

# **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

## **REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995**

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Company registration number 1172263



## **LEEDS CASTLE FOUNDATION**

### **CHAIRMAN'S STATEMENT - JULY 1995**

My first full year as Chairman has been a rewarding and stimulating experience. After the successful increase in visitor numbers in the previous year, Lord Aldington's final year as Chairman, I was delighted that Leeds Castle maintained its significant position as a leading historic house in Britain with almost identical visitor numbers of 456,385. Furthermore, the growth of important conferences in the Castle in 1994/5 marked the return to a busy and profitable year for an important element in the Foundation's implementation of Lady Baillie's intentions when she set up the objectives of this charitable trust.

It was Lady Baillie's life's work, from the day she bought the Castle in 1926 until her death in 1974, to restore Leeds Castle and make it such an unforgettably beautiful castle. The prime purpose of the charitable foundation she established was to enable the public in perpetuity to enjoy the beauty of the Castle and the tranquillity of the park. From that it follows that our prime duty is to our guests, whether they be day visitors or those attending our special events, using our catering facilities, or taking part in Castle conferences. Their satisfaction is the source of most of our revenues to maintain the Castle and its grounds, but it is not an easy challenge to preserve the character of a private great house and share it each year with half a million visitors of all kinds. That we succeed in doing so owes a great deal to the leadership of our management and the loyalty and enthusiasm of our three hundred staff - full-time and part-time.

Nor is it possible for us to stand still. In a highly competitive world of historic houses and other leisure attractions we have to plan new developments which will enhance the enjoyment of visiting Leeds Castle without being inconsistent with what Lady Baillie created.

It has therefore given the Trustees of the Foundation great satisfaction to see the £450,000 investment in the new Terrace Room come to fruition. This extension of the Fairfax Hall will give both our day visitors and our banqueting guests not only needed additional catering facilities but access to a new restaurant with a terrace offering one of the most breathtaking views in England. It has been built for us by Palmers of Headcorn with a high standard of traditional craftsmanship and already looks as if it has been part of the Leeds Castle landscape for generations.

Having made the decision to invest significantly in our facilities at Leeds Castle, it was most rewarding for Trustees and all staff to learn that in January 1995, Leeds Castle Enterprises had received the Kent Business Award for Tourism in the face of a variety of competition from Canterbury, Rochester, Hever Castle and others. We know that such awards are not easily gained and are proud that Leeds Castle Enterprises has been recognised as a successful and versatile business in Kent's growing tourism industry.

## **Financial Results**

The total turnover of Leeds Castle business activities in 1994/5 was virtually identical to the previous year at £5.66 million, but the pre-tax surplus was down from £612,000 to £477,000. It was perhaps inevitable that 1994/5 would struggle to match up to 1993/4 in financial terms. That was the year of record visitor numbers and the hugely successful Pavarotti concert. By contrast in 1994/5, while the visitor numbers were again splendid, the cancellation of the Bolshoi Ballet left us with net costs of some £22,000 after we had done everything we could reasonably do to help salvage the production. Also we incurred new and unwelcome costs as it became evident that we needed to bolster our Castle security. The interest income from our cash balances was reduced by the need to tie up working capital in a new edition of our Guide Book. However, if we take out these exceptional factors, the underlying net income from our ongoing activities was up by 8%, which is a very satisfactory result when seen in perspective. We have a large and complex site and a duty as Trustees to ensure that we safeguard not only the tangible assets of Lady Baillie's bequest but also the health and safety of our many visitors. In addition to the security costs already mentioned, our spending on the year-round day visitor operation went up significantly to ensure that our standard of visitor care did not suffer through the extension of opening hours. There will always need to be a balance in our business between the need to maximise funds for maintaining our properties and ensuring that staffing levels are commensurate with our responsibilities as Trustees in terms of security, health and safety.

It will remain necessary to keep our needs and our costs under rigorous scrutiny in the years ahead. Nevertheless, the net income of Leeds Castle Enterprises together with the dividend and interest income of Leeds Castle Foundation have produced a solid financial result which has permitted the Foundation to continue with the significant investment on projects. The total for annual maintenance and development in 1994/5, excluding the Terrace Room, amounted to £588,774.

