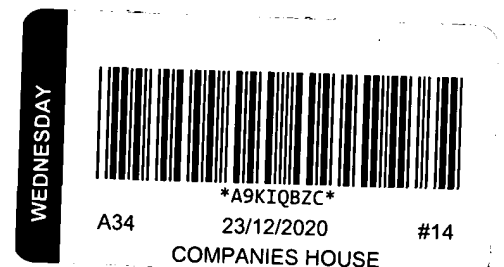




Company Registration No.1172263 (England and Wales)
Charity Registered No.268354 (England and Wales)

LEEDS CASTLE FOUNDATION

REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020



LEEDS CASTLE FOUNDATION

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ADMINISTRATIVE DETAILS

Trustees	Mr Niall F R Dickson CBE (Chairman) The Lord Bridges, CVO Mrs Helen Deeble Mrs Anna Eavis Mr Richard G Laing Mr Jonathan B Neame, DL Mrs Laura C A Nesfield Mr Andrew Ross Mr Adrian J Tinniswood OBE Mr Thomas C Wright, CBE
Company Secretary	Mr R Richman
Charity Number	268354
Company number	1172263
Registered Office	Leeds Castle Broomfield Nr. Maidstone Kent ME17 1PL
Statutory Auditors	Crowe U.K. LLP Riverside House 40-46 High Street Maidstone Kent ME14 1JH
Bankers	Royal Bank of Scotland London Corporate Banking Centre PO Box 39952 21/2 Devonshire Square London EC2M 4XJ
Investment manager	Ruffer LLP 80 Victoria Street London SW1E 5JL

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ADMINISTRATIVE DETAILS

Sub-committee membership

Finance, Audit and Risk Committee	Mr Richard G Laing The Lord Bridges, CVO Mr Thomas C Wright, CBE	Chairman
Investment Committee	Mr Andrew Ross Mr Richard G Laing Mrs Laura C A Nesfield	Chairman
Nominations Committee	Mr Niall F R Dickson, CBE The Lord Bridges, CVO Mr Richard G Laing	Chairman
Directors, Leeds Castle Enterprises Ltd	Mr Thomas C Wright, CBE Mr Niall F R Dickson, CBE Mr David Bridgford Mrs Helen Deeble Mr Robin Richman	Chairman Finance Director and Secretary
Senior Management Team of the Foundation	Mr R Richman Mrs D Matthews Mrs J Creasey Mr S Guy Mrs A Kemkaran-Smith Mr J Jordan	Interim Chief Executive & Finance Director Sales & Marketing Manager Human Resources Manager Operations Manager Curator Estate Services Manager

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Trustees of the Leeds Castle Foundation, (Charity number: 268354 and company registration number: 1172263), who are also the directors of the charity, present their report and the financial statements for the Foundation and its trading subsidiary (the group) for the period ended 31 March 2020. These have been prepared in accordance with the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2015) and the Companies Act 2006.

Accounts have been prepared this year for the period from 1 April 2019 to 31 March 2020. The Foundation regularly alters its financial year end to ensure there is only one Easter Bank Holiday weekend within each financial year, but this was not necessary for either year covered by this report.

Objects

The Foundation's objects are wide ranging, and are set out in full in the memorandum and articles. However, the key focus of the charity is best summarised as follows:

1. To preserve the Castle and its estate for public benefit.
2. To provide an excellent, enjoyable and authentic experience for every visitor.
3. To inspire visitors of all ages through educational resources and facilities.
4. To promote health and other charitable purposes.

Strategic Report

Sections in this report noted below constitute the Strategic Report for the purposes of the Companies Act 2006:

- Review of the year.
- Incoming resources.
- Costs and application operating surpluses.
- Reserves Policy.
- Investment Policy and Objectives
- Core Activities – Public Benefit.
- Plans for the Future.
- Risk.
- Section 172 Statement.

Review of the year

This has been another successful year for the Foundation and its staff as it celebrated the 900th anniversary of the first stone Castle which was built in 1119. We have given pleasure to hundreds of thousands of visitors and guests who have enjoyed the beautiful and tranquil surroundings of the estate as well as the iconic building, which together reflect the history of England and Great Britain, But the end of the year was marred by the Covid-19 pandemic, please refer to page 10 of the Trustee report.

The Foundation continues to be in good health, and has been able to withstand external buffeting, while investing in major long-term conservation and development. A good performance over the year has released further funds to accelerate some projects, including significant internal refurbishments of the Lady Baillie Suite and Yellow Drawing Room.

Like all charities we face uncertainties from weather, currency fluctuations, local developments and tourist flows, as well as a host of other trends. Yet we remain one of the most visited historic settings in the country, and the Foundation continues to maintain and develop a respected position in the local community, providing a valued

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resource for local people and tourists while supporting other charities. The Foundation has also been able to carry out significant maintenance and repairs without the need to call on accumulated reserves.

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Strategic Plan and underlying budget for 2019/20 was based on a realistic, though challenging target of attracting 520,000 day visitors to the estate. Through the early months of the year we did not meet this target largely as a result of bad weather, but excellent numbers between Christmas and the end of the financial year meant we finished almost exactly to plan. However, the recently introduced ticketing system, which was well received by visitors, resulted in a significantly improved yield. When those attending events and using our hospitality and accommodation are added, the site overall attracted more than 700,000 people.

It is not only important that Leeds Castle and its estate are conserved but that development in the surrounding area does not inflict damage on what is a major national asset. This year we continued to work closely with other local and national organisations to oppose developments which would seriously harm the setting in which the castle operates. The Foundation remains committed to doing whatever it can to encourage sympathetic improvements but will vigorously defend the beauty, peace and tranquillity of the estate and do everything it can to make sure it is accessible and preserved for future generations.

Incoming resources

Total incoming resources increased by £180,000 over the last year as a result of increased visitor numbers and yields.

Special events held during the year have generated additional income and enabled large numbers to enjoy theatre, music and firework display with the Castle as a backdrop. Unfortunately, the first of the two fireworks displays had to be cancelled on safety grounds, as winds exceeded acceptable levels to proceed, but we were fortunate this was covered by insurance. The Christmas market, in its sixth year and offered in conjunction with the traditional Christmas decoration of the Castle, brought high visitor numbers to the Castle grounds over the four weekends in which it operated in spite of the poor condition of the car parks which did not have the opportunity to recover from the very wet autumn period.

Hospitality and accommodation sales were slightly behind expectation for the year, but still contributed over £650,000 showing the importance of this income stream. The investment programme funded by our catering contractors has enabled continuing improvements in the service we can offer. The evening restaurant is now an established feature and has provided a popular additional dimension to the bed and breakfast service which itself has expanded significantly in recent years. Importantly this aspect of our work, and hospitality in general generates income which is more insulated from the impact of bad weather, in contrast to day visitor revenues. The trading company, Leeds Castle Enterprises which oversees this activity again performed well, achieving operating profits of £846,000 to support the Foundation.

Costs and application of operating surpluses

We continue to focus on managing our costs, a discipline which will be a key focus in the coming year.

At the same time, there will always be a need for considerable investment programme, not least in the fabric of the castle buildings. In addition to planned and preventative maintenance, there are times when unexpected repairs are required. The operating surplus will be used to continue the preservation of the castle and enhancing the visitor experience, particularly the restoration of the castle interiors as part of a wider presentation strategy.

In line with the agreed three year pension deficit reduction plan, we also made a special contribution of £105,000 towards the Leeds Castle Retirement Benefits Scheme. The scheme has been closed to new members since 2005. A further triennial revaluation was undertaken as at 1st April 2019 and contributions will increase to £140,00 with effect from 1st April 2020 for a period of six years to 31st March 2026.

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Reserves policy

The reserves policy is reviewed annually by the Trustees, taking into account the predominant risks to the Foundation and its anticipated working capital requirements.

The review of risk highlights major events, such as a fire, which would have a severe impact on income, which can be mitigated by both direct and business interruption insurance cover. The impact on income of other risks, however, such as closure or periods of low visitor numbers as a consequence of prolonged bad weather or other factors, are uninsurable. In recent years, to mitigate these risks, Trustees have invested to diversify income generation, reducing the dependence on day visitors. The Trustees have concluded that funds are required to be held as free reserves to enable us to meet regular commitments and working capital requirements should there be short term volatility in revenues. Taking into account core cost needs over a twenty four month period, the Trustees consider it is appropriate to hold free reserves of at least £5m. This figure was reconsidered post year end in response to COVID-19.

