financial statements which was derived from a valuation completed at 31 January 2016 by Savills (UK) Limited Chartered Surveyors, who are not connected with the company. This is in line with the Office of National Statistics' published House Price index for Ryedale, for the 12 months ending 31 January 2021. No adjustment has been made in respect of tenanted farmland.

14 Stocks

	2021 £	2020 £
Raw materials and consumables	15,643	40,027
Work in progress	719,761	813,912
Finished goods and goods for resale	533,292	408,415
	<u>1,268,696</u>	<u>1,262,354</u>

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	336,144	265,717
Other debtors	312,142	86,485
Prepayments and accrued income	636,439	868,636
	<u>1,284,725</u>	<u>1,220,838</u>

16 Current asset investments

	2021 £	2020 £
Unlisted investments	15,264	14,697

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	19	72,110	60,740
Trade creditors		709,361	571,653
Taxation and social security		51,911	187,614
Other creditors		184,557	314,235
Accruals and deferred income		746,615	505,374
		<u>1,764,554</u>	<u>1,639,616</u>

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	<u>6,195,985</u>	<u>5,699,042</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	<u>6,195,985</u>	<u>5,695,985</u>
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19 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>6,268,095</u>	<u>5,759,782</u>
Payable within one year	72,110	60,740
Payable after one year	<u>6,195,985</u>	<u>5,699,042</u>

The bank loans are secured on certain land and properties owned by the company.

There are four different interest rates on the loans, 1.60% variable with a margin of 0.85% above AMC base rate, 2.55% above AMC base rate, 3.96% and 4.11% fixed rate. The maturity of the loans varies between 1 year and 28 years.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Timing differences	(8,786)	(14,640)
Investment property	7,977,395	6,818,312
Freehold	245,062	249,426
	<u>8,213,671</u>	<u>7,053,098</u>
Movements in the year:		2021 £
Liability at 1 February 2020		7,053,098
Charge to profit or loss		1,160,573
Liability at 31 January 2021		<u>8,213,671</u>

Deferred tax has been provided on the revaluation of investment properties to fair value and the revaluation of freehold properties on the transition to FRS 102.

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>149,939</u>	<u>217,041</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Included in other creditors at the year end was £11,500 (2020: £24,135) owed to the pension scheme.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

22 Share capital

	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Preference share capital		
Issued and fully paid		
80,000 10% Non-cumulative preference shares of £1 each	80,000	80,000
	<u> </u>	<u> </u>
Total equity share capital	<u>90,000</u>	<u>90,000</u>

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	19,414	21,187
Between two and five years	15,163	34,577
	<u>34,577</u>	<u>55,764</u>

Lessor

The operating leases represent leases of both residential and commercial property to third parties.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	421,910	470,238
Between two and five years	357,630	573,504
In over five years	647,130	689,731
	<u>1,426,670</u>	<u>1,733,473</u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	-	71,947
	<u> </u>	<u> </u>

25 Related party transactions

At the Balance Sheet date amounts due to Directors totalled £124,581 (2020: £248,561).

During the year there were sales of £5,993 (2020: £613) to Castle Howard Arboretum Trust, a charity that The Hon. N P G Howard and Mrs V Barnsley were trustees of during the year. There were also sales of £nil (2020: £256) to The Arboretum Trust Trading Company, which is a wholly owned trading subsidiary of Castle Howard Arboretum Trust. There was £3,907 (2020: £nil) owed from Castle Howard Arboretum Trust at the year end.

During the year rental income of £36,960 (2020: £36,960) was received from and payments of £nil (2020: £80) were made to Grange Farm (Bulmer) Limited, a company in which CHEL holds a 2.5% share. There was no balance outstanding at the year end.

During the year £708 was paid to The English Heritage Trust (2020: received £275), a charity that Mrs V Barnsley is a trustee of. There was £354 (2020: £nil) owed to The English Heritage Trust at the year end.

During the year key management personnel compensation amounted to £360,766 (2020: £595,674).