At 31 March 2020, the total consolidated funds in the accounts stand at £20.9m, of which £2.8m is restricted and £2.5m relates to unrestricted tangible fixed assets. After deducting the designated funds of £3.0m this leaves general free reserves of £12.6m. This level of reserve, while above the minimum of £5.0m agreed by the Trustees, has been achieved without unnecessarily diverting funds from addressing our charitable purposes.

The Foundation's funds comprise a number of restricted and unrestricted funds within which a number of designations have been made by the Trustees.

Restricted funds comprise the Heritage and Development Fund and the Chattels Fund. The Heritage and Development Fund, is an Expendable Endowment Fund and represents freehold land and buildings classified as functional tangible assets which are considered to be integral to the bequeathed estate. The Heritage and Development Fund relates entirely to the Foundation.

The Chattels Fund represents proceeds from the disposal of heritage assets. These proceeds are to be used solely for the purpose of acquiring replacement heritage assets.

The Trustees have concluded that Designated Reserves should be set up to cover the estimate of potential spending on specific projects which have been identified as part of the five year planning process, in order to:

- Fund the Foundation's primary responsibility of preserving and maintaining the Castle and its collections
- Invest in developments to enhance the visitor experience and understanding of the Castle.
- Develop income generating opportunities.
- Improve or replace operating facilities.

As at 31 March 2020, the Designated Reserves have been assigned to:

- Castle collection presentation.
- New hospitality visitor reception facility.
- Development of additional indoor space to mitigate weather impact
- Oral history project

In addition, the Foundation carries business interruption insurance to cover the cost of core liabilities in the event that the Castle was unable to generate income as a consequence of exceptional insurable incidents.

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Investment policy and objectives

a) Investment land and properties

Investment land and properties relate to interests in land and buildings which are held for their investment potential, and which are not used by the Foundation or its subsidiary the group in the course of their operations, other than for generating rental income. These properties are considered annually by the Investment Committee as part of its review of the combined portfolio of properties and other investments.

b) Cash and managed investments

The fundamental objective in managing the investment assets is to generate a rate of return to help meet the Foundation's charitable objectives.

In 2019 the Trustees reviewed and ratified the investment policy, which states that the portfolio should achieve a rate of return of RPI plus 2% over the long term, and that the rate in any particular year should not be negative. The Trustees also undertook a review of the manager's performance against this objective and confirmed Ruffer LLP to be an appropriate manager to deliver this level of performance, but committed to a fuller review and tender process in 2020. Ruffer performance in 2019/20 of 5% compares with RPI plus 2% at 4.5%, fund value £6,887,000.

Core Activities

Public benefit

The Trustees referred to the Charity Commission's guidance on public benefit when reviewing the aims and objectives and in planning the future activities. In particular, the Trustees considered how planned activities will contribute to the aims and objectives they have set. The Trustees are confident that the Foundation's current activities deliver public benefit, as follows:

c) Objective 1 – To preserve the castle and its estate for public benefit.

A large proportion of the Foundation's income is devoted to activities which preserve the castle, its collections, the estate buildings, and its grounds.

Lady Baillie Suite

As part of the scheduled ongoing planned representation works, work commenced on both the bedroom and dressing room. This work was not complete at the year end but to date £41,000 had been expended.

Renovation of Castle Bedrooms

Continuing the planned programme of renovation, a further £85,000 was spent in the period on Castle interiors, including specialist fabric and furniture repairs.

Stonework

Surveys and essential repairs in advance of the next phase of major stonework cost £18,000.

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d) Objective 2 – To provide an excellent, enjoyable and authentic experience for every visitor.

At the centre of the Foundation's work is the welcome extended to the hundreds of thousands of visitors who come and enjoy Leeds Castle. They may come for the day, just once; others living more locally take advantage of the free repeat visits. The comments posted on the TripAdvisor website demonstrate high levels of satisfaction, with a wide range of visitors finding interest and enjoyment.

In 2019-20 we introduced an Adventure Golf facility as an added attraction at a small extra charge to visitors. Being a multi-generational activity it has been well received by old and young alike.

The Castle was open for 355 days during the year; on two of the three days it was closed to visitors, it hosted major special events. We believe the annual ticket represents excellent value for money, and the estate provides a safe and beautiful environment for recreation.

This year we continued to invest in a range of initiatives to enrich the experience of our visitors. These have included the development of an App for younger visitors, in addition to expanding our programme of events. The Christmas theme was based on a traditional Christmas and proved to be an outstanding success, running alongside an expanded Christmas market.

e) Objective 3 – To inspire visitors of all ages through educational resources and facilities.

Our education programme is thriving, with workshops, activities and talks for children and students through all the key stages, from the age of 3 - 18. In addition, many children who do not attend the workshops use the materials produced by our education staff to enhance their visits. The creation of a second teaching space has been a success with many more workshops of varying sizes now being able to be run concurrently.

We continue to take part in the Kent Children's University scheme and provide free worksheets for primary school children. The number of worksheets and educational resources downloaded from our website increases each year, and we are delighted that more secondary schools are making use of our materials.

The education team also supports local secondary schools on coursework projects and offers a variety of talks to cover subjects studied at NVQ, Btech, GCSE and A levels. These are also used by adult learning groups.

Education in its widest sense is at the heart of what we aim to deliver for everyone who visits the Castle and its estate.

f) Objective 4 – To promote health and other charitable purposes

The Foundation has continued to promote healthy living. The Leeds Castle Triathlon was once again a great success with almost 900 participants swimming in the castle moat before setting off on their cycle and run. The Triathlon has recently been recognised with national competition status and we will build on the event.

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The creation of a membership scheme for the golf course, together with extensive investment in both the course and the clubhouse has begun to pay dividends. In spite of difficult market conditions in which golf has become less popular, we have seen a significant revival and are on track to bring the golf operation back into surplus in the coming year. From a standing start we now have nearly 430 members who take an active interest in the course. 23,270 rounds were played last year.

The Foundation welcomes walkers and ramblers who enjoy the grounds on the public footpaths. We continue to support the Leeds and Broomfield Cricket Club and have worked with other charities on fundraising initiatives using the Castle's facilities. We have again provided support and facilities for Youth Cancer Support and again offered a site for a Supercar Event and held a dinner to support the Royal Marines and Royal Navy Children's Fund, raising significant sums to help the children of servicemen and women.

We continue to support local communities and charities by offering access to the Castle, whether through the provision of more than 1,100 free family tickets for auctions and raffles. The grounds were used for three charity fun run events; local schools and youth groups from the surrounding villages were also able to use the Castle grounds for activities; and we provided support to local cricket clubs, schools and other parish events.

Plans for the future

Work continues in developing plans to represent the interiors of the Castle in an up to date and inclusive way. Car parking remains a concern, with wet autumn periods resulting in considerable damage in advance of the busy Christmas season. Structural changes to the visitor reception centre will allow better utilisation of staffing and provide a better experience for visitors. Additional indoor space outside of the Castle has been identified to give additional operational area unaffected by the weather. However, Covid-19 is impacting our longer term projects and planning.

Risk

The Charity has an active risk management policy. The Risk Register was fully revised during the year and is subject to quarterly review and scrutiny by the Foundation's Finance, Audit and Risk Committee. This has enabled staff and Trustees to identify key risks more accurately and to manage them more effectively.

The upkeep of the Castle and the estate is a heavy, largely fixed cost that must be borne irrespective of the fortunes of our trading activities. Apart from some catastrophic disaster such as fire, the most critical risk for the charity is - for whatever reason - failing to generate sufficient income to support that cost. The Foundation encourages its trading subsidiary to explore diversified sources of income continuously.

To manage any catastrophic occurrence we have reviewed business continuity this year and have produced a comprehensive plan designed to restore us to operational capacity as quickly as possible. One example of this is the installation of a new generator to supply electricity across the site should the supply from the National Grid fail.

The Foundation takes the health and safety of its staff and visitors very seriously. The management team is committed to ensuring that staff operate safe systems and that visitors are able to enjoy their time with us without incident or accident. All activities on the estate are risk-assessed, and incidents logged with follow-up action closely monitored. An external adviser is contracted to provide specialist advice on health and safety, and we use a computerised risk assessment tool. Given the level of complexity in the Leeds Castle operation, a full-time Health and Safety Officer has been recruited to ensure compliance and to deliver the necessary staff training in all aspects of delivering a safe environment, both for visitors and staff, and to provide the necessary expertise in this specialist area of the business.

Of course there are extraneous risks over which we have little control. The most significant of these is poor weather, which affects both event sales and the core activity of encouraging visitors to the Castle.

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COVID-19

The Estate was closed to operations with effect from Monday 23rd March in accordance with Government instructions. All staff were paid in full to the month end and an orderly shutdown ensued. Accordingly, there were impacts on March revenues, but the most serious cost and revenue implications will impact the 2020/21 financial year.

With effect from the beginning of April a Care and Preservation team of 32 was created, to ensure adequate security, maintenance, administration and forward planning, most of this team were required to work on site, but those who could worked from home if their duties allowed.

All other staff were furloughed under the Corona virus Job Protection Scheme, otherwise known as furlough.

Hospitality and Accommodation sales staff offered all those with bookings an alternative date, and it is encouraging that there is a strong diary of wedding bookings for 2021 if restrictions are lifted, those who did not wish to rebook were refunded.

During the period of closure, the Management team under the direction of the Trustee Board undertook a review of the operational structure of all the aspects of the business. The outcome of the review was a streamlined, more traditional structure, dependent on fewer full-time staff, who would be augmented as required. The restructure and resulting redundancies were approved by the Trustees on 26th June 2020.

Once restrictions were relaxed in June, a successful phase one of reopening the grounds began. In line with other 'Treasure Houses', there was a review of whether those with existing tickets should be compensated. Unlike the National Trust and English Heritage who have annual membership schemes, Castle admissions are donation-based day entry, which by utilising Gift Aid legislation are extended to allow further visits over a period of twelve months. It was decided that any customers buying or renewing their tickets in the period from reopening to 31st December 2020, would have the ability to return for further visits for a fifteen-month period rather than the normal twelve as the estate has had to postpone events and limit admission numbers. Timing arrival booking slots and pre-booking protocols ensured best industry practice was followed.

The Leeds Castle Golf Club reopened with an immediate increase in memberships as people were able to take outdoor exercise in safe surroundings.

In mid-July, phase two of reopening the wider external areas of the estate including playgrounds was well received and the additional safety measures, whilst expensive, were very much appreciated as evidenced by customer feedback.

August then saw the reintroduction of onsite accommodation revenues and Castle interior admissions, all with appropriate booking and hygiene protocols.

Revenues were encouraging. While well behind those achieved in previous years, the overall financial results have been sufficient to evidence the success of the restructuring process.

Group and overseas visitors who in the past accounted for almost a fifth of total visitors, are not anticipated to return in the foreseeable future.

All major events have been postponed to minimise risks both to visitors and the Foundation.

Trustees have decided that additional borrowing would not be sought as the Foundation holds adequate reserves.

Forward modelling into the foreseeable future, at levels similar to those achieved to date, should be adequate cash resources, with potential for considerable improvement once Hospitality and events are able to return.

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Section 172 Statement

The Board of Trustees are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Company, (the "s.172(1) Matters")

Engagement with employees

Enhancing employee engagement is an integral part of the culture of the Foundation. Senior management are actively involved in the engagement of colleagues through weekly departmental updates and monthly electronic communications on wider matters. More recently the Trustees have additionally been focused on mitigating employee risks arising from the COVID-19 pandemic, including how best to support employees physical and mental health and wellbeing whilst working either remotely or onsite.

Engagement with stakeholders

The Trustees recognise the existence of a number of key internal stakeholders. The Trustees remain committed to effective engagement of all stakeholders and are mindful that the Foundation's success depends on its ability to engage effectively, work together constructively and to take stakeholder views into account.

Subject to the current uncertainty involving the COVID-19 pandemic, the Trustees plan to undertake an assessment, for inclusion within next year's annual report, which maps out the current engagement activities associated with each stakeholder group, how the Trustees engage with each group and how they have influenced the Board of Trustees decision-making activities.

Structure, Governance and Management

The Leeds Castle Foundation was established as a company limited by guarantee by the last private owner of the castle, Lady Baillie, to preserve the castle for the benefit of the public. It is governed by its Memorandum and Articles of Association (1974) and it is registered as a charity with the Charity Commission. The Charity is administered by a board of Trustees. As set out in the Articles of Association, the Chairman of the Trustees is elected by his or her fellow Trustees.

The Foundation uses a variety of methods to recruit new Trustees including advertising, head-hunters, and personal contacts. The Board aims to keep the costs of recruitment down but is keen to make sure it is able to access the skills and attributes required. It has a Nominations Committee chaired by the Foundation Chairman supported by two other Trustees. Whenever a vacancy arises, candidates are invited to submit their CV and following shortlisting and subsequent interviews, a recommendation is made to the full Board.

The year saw the appointment of Mr Ross to the board of Trustees bringing a wide range of commercial experience including investments.

By way of induction, new Trustees are provided with a comprehensive briefing pack, and spend a day with the Chief Executive and senior team. If they do not have experience of working with charities, they are offered additional training and support.

The Board's standing subcommittees cover audit (which also addresses finance and risk), investment, nominations, presentation, and strategic development. Two Trustees also sit on the Leeds Castle Retirement Benefits Scheme board.

LEEDS CASTLE FOUNDATION
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The Chief Executive is appointed by the Trustees to advise on strategy and development, and manage the day-to-day operations of the charity. To facilitate effective operations the Chief Executive has authority, within terms of delegation approved by the Trustees, for all operational matters. He is supported by a finance director, who is also company secretary, and a team of senior managers.

The Foundation receives no public funding and has to balance the need to generate income with the impact of commercial activities on the historic buildings and environment.

Remuneration of key management personnel

Key management personnel comprise the senior management team. Salaries for the senior management team are reviewed annually by the Trustees and benchmarked against other members of the Treasure Houses Association.

Employee involvement and disabled persons

The management of Leeds Castle Foundation and its subsidiary Leeds Castle Enterprises Limited (which together form the group) establish and maintain close communication with staff and other employees, to ensure all are fully informed about the progress of the group's activities. There are informal and formal information exchange procedures, feedback sessions at all levels as well as individual performance development sessions with all members of staff in place. Success is celebrated with an annual awards ceremony and when financial circumstances permit, a performance-related bonus scheme. We provide a workplace that offers equality of opportunity for all our staff, whatever their gender, religion, sexual orientation, age or physical ability.

With effect from 2017 a plan to use volunteer support across several areas of operations was introduced, most notably supporting the gardens and Falconry teams. This initiative was further developed in the year and now includes visitor facing Castle stewards.

Fundraising

The charity carries out its fundraising in a fair and responsible way and ensures that funds raised are spent effectively to bring maximum benefit to the beneficiaries. The charity strives to ensure that its fundraising activities are conducted to the highest level of quality and safety. The approach is donor focused and designed to ensure that donors enjoy and benefit from their engagement with the charity.

Whilst it strives to perform to the highest standards in everything it does, it may not always get it right. Should a complaint be received, it will be fully investigated, and efforts will be made to correct any shortcomings highlighted. The charity received no complaints during the year under review. The Trustees recognise the importance of the reputation of the charity in maintaining the trust and confidence of its donors and this principle sits at the heart of all fundraising activities.

Governance

The Trustees note the issue of the Charity Code of Governance and are reviewing the charity's governance procedures based upon its recommendations.

LEEDS CASTLE FOUNDATION
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Trustees Responsibility

The Trustees (who are also directors of Leeds Castle Foundation 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 appropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper 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. They are also responsible for safeguarding the assets of the charitable company and the group 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 charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Crowe U.K. LLP were appointed as auditors in the year and have expressed their willingness to remain in office.