26 Ultimate controlling party

There is no ultimate controlling party of the company.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

27 Heritage assets

The world famous Grade I listed mansion house and designed landscape (which is itself a Grade I Registered Park and Garden) are an enormously popular heritage attraction, welcoming over 200,000 visitors each year. The mansion house is made instantly recognisable by its splendid dome, designed by Sir John Vanbrugh. Thanks to a successful television dramatisation, the majestic view across the Great Lake to the North façade has become strongly associated in many people's minds with Evelyn Waugh's classic novel *Brideshead Revisited*.

In addition the estate comprises an outstanding combination of listed buildings and scheduled monuments. Several nationally important collections are contained within the Estate: horticultural, buildings, statuary and follies as well as many works of art. There is an exceptional archive of historic maps and estate papers relating to the development of the designed landscape and the English Landscape Movement, as well as a rare archive of botanical surveys

The Company occasionally makes items from the collections available on loan to museums and other institutions for public display. It also accepts collections of paintings, furniture, statuary etc. on loan from other owners, for display in and around the House. At any one time the greater part of the collections is on display, while the remaining items are in storage or in rooms not open to the public, awaiting restoration or rotation as appropriate. Access to exhibits is permitted to scholars and others for research purposes, subject to agreement by the Directors.

Preservation and Management

The collections are managed by a Curator, who reports to the Directors in accordance with policies approved by the Directors.

The Curatorial Department is responsible for managing and safeguarding the collections at Castle Howard, including the archives, facilitating research projects and disseminating information about Castle Howard and its history.

The Estate Office and the Curatorial Department keep registers of the heritage assets for which they are respectively responsible.

Over the last five decades more than £9m has been committed to conservation and essential repairs of Castle Howard's heritage assets; this is in addition to regular spending on maintenance and management. It is estimated that at least £50m is required to improve, restore or conserve listed buildings, and another £15m to bring them back to economical use. Additional expenditure is also required on the ancient trees and woodlands that give the Estate its character.

In 2008 a Conservation Management Plan was drawn up. An executive summary can be found at www.castlehoward.co.uk, or the full plan can be obtained by writing to The Estate Office, Castle Howard, York YO60 7DA.

Five year financial summary of heritage asset transactions:

There have been no additions or disposals of the House, estate buildings, parkland and other historic assets, monuments and follies (excluding exhibits), in the last five years.

	Year to 31.01.17	Year to 31.01.18	Year to 31.01.19	Year to 31.01.20	Year to 31.01.21
	£	£	£	£	£
Exhibits					
Opening balance b/fwd:	464,880	434,580	434,580	434,580	483,903
Additions and improvements	17,000	-	-	49,323	-
Disposals	(28,500)	-	-	-	-
Revaluations	(18,800)	-	-	-	-
Closing balance c/fwd	434,580	434,580	434,580	483,903	483,903

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

28 Cash absorbed by operations

	2021 £	2020 £
Profit/(loss) for the year after tax	5,770,039	(2,110,800)
Adjustments for:		
Taxation charged	1,160,573	476,317
Finance costs	235,278	222,092
Investment income	(567)	(815)
Amortisation and impairment of intangible assets	14,854	-
Depreciation and impairment of tangible fixed assets	298,964	253,349
Amounts written off investments	(7,546,010)	1,424,812
(Profit)/Loss on disposal of fixed assets	(125,970)	(27,885)
Movements in working capital:		
Increase in stocks	(6,342)	(162,626)
Increase in debtors	(29,385)	(380,003)
Increase in creditors	113,568	226,259
Cash absorbed by operations	<u>(114,998)</u>	<u>(79,300)</u>

29 Analysis of changes in net debt

	1 February 2020 £	Cash flows £	31 January 2021 £
Cash at bank and in hand	1,106,214	1,358,867	2,465,081
Borrowings excluding overdrafts	<u>(5,759,782)</u>	<u>(508,313)</u>	<u>(6,268,095)</u>
	<u>(4,653,568)</u>	<u>850,554</u>	<u>(3,803,014)</u>

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