The Report of the Trustees, which includes the Strategic Report, was approved by the Board on 11th December 2020 and signed on their behalf by:



Niall Dickson
.....
Mr Niall F R Dickson CBE
Chairman of Trustees

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Leeds Castle Foundation for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, consolidated balance sheet, foundation balance sheet, consolidated cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and the charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources 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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- The parent company has not kept adequate accounting records; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Responsibilities of trustees

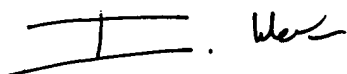
As explained more fully in the trustees' responsibilities statement set out on page XXX, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group's or the charitable 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 trustees either intend to liquidate the charitable 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report



Ian Weekes
(Senior Statutory Auditor)
For and on behalf of

Crowe U.K. LLP

**Chartered Accountants
Statutory Auditors**

Maidstone, Kent

Date: 21st December 2020

LEEDS CASTLE FOUNDATION

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD ENDED 31 MARCH 2020**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income and endowments from					
Donations and legacies	6	11	-	11	13
Other trading activities	7	5,358	-	5,358	5,463
Investments	8	134	-	134	133
Charitable activities	9	6,054	-	6,054	5,768
Total income and endowments		11,557	-	11,557	11,377
Expenditure on					
Raising funds	7	(5,170)	-	(5,170)	(4,915)
Charitable activities	9	(6,481)	-	(6,481)	(6,662)
Total expenditure		(11,651)	-	(11,651)	(11,577)
Net (losses)/gains on investments	22	354	-	354	(145)
Net income/(expenditure)		260	-	260	(345)
Other recognised gains/(losses)					
Gains/(losses) on revaluation of					
Fixed assets and investment properties	21	(466)	-	(466)	(141)
Actuarial gains/(losses) on defined benefit					
pension scheme (net of deferred tax)	30	379	-	379	(131)
Net movement in funds		173	-	173	(617)
Reconciliation of funds					
Total funds brought forward		17,927	2,807	20,734	21,351
Total funds carried forward	29	18,100	2,807	20,907	20,734

The notes on pages 20 to 49 form part of these financial statements.

The Charity has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

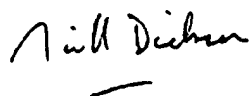
LEEDS CASTLE FOUNDATION

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020**

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	18		5,243		5,700
Heritage assets	19		-		-
			<u>5,243</u>		<u>5,700</u>
Investments:					
Properties	21	7,153		7,620	
Listed investments	22	6,342		6,887	
Cash held as an investment	22	<u>445</u>		<u>326</u>	
			<u>13,940</u>		<u>14,833</u>
			19,183		20,533
Current assets					
Stocks	23	259		228	
Debtors	24	1,541		1,749	
Cash at bank and in hand	25	<u>1,845</u>		<u>714</u>	
		3,645		2,691	
Creditors: amounts falling due within one year	26	<u>(1,287)</u>		<u>(2,185)</u>	
Net current assets			2,358		506
Creditors: amounts falling due within more than one year	27		(634)		(305)
Defined benefit scheme liability	30		<u>-</u>		<u>-</u>
Total assets less current liabilities			<u>20,907</u>		<u>20,734</u>
Funds					
Expendable endowment fund	29		2,729		2,729
Restricted income fund	29		<u>78</u>		<u>78</u>
Total restricted funds			<u>2,807</u>		<u>2,807</u>
Unrestricted general fund	29		15,040		14,649
Unrestricted designated fund	29		3,060		3,278
Unrestricted pension reserve	29&30		<u>-</u>		<u>-</u>
Total charity funds			<u>20,907</u>		<u>20,734</u>

The notes on pages 20 to 49 form part of these financial statements.

The financial statements were approved by the Board of Trustees and Directors on 11th November 2020 and were signed on its behalf by:



.....
Mr Niall F R Dickson, CBE
Chairman of Trustees
Company number: 1172263

LEEDS CASTLE FOUNDATION
FOUNDATION BALANCE SHEET
AS AT 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	18		5,215		5,663
Heritage assets	19		-		-
			<u>5,215</u>		<u>5,663</u>
Investments:					
Subsidiary company	20	866		866	
Properties	21	7,153		7,620	
Listed investments	22	6,342		6,887	
Cash held as an investment	22	<u>445</u>		<u>326</u>	
			<u>14,806</u>		<u>15,699</u>
			20,021		21,362
Current assets					
Stocks	23	-		-	
Debtors	24	522		612	
Cash at bank and in hand	25	<u>1,321</u>		<u>288</u>	
		1,843		900	
Creditors: amounts falling due within one year	26	<u>(2,083)</u>		<u>(2,710)</u>	
Net current assets			<u>(240)</u>		<u>(1,810)</u>
Total assets less current liabilities			<u>19,781</u>		<u>19,552</u>
Funds					
Expendable endowment fund	29		2,729		2,729
Restricted income fund	29		<u>78</u>		<u>78</u>
Total restricted funds			2,807		2,807
Unrestricted general fund	29		13,914		13,467
Unrestricted designated fund	29		<u>3,060</u>		<u>3,278</u>
Total charity funds			<u>19,781</u>		<u>19,552</u>

The profit/(loss) for the financial year dealt with in the financial statements of the parent Company was (£1,054,000) – (2019: loss of £576,000).

The notes on pages 20 to 49 form part of these financial statements.

The financial statements were approved by the Board of Trustees and Directors on 11th November 2020 and were signed on its behalf by:



.....
Mr Niall F R Dickson, CBE
Chairman of Trustees

Company number: 1172263

LEEDS CASTLE FOUNDATION

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2020**

		2020	2019
	Note	£'000	£'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	31	422	184
Cash flows from investing activities:			
Dividends, interest and rents from investments	8	134	133
Purchase of fixed assets		(205)	(1,060)
Proceeds from sale of investments		5,190	7,072
Purchase of investments		(4,290)	(6,986)
Net cash provided by/(used in) investing activities		829	(841)
Change in cash and cash equivalents in the reporting period		1,250	(657)
Cash and cash equivalents at the beginning of the reporting period		1,040	1,697
Cash and cash equivalents at the end of the reporting period		2,290	1,040
Reconciliation of cash and cash equivalents		2020	2019
	Note	£'000	£'000
Cash in hand	25	1,845	714
Cash held as an investment	22	445	326
Total cash and cash equivalents		2,290	1,040

The notes on pages 20 to 49 form part of these financial statements.

Analysis of changes in net debt

	At 1 April 2019	Cash flow	At 31 March 2020
	£'000	£'000	£'000
Cash at bank	714	1,131	1,845

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

1.1 **Company information**

The company is limited by guarantee, registered in England and Wales, and a registered charity. The registered office is Leeds Castle, Maidstone, Kent ME17 1PL.

2.1 **Accounting policies**

2.1 **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities SORP (FRS102) as it applies from 1 January 2015 and the Companies Act 2006. The statements have been prepared on the basis of a going concern (see the Trustees' Report). The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those of the previous year.

Leeds Castle Foundation meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The Trustees have assessed whether the use of going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. In particular, the Trustees have considered the charitable company's forecasts and projections and have taken account of pressures on income. After making enquiries, the Trustees have concluded that there is a reasonable expectation that following the approved structural and cost saving measures that have been agreed, that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

The Trustees have assessed the consequences of the current COVID-19 pandemic and recognise that, whilst this will impact the operating climate, the Foundation's reserves are such that it expects to maintain positive cash flows and reserves for at least one year from the date of approval of these financial statements and, as such, the Trustees are confident that the foundation will continue to operate as a going concern. See Trustee Report for further detail.

The individual entity accounts of Leeds Castle Foundation have taken advantage of the disclosure exemption under FRS 102 to separately disclosure categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a group basis in the notes to the accounts.

2.2 **Basis of consolidation**

The group financial statements consolidate the financial statements of the Foundation and its subsidiary for the period ended 31 March 2020. The statement of financial activities (SOFA) and the balance sheet consolidate the financial statements on a line by line basis where appropriate. No separate SOFA has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2015. Details concerning the subsidiary company, results and financial position are set out in note 5.

2.3 **Stocks**

Stocks are valued at the lower of cost and net realisable value.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

2 Accounting policies (continued)

2.4 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at net incoming/(outgoing) resources.

2.5 Form of financial statements

The funds of the Charity comprise four distinct categories, which are:

a) Heritage and development fund

This restricted expendable endowment fund relates to changes to the infrastructure of the estate carried out to improve the facilities available to support public access. Such assets are for all practical purposes integral with the bequeathed estate and are therefore also regarded as being inalienable. See note 29 for more information regarding this fund.

b) Restricted funds

Restricted funds are those funds subject to specific trusts declared by the donor, or in relation to funds generated from the sale of certain heritage assets. The funds are expendable by the Charity at the discretion of the Trustees in accordance with the terms of their receipt.

c) General unrestricted fund

The Fund was created from a pecuniary legacy bequeathed by the late Hon. Lady Baillie, together with additional funds realised from the authorised sale of certain items included in the original transfer of the property.

The capital and income of the Fund are available for expenditure by the Trustees on the Foundation's charitable objectives, including development expenditure.

d) Designated funds

Designated funds are those funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

2.7 Incoming resources

Incoming resources represents total income receivable, excluding value added tax, from admission fees, the sale of goods, services supplied, investment income and sundry income. Donations are recognised when received. All incoming resources are included in the SOFA when the Charity is legally entitled to recognise the income and the amount can be quantified with reasonable accuracy. Any income received in relation to future periods is deferred as appropriate.

2.8 Investment income

Dividends and interest on listed investments are accounted for on an accruals basis. Interest on bank deposits is accounted for on an accruals basis.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

2 Accounting policies (continued)

Resources expended

- 2.9 All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each of the Charity's activities. Support costs which cannot be directly attributed to a specific activity have been allocated to activities on a basis consistent with their use of the resources. Governance costs are included within support costs.

Costs of raising funds includes all costs associated with the trading and management of the Charity's subsidiary.

Governance costs are incurred in meeting the constitutional and statutory requirements of the charity and are included within support costs.

2.10 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

2.11 Deferred taxation

Deferred tax is provided in full in respect of taxation, deferred by timing difference between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

2.12 Pension scheme arrangements

The group accounts for pension schemes in accordance with Financial Reporting Standard 102 "Retirement Benefits".

For defined contribution schemes, contributions are charged to resources expended in the statement of financial activities as payable in respect of the accounting period. This includes contributions made to the personal pension schemes of employees.

For defined benefit schemes the amounts charged to resources expended include the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as part of investment income. Actuarial gains and losses are recognised immediately as part of other recognised gains and losses within the statement of financial activities.

The assets of the group's defined benefit scheme are held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation, is presented after other net assets on the face of the balance sheet and is represented by the unrestricted pension reserve.

If the actuarial valuation of the defined benefit pension scheme results in a surplus then no asset is recognised in accordance with the requirements of FRS 102.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

2 Accounting policies (continued)

2.13 Tangible fixed assets and depreciation

a) Heritage assets

Heritage assets are the tangible assets of the Charity that are of historical importance and are held to advance the preservation, conservation and educational objectives of the Charity and through public access contribute to the nation's culture and education.

The Castle, grounds and contents bequeathed by the late Lady Baillie, in 1974 and subsequent development expenditure in these assets, are considered to be heritage assets and are integral to the Leeds Castle Estate.

Due to the historic and unique nature of the assets concerned conventional valuation approaches lack sufficient reliability. As a consequence the value of heritage assets has not been included in the financial statements.

Included in the assets bequeathed were certain inalienable assets which are not considered to be heritage assets but cannot be realised and so no value is attributed to these assets.

Costs incurred which, in the Trustees' view, are required to preserve the heritage assets are recognised as expenditure as incurred. Capital improvements to the Maidens Tower have been capitalised at cost and included as fixed assets since the Trustees consider that the improvements are operational in nature. Further information on the maintenance of the heritage assets is given in note 13 to the accounts.

b) Other tangible assets

Functional assets are those tangible assets which are used for charitable purposes, including fundraising, but are not considered to be heritage assets. This includes modern buildings utilised for charitable purposes, such as education, and ancillary purposes such as catering outlets. It also includes plant and equipment used for charitable purposes.

Depreciation has been provided on buildings on a straight line basis over their remaining economic lives of ten or twenty-five years.

Plant and equipment are included in the balance sheet at cost and depreciated on a straight line basis over their useful economic life estimated to be 4 years. Assets costing less than £1,000 are written off in the year of purchase. Assets are disposed of and replaced when it is no longer economically viable to keep them in working use.

2.14 Investment

a) Investment land and properties

Investment land and properties relate to interests in land and buildings which are held for their investment potential, and which are not utilised by the company or its group in the course of their operations. However some of these holdings have strategic value to the Foundation, securing boundaries from unwanted development. The property assets are included within investments at their open market valuation, based on a professional valuation undertaken at 31 March 2020, land at index linked valuations pending further review. Further professional valuations will be obtained every five years. In the intermediate years the carrying value of the investment properties will be reviewed by the Trustees and any material movement in their valuation recognised.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

2 Accounting policies (continued)

2.14 Investment (continued)

b) Listed investments

These are included in the balance sheet at market valuation. Realised and unrealised gains/(losses) arising on the disposal or revaluation of investments are included in the Statement of Financial Activities and credited or charged to the Unrestricted General Fund. The fees charged for the purchase and sale of investments in the portfolio are included within the Foundation's resources expended.

3 Financial instruments

Leeds Castle Foundation has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise stock, cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise, trade, other creditors and accruals.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension assets/liabilities – The charity recognises its asset/liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 30.

Valuation of investment properties– The charity's investment properties are stated at their estimated fair value based on professional valuations as disclosed in note 21.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

5 Net income from trading activities of subsidiary

The Charity has one wholly owned subsidiary, Leeds Castle Enterprises Limited, company no: 01413563, which is registered in England and Wales. The registered office of the subsidiary is the same address as for the parent charity (see note 1.1). A summary of the company's trading results is shown below:

	2020 £'000	2019 £'000
Turnover	5,308	5,408
Costs of trading activities and administrative expenses	(4,833)	(4,623)
Operating profit	475	785
Interest receivable	371	342
Interest payable to Leeds Castle Foundation on long term loan	-	(23)
Other finance income/(costs)	-	10
Profit/(loss) before donation and taxation	846	1,114
Taxation	-	24
Retained profit for the period	846	1,138
Actuarial gain/(loss) related to pension scheme, net of deferred tax	379	(131)
Total recognised losses for the period	1,225	1,007
Distribution – gift aid	(1,278)	(1,046)
Retained profit brought forward	1,182	1,221
Profit retained in subsidiary	1,129	1,182

The net assets of Leeds Castle Enterprises Limited are £3,378,000 as at 31 March 2020 (2019: net assets £2,048,000).

Leeds Castle Enterprises Limited's activities are those trading activities of the group deemed to be non-charitable, such as shop trading, golf, certain special events, conferences and weddings, with the intention of any profits generated being donated to the Foundation for the furtherance of its charitable activities.

6 Income from donations and legacies

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Other donations and voluntary income	11	-	11	13
	11		11	13

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

7 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income				
Concerts and other special events	506	-	506	531
Functions	2,495	-	2,495	2,565
Shops	994	-	994	999
Golf	228	-	228	258
Holiday lettings	839	-	839	766
Ancillary services	204	-	204	137
Other sundry income	92	-	92	207
	<u>5,358</u>	<u>-</u>	<u>5,358</u>	<u>5,463</u>
Expenditure on raising funds				
Cost of sales	1,892	-	1,892	1,983
Staff costs (see note 14)	2,009	-	2,009	1,498
Property and equipment costs	460	-	460	428
Administration costs	30	-	30	308
Marketing and fundraising costs	152	-	152	138
Finance costs	289	-	289	268
Investment management costs	77	-	77	80
Proportion of support costs (see note 11)	261	-	261	212
	<u>5,170</u>	<u>-</u>	<u>5,170</u>	<u>4,915</u>
Net income from activities for generating funds	<u>188</u>	<u>-</u>	<u>188</u>	<u>548</u>

Activities for generating funds are those trading and other fundraising activities carried out by the Foundation and its subsidiary undertaking Leeds Castle Enterprises Limited primarily to generate incoming resources which will be used to undertake the charitable activities of the Foundation. It includes trading activities such as shop trading, golf, certain special events, conferences and weddings.

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

8 Income from investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income from investment properties	53	-	53	47
Income from listed investments	78	-	78	75
Bank interest receivable	3	-	3	1
Net return on pension scheme assets	-	-	-	10
	<u>134</u>	<u>-</u>	<u>134</u>	<u>133</u>

9 Charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income from Charitable activities				
Day visitor admissions	6,028	-	6,028	5,739
Other sundry income	26	-	26	29
	<u>6,054</u>	<u>-</u>	<u>6,054</u>	<u>5,768</u>
Expenditure on Charitable activities				
Cost of sales	609	-	609	571
Staff costs: visitor team, estate and Castle maintenance (see note 14)	2,268	-	2,268	2,314
Estate and equipment costs	1,356	-	1,356	1,339
Marketing costs	599	-	599	611
Finance costs	79	-	79	80
Preservation and security of heritage assets	218	-	218	413
Proportion of support costs (see note 11)	1,352	-	1,352	1,334
	<u>6,481</u>	<u>-</u>	<u>6,481</u>	<u>6,662</u>
Net resources expended from charitable activities	<u>(427)</u>	<u>-</u>	<u>(427)</u>	<u>(894)</u>

Income from charitable activities comprises income from the admission of day visitors to Leeds Castle (primary purpose trading) and related ancillary income. In addition the proceeds from the disposal of heritage assets are included within charitable activities. This income is considered to be restricted and can only be used to acquire replacement heritage assets.

In addition to expenditure related to these activities, costs include amounts incurred in acquiring new heritage assets, maintaining the Castle and other existing heritage and assets and ensuring their security (see note 13).

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

10 Other income

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Other income	-	-	-	-

11 Support costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Staff costs (see note 14)	867	-	867	815
Administration costs	708	-	708	721
Corporation tax charge	-	-	-	(24)
Deferred tax charge (see note 15)	-	-	-	-
Governance costs (Auditors' remuneration)	38	-	38	34
Legal and professional costs	-	-	-	-
	<u>1,613</u>	<u>-</u>	<u>1,613</u>	<u>1,546</u>
Allocated as follows:				
Activities for generating funds	261	-	261	212
Charitable activities	1,352	-	1,352	1,334
	<u>1,613</u>	<u>-</u>	<u>1,613</u>	<u>1,546</u>

Wherever possible costs are allocated to a specific activity as they arise. Those costs that cannot be allocated to a specific activity are deemed support costs. Support costs are allocated to the activities of the Foundation on the basis of their level of activity during the year under review.

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

12 Governance costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Auditor's remuneration (see below)	<u>38</u>	<u>-</u>	<u>38</u>	<u>38</u>

Auditors' remuneration comprises amounts incurred by the charity itself in respect of its governance and not of the group as a whole. The total amount payable to the charity's auditors by the group, including associated pension schemes, is as follows:

	2020 £'000	2019 £'000
Fees payable to the charity's auditor for the audit of the charity's annual Accounts	22	17
Fees payable to the charity's auditor for other services:		
- The audit of the charity's subsidiary	7	7
- Tax services	5	4
- All other services	-	2
Fees in respect of the group pension scheme:		
- Audit	4	3
- Tax services	-	-

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

13 Preservation and security of heritage assets

In compliance with the disclosure requirements of Financial Reporting Standard 102: Heritage Assets, costs relating to the preservation and security of the Castle, grounds and contents, classed as being heritage assets which have been expensed in the last five years are summarised below:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Renovation of Castle Library	11	-	-	-	-
Renovation of Yellow Drawing Room	25	-	-	-	-
Renovation of Lady Baillie Suite	41	-	-	-	-
Renovation of tapestries	12	-	-	-	2
Renovation of Castle Bedrooms	29	-	-	-	-
Castle interior	16	56	22	10	23
Maidens Tower renovation	-	-	39	-	-
Stonework repairs	18	327	13	163	25
Castle representation	58	30	154	159	123
Battel Hall retable	-	-	-	-	11

14 Staff costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Staff costs during the year were:				
Wages and salaries	4,071	-	4,071	4,051
Social security costs	280	-	280	282
Other pension costs	153	-	153	130
Training, recruitment and welfare	157	-	157	145
	<u>4,661</u>	<u>-</u>	<u>4,661</u>	<u>4,608</u>

The average weekly number of employees, including directors, during the year was as follows:

	Group 2020 No	2019 No	Foundation 2020 No	2019 No
Full time	86	95	57	66
Part time	165	172	103	109
	<u>251</u>	<u>267</u>	<u>160</u>	<u>175</u>
This equates to a full time equivalent of	<u>160</u>	<u>165</u>		

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

14 Staff costs (continued)

Analysis of average employee numbers for the group by department is as follows:

	2020		2019	
	Full Time	Part Time	Full Time	Part Time
Admin/Support Staff	10	20	10	16
DV Ops	16	74	22	82
Golf	3	3	3	6
Retail	5	24	5	24
Hospitality	21	35	24	33
Maintenance/Security	20	8	20	10
Grounds/Gardens	11	1	11	1
Totals	86	165	95	172
		251		267

The number of employees with annual remuneration packages in excess of £60,000 was as follows:

	Group		Foundation	
	2020	2019	2020	2019
	No	No	No	No
£60,000 to £70,000	1	2	1	2
£70,000 to £80,000	1	-	1	-
£80,000 to £90,000	-	-	-	-
£90,000 to £100,000	-	1	-	1
£110,000 to £120,000	1	-	1	-
£180,000 to £190,000	-	1	-	1
£190,000 to 200,000	1	-	1	-
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the period the group paid contributions totalling £35,289 (2019: £26,034) in respect of the personal pension schemes of three of the above higher-paid employees (2019: three).

Pension contributions to defined contribution schemes in the period totalled £152,000.

No remuneration was paid to the Trustees and Directors of the Charity or any persons connected with them during this period or the previous period.

Travelling and other costs amounting to £1,009 (2019: £2,583) were reimbursed to four trustees (2019: six).

The company considers that the key management personnel comprise the senior management team as listed in the administrative details. During the period the group made remuneration payments to key management personnel totalling £654,761 (2019: £687,305).

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

15 Taxation

The Foundation, as a charitable company, is exempt from corporation tax on its charitable activities, including primary purpose trading, and investment income. Leeds Castle Enterprises Limited, the Foundation's operating subsidiary is subject to corporation tax on its trading profits, in as far as they are not donated to the Foundation.

Details relating to the tax charge of Leeds Castle Enterprises Limited are disclosed in that company's financial statements. The corporation tax liability in the period for the company was £nil (2019: £nil).

Deferred tax

	Group 2020 £'000	2019 £'000	Foundation 2020 £'000	2019 £'000
At 31 March 2019	8	(51)	-	-
Movement for the period	-	59	-	-
Deferred tax asset/(liability) at 31 March 2020	8	8	-	-
The deferred tax asset/(liability) is made up of the following:				
Other timing differences	8	8	-	-
	8	8	-	-

The credit for the period for deferred tax is included within support costs (see note 11).

16 Net outgoing resources

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Net outgoing resources are stated after (crediting)/charging:				
Depreciation: owned assets	661	-	661	615
Operating lease rentals:				
Hire of plant and equipment	12	-	12	12

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

17 Consolidated statement of financial activities for the period ended 31 March 2019

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2019 £'000
Income and endowments from			
Donations and legacies	13	-	13
Other trading activities	5,463	-	5,463
Investments	133	-	133
Charitable activities	5,768	-	5,768
Total income and endowments	11,377	-	11,377
Expenditure on			
Raising funds	(4,915)	-	(4,915)
Charitable activities	(6,662)	-	(6,662)
Total expenditure	(11,577)	-	(11,577)
Net gains/(losses) on investments	(145)	-	(145)
Surplus for the year	(345)	-	(345)
Gains/(losses) on revaluation of			
Fixed assets and investment properties	(141)	-	(141)
Actuarial losses on defined benefit pension scheme (net of deferred tax)	(131)	-	(131)
Net movement in funds	(617)	-	(617)
Reconciliation of funds			
Total funds brought forward	18,544	2,807	21,351
Total funds carried forward	17,927	2,807	20,734

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

18 Tangible fixed assets

a) Group

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2019	7,527	2,894	10,421
Additions	112	93	205
Disposals	-	(201)	(201)
At 31 March 2020	7,639	2,786	10,425
Depreciation			
At 31 March 2019	2,583	2,138	4,721
Charge for the period	484	178	662
Disposals	-	(201)	(201)
At 31 March 2020	3,067	2,115	5,182
Net book value			
At 31 March 2020	4,572	671	5,243
At 31 March 2019	4,944	756	5,700

b) Foundation

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2019	7,527	1,971	9,498
Additions	112	93	205
Disposals	-	(201)	(201)
At 31 March 2020	7,639	1,863	9,502
Depreciation			
At 31 March 2019	2,583	1,252	3,835
Charge for the period	484	169	653
Disposals	-	(201)	(201)
At 31 March 2020	3,067	1,220	4,287
Net book value			
At 31 March 2020	4,572	643	5,215
At 31 March 2019	4,944	719	5,663

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

19 Heritage assets (Group and Foundation)

In accordance with the Foundation's accounting policy, heritage assets are not included within the financial statements as, due to the historic and unique nature of the assets concerned, conventional valuation approaches lack sufficient reliability.

The Castle island buildings are insured for £52.0m and other estate buildings for £17.2m. Castle contents which include various pieces of furniture, pictures and prints, silverware and textiles have been valued for insurance purposes with Ecclesiastical Insurance at £26.4m, which includes loaned items valued at £11.1m.

A survey of Castle stonework was produced by independent experts in 2007. This resulted in the preparation of a major stonework programme which was completed at the end of 2014/15. Minor repairs are undertaken when necessary in parallel with the major stonework programme, these repairs typically include frost damage and general wear and tear.

20 Investment in subsidiary company

	2020 £'000	2019 £'000
100 Ordinary shares of £1 each at cost	866	866
	<u>866</u>	<u>866</u>

Leeds Castle Foundation owns 100% of the voting rights and nominal share capital of Leeds Castle Enterprises Limited. The subsidiary's accounts have been consolidated with the Foundation's accounts.

21 Investment land and properties (Group and Foundation)

	2020 £'000	2019 £'000
Market value of properties at 31 March 2019	7,620	7,761
(Loss) on disposal	(1)	-
Revaluation	<u>(466)</u>	<u>(141)</u>
Market value of properties at 31 March 2020	<u>7,153</u>	<u>7,620</u>
Historical cost value of assets	<u>1,448</u>	<u>1,448</u>

All investment land and properties are located within the United Kingdom.

The land and properties were valued by Coles & Co, a firm of independent surveyors and valuers on an open market basis as at 31 March 2020.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

21 Investment land and properties (Group and Foundation) (continued)

Five properties are provided with a lifetime occupancy at zero rent and seven are used for job related accommodation. Other property and land is rented out at a commercial rent. Future minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Foundation	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Rent received:				
Within one year	41	41	41	41
Between two and five years	144	164	144	164
Between six and ten years	2	23	2	23
	<u>187</u>	<u>228</u>	<u>187</u>	<u>228</u>

22 Listed investments (Group and Foundation)

These comprise listed investments, Certificates of Deposit and other cash holdings.

	2020	2019
	£'000	£'000
Market value of listed investment at 31 March 2019	6,887	7,118
Acquisitions at cost	4,291	6,986
Disposal proceeds	(5,190)	(7,072)
(Losses)/gains for the year	354	(145)
Market value at 31 March 2020	<u>6,342</u>	<u>6,887</u>
Cash holdings at 31 March 2020	445	326
Total value of fixed asset investments	<u>6,787</u>	<u>7,213</u>
Historical cost value of assets	<u>6,392</u>	<u>6,343</u>

As at 31 March 2020 the market value of the investments split between UK investment assets and overseas assets was as follows:

	2020	2019
	£'000	£'000
UK investments	2,416	2,273
Overseas investments	4,371	4,940
	<u>6,787</u>	<u>7,213</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

22 Listed investments (Group and Foundation) (continued)

The portfolio at 31 March 2020 contained investments managed by Ruffer LLP. The following investments exceed 3% by value of the total portfolio and are deemed to be material:

	2020 £'000	%	2019 £'000	%
UK 0.375% Treasury Stock 2062	129	2.0	206	3.0
UK 0.125% Treasury Stock 2019	-	-	186	2.7
UK 0.125% Treasury Stock 2068	255	4.0	331	4.8
UK 1.25% Treasury Stock 2055	162	2.5	331	4.8
Ruffer Illiquid Multi Strategies Fund	1,002	15.8	557	8.0
LF Ruffer Gold	398	6.3	391	5.7
Ruffer SICAV Fixed Income Z GBP Cap	1,596	25.2	1,630	23.7
LF Ruffer Japanese C Acc	263	4.1	-	-
Ruffer Protection Strategies	400	6.3	-	-
Ruffer SICAV UK Mid & Smaller Cos	316	5.0	-	-
	<u>4,521</u>	<u>71.2</u>	<u>3,632</u>	<u>52.7</u>
Other investments	<u>1,820</u>	<u>28.8</u>	<u>3,255</u>	<u>47.3</u>
	<u>6,341</u>	<u>100.0</u>	<u>6,887</u>	<u>100.0</u>

23 Stocks

	Groups 2020 £'000	2019 £'000	Foundation 2020 £'000	2019 £'000
Goods for resale	<u>259</u>	<u>228</u>	<u>-</u>	<u>-</u>

24 Debtors

	Groups 2020 £'000	2019 £'000	Foundation 2020 £'000	2019 £'000
Amounts falling due after more than one year:				
Trade debtors	270	165	-	-
Amounts falling due within one year:				
Trade debtors	551	763	65	73
Amount owed by group undertakings in respect of gift aid	-	-	-	80
Other debtors	28	226	12	2
Prepayments and accrued income	684	587	445	457
Deferred tax asset (see note 15)	8	8	-	-
	<u>1,541</u>	<u>1,749</u>	<u>522</u>	<u>612</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

25 Cash at bank and in hand

	Groups		Foundation	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash in hand	24	18	-	-
Cash at bank – Current accounts	366	669	249	268
Cash at bank – Deposit accounts	1,455	27	1,072	20
	<u>1,845</u>	<u>714</u>	<u>1,321</u>	<u>288</u>

In addition to the cash at bank and in hand and deposits above, included within the investment portfolio were cash holdings of £445,345 (2019: £325,784) (see note 22).

26 Creditors: Amounts falling due within one year

	Groups		Foundation	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	224	390	180	253
Corporation tax	-	-	-	-
Other taxation and social security				
Payable	68	185	-	111
Other creditors	40	27	-	1
Amounts owed to group undertakings	-	-	1,798	2,199
Accruals	108	130	66	72
Deferred tax liability (see note 15)	-	-	-	-
Deposits in advance	847	1,453	39	74
	<u>1,287</u>	<u>2,185</u>	<u>2,083</u>	<u>2,710</u>

27 Creditors: Amounts falling after one year

	Groups		Foundation	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Deposits in advance	634	305	-	-

The company has received deposits in advance for events occurring in over one year of which £575,074 (2019: £249,462) relates to events occurring within 1-2 years and £59,292 (2019: £55,583) relates to events occurring within 2-5 years.

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 MARCH 2020**

28 Financial commitments

At 31 March 2020 the group had future minimum payments under non-cancellable operating leases of plant and equipment as follows:

	Groups		Foundation	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Payments made:				
Within one year	31	21	9	9
Between two and five years	31	49	3	12
Between six and ten years	-	-	-	-
	62	70	12	21

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

29 Group funds

	Restricted Funds		Unrestricted Funds		Total Funds
	H&D Fund £'000	Chattels Fund £'000	M&D Fund £'000	General Fund £'000	£'000
Fund balances at 31 March 2020 are represented by					
Tangible assets	2,504	-	-	2,739	5,243
Investments	225	-	2,693	11,021	13,940
Current assets	-	78	367	3,201	3,645
Liabilities	-	-	-	(1,921)	(1,921)
At 31 March 2020	2,729	78	3,060	15,040	20,907
Movement of funds during the year	As at 31 March 2019 (£)	Income (£)	Expenditure (£)	Gains/Losses (£)	As at 31 March 2020 (£)
Restricted Funds					
Heritage and Development Fund	2,729				2,729
Chattels Fund	78				78
	<u>2,807</u>				<u>2,807</u>
Unrestricted Funds					
Maintenance and Development Fund	3,278		(218)		3,060
General Fund	14,649	11,557	(11,054)	(112)	15,040
	<u>17,927</u>	<u>11,557</u>	<u>(11,272)</u>	<u>(112)</u>	<u>18,100</u>
Total Funds	20,734				20,907

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

29 Group Funds (continued)

	Restricted Funds		Unrestricted Funds		
	Restated				
	H&D	Chattels	M&D	General	Total
	Fund	Fund	Fund	Fund	Funds
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2019 are represented by					
Tangible assets	2,504	-	-	3,196	5,700
Investments	225	-	2,693	11,915	14,833
Current assets	-	78	585	2,028	2,691
Liabilities	-	-	-	(2,490)	(2,490)
At 31 March 2019	<u>2,729</u>	<u>78</u>	<u>3,278</u>	<u>14,649</u>	<u>20,734</u>
Movement of funds during the year					
	As at 29				As at 31
	March	Income	Expenditure	Gains/	March
	2018			losses	2019
	(£)	(£)	(£)	(£)	(£)
Restricted funds					
Heritage and Development Fund	2,729	-	-	-	2,729
Chattels Fund	78	-	-	-	78
	<u>2,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807</u>
Unrestricted funds					
Maintenance and Development Fund	3,691	-	(413)	-	3,278
General Fund	14,529	11,377	(10,971)	(286)	14,649
Pension Reserve	324	-	(193)	(131)	-
	<u>18,544</u>	<u>11,377</u>	<u>(11,577)</u>	<u>(417)</u>	<u>17,927</u>
Total funds	<u>21,351</u>	<u>11,377</u>	<u>(11,577)</u>	<u>(417)</u>	<u>20,734</u>

The H&D (Heritage and Development) Fund, which is an expendable endowment fund, represents freehold land and buildings classified as functional tangible assets, as these are considered to be integral to the bequeathed estate (see note 2.6(a)) and inalienable investment properties included within investment properties.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

29 Group Funds (continued)

The Chattels Fund, which is a restricted income fund, represents the proceeds from disposal of items formerly held for display and presentation purposes. This fund is utilised to acquire furniture, works of art or other antiques. The unrestricted General Fund represents surpluses generated from activities for generating funds, charitable activities and investment performance. This fund is utilised in acquiring new heritage assets and the preservation and maintenance of existing heritage assets.

The M&D (maintenance and development) fund is an unrestricted, designated fund which the trustees have allocated for future capital development and the ongoing maintenance programme of the Castle and the wider estate. In the year £122,000 was used to finance the renovation of various Castle rooms.

The Heritage and Development Fund and the Chattels Fund relate entirely to the Foundation. The proportion of the Unrestricted General Fund attributable to the Foundation amounts to £12,636,000 (2019: £11,742,000).

30 Pension scheme

Leeds Castle Enterprises Ltd (LCE) sponsors Leeds Castle Retirement Benefits Scheme, a funded defined benefit pension scheme in the UK, which was closed to future accrual in 2005. The scheme is set up on a tax relieved basis as a separate trust independent of LCE and is supervised by independent trustees. The trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

To eliminate the funding shortfall revealed at the 2016 valuation, the Trustees and LCE have established a recovery plan. The aim of the recovery plan is for the deficit to be removed over a period of 3 years from 1 April 2017 through the payment of contributions at the rate of £105,000 per annum. These contributions are exclusive of any allowance for administration expenses and Pension Protection Fund (PPF) levies, as these are met directly by LCE.

A formal actuarial valuation was carried out as at 1 April 2016. The results of that valuation have been projected to 31 March 2020 with allowance for payroll and benefit information and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

A further formal valuation calculated as at 1 April 2019 was completed post year end, the results of which will be reported next year.

The amounts recognised in the statement of financial position are as follows:

	2020	2019
	£'000	£'000
Defined benefit obligation	(4,676)	(4,671)
Fair value of plan assets	5,245	4,944
Restriction on recognition of asset	(569)	(273)
Net defined benefit (liability)/asset	-	-

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020****30 Pension scheme (continued)**

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in profit or loss. Re-measurements of the net defined benefit liability are included in other comprehensive income.

	Period ended 31/03/2020 £'000	Period ended 31/03/2019 £'000
Service cost:		
Current service cost (net of employee contributions)	193	-
Restriction of recognition of asset deemed irrecoverable	296	273
Net interest expense/(credit)	(10)	(10)
Charge/(credit) recognised in profit or loss	<u>479</u>	<u>263</u>
Re-measurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	(57)	(57)
Actuarial (gains)/losses	223	223
Charge/(credit) recorded in other recognised gains or losses	<u>166</u>	<u>166</u>
Total defined benefit cost/(credit)	<u>645</u>	<u>429</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

30 Pension scheme (continued)

The principal actuarial assumptions used were:

	31/03/2020	31/03/2019
Liability discount rate	2.30%	2.30%
Inflation assumption - RPI	2.65%	3.25%
Inflation assumption - CPI	1.85%	2.25%
Rate of increase in salaries	n/a	n/a
Revaluation of deferred pensions: all benefits accrued	1.85%	2.25%
Increases for pensions in payment: benefits accrued prior to 6 April 1997	0.00%	0.00%
benefits accrued after 5 April 1997	1.90%	2.25%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	50.00%	50.00%
Expected age at death of current pensioner at age 65: Male aged 65 at year end:	86.4	86.3
Female aged 65 at year end:	88.4	88.2
Expected age at death of future pensioner at age 65: Male aged 45 at year end:	87.4	87.3
Female aged 45 at year end:	89.6	89.4

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At start of period	4,944	(4,671)	273
Benefits paid	(255)	255	-
Contributions from the employer	105	-	105
Interest income / (expense)	112	(107)	5
Return on assets (excluding amount included in net interest expense)	339	-	339
Actuarial gains/(losses)	-	40	40
Gain/(loss) on plan introductions and changes	-	(193)	(193)
At end of period	5,245	(4,676)	569

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020****30 Pension scheme (continued)****The return on scheme assets was:**

	31/03/2020	31/03/2019
	£'000	£'000
Interest income	112	121
Return on scheme assets (excluding amount included in net interest expense)	339	57
Total return on scheme assets	<u>451</u>	<u>178</u>

The major categories of scheme assets are as follows:

	31/03/2020	31/03/2019
	£'000	£'000
UK Equities	316	225
Overseas Equities	535	757
Gilts	807	899
Index Linked	2,479	2,681
Alternative Assets	786	236
Cash	322	145
Total market value of assets	<u>5,245</u>	<u>4,944</u>

The Scheme has no investments in the Company or in property occupied by the Company.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

31 Reconciliation of cash flows from operating activities

	2020 £'000	2019 £'000
Net income/(expenditure)	260	(345)
Net (gains)/losses on investments	(353)	145
Depreciation charges on fixed assets	662	615
Tax charge	-	-
Dividends, interest and rents from investments	(134)	(133)
Movements on defined benefit pension scheme	379	193
Movement in components of working capital:		
Decrease/(increase) in stocks	(31)	21
(Increase)/decrease in debtors	208	(155)
(Decrease)/increase in creditors	(569)	(157)
Net cash inflow/(outflow) from operating activities	422	184

32 Limited by Guarantee

The company is limited by guarantee and does not have a share capital. The liability of each member is limited to £1.

33 Capital commitments and contingent liability

At 31 March 2020 the Foundation and the group had no contractual commitments for development expenditure (2019: nil).

34 Related party transactions

At the year end the trading subsidiary, Leeds Castle Enterprises Limited had a net intercompany debtor balance, owing £2,119,000 to the Charity (2019: net debtor balance of £2,119,000). During the period the Charity received gift aid payments totalling £1,046,000 from Leeds Castle Enterprises Limited, but with no further payment accrued at the year end.

35 Parent company exemption

As permitted by Section 408 of the Companies Act 2006, the parent company's statement of financial activities has not been included in the financial statements.

36 Financial instruments

At the balance sheet date the consolidated group held financial assets at amortised cost comprising cash and short term deposits, trade debtors, other debtors and accrued income of £1,958,000 (2019: £1,958,000) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £372,000 (2019: £547,000). Total interest income received in respect of financial assets held at amortised cost totalled £nil (2019: £nil).

The charity held assets at fair value through income and expenditure of £6,342,000 (2019: £6,887,000). Movements in the year through the statement of financial activities comprised income of £nil (2019: £nil) and losses of £112,000 (2019: losses of £286,000).