Maintenance expenditure is a vital duty for the Foundation. All our buildings, including the medieval causeways, lakes and waterways, were designed centuries ago for purposes other than those for which they are now used. For example, the volume of catering functions in the Fairfax Hall, originally built as a farm barn some 300 years ago, creates a tremendous demand for regular maintenance. The services such as gas, electricity, water, telephone and drainage, which pass along the causeway separating the Castle Lake from the Great Water, are quite fundamental to the whole of our operation and require constant attention and care. Maintenance investment by the Foundation must remain one of our great priorities and I am pleased that during 1994/5 we have achieved many small improvements to the buildings and services for which we are responsible. This financial management is the responsibility of Hedley Ashbee who also acts as Secretary to the Foundation. He brings to these tasks qualities of integrity and professional judgement vital to ensuring we have the resources to meet our charitable objectives.

### Day Visitors

The pattern of visitors changed slightly during this last year, bearing in mind that 75% of all our visitors come during the six months April to September. In 1994/5 there was a slight reduction in the first six months compensated for by an increase in the last six months. We consider that the year-round opening policy will help to spread visitors throughout the year and it must remain one of our main marketing tasks to increase visitor numbers during the winter months. For the first time we carried out a visitor survey during the winter months and found that visitor enjoyment and views on value for money were just as strong as during the summer months. This is despite the fact that winter visitors stay in the grounds for approximately 1 hour less than the 3½ hours spent by those in summer.

There has been a slight increase in overseas visitors to a total of approximately 47% and also in group visitors to approximately 34% of the total. These results reflect well on our marketing policies over the last few years where we have established the need to spread our demand more evenly between overseas and UK visitors and between groups and individuals. It should be noted that Leeds Castle's visitor numbers in 1994/5 did not reflect the disappointing trend of a 3% reduction among a majority of historic houses in the UK.

### Catering and the Terrace Room

In July 1994, the Trustees agreed to proceed with the construction of the Terrace Room for which planning permission and approval by English Heritage had been given in 1991. The achievement of Andrew Wells in negotiating and setting up the contract with the builders, together with the supervision of the completion of the contract by Andrew Wilson, deserves special comment and warm compliments. It is rare that a building contract is started on time, finished on time, completed within budget and to such a high standard of craftsmanship meeting the client's specific needs.

The average amount spent by our day visitors on catering has remained at £1.74 per head for the last two years. It is expected this will now be noticeably increased with the addition of the waitress service operation in the Terrace Room and the return of the Fairfax Hall to self-service.

### Catered Functions

The turnover of £750,000 in Catered Functions held in the Culpeper Centre, Fairfax Hall and the Gate Tower was almost identical to the previous year. This market has been intensely competitive for nearly four years and has prevented any growth or price increases. It would appear, however, that the economy in the South East is picking up since numbers attending our banqueting events are gradually returning to the levels in the late 1980's. It is a credit to our whole Catering Department that we have maintained turnover and controlled costs to the extent that profitability increased in 1994/5.

## **Shops**

It has been most encouraging that during the year visitors have been spending on average 10% more in our shops at £1.93 per head. This growth is a direct reflection on the shops' management by Sara King and Jacqueline Cameron, together with their enthusiastic and skilful staff. Our shops are attractive and carry a wide range of good value merchandise of high quality. This level of spending by visitors in our shops and the increase in 1994/5 was well ahead of the average in most other historic houses or tourist attractions in the UK.

## **Castle Conferences**

The growth in Castle conference revenue of 15% in 1994/5 to £364,000 has been achieved by the Sales Office working with the Castle staff against a background of a highly competitive market, where more country houses and hotels have entered the market for conferences and have upgraded their facilities. Our investments have been confined to a number of small improvements in the bedrooms and bathrooms of the Castle. The more targeted sales efforts under Andrew Wilson and the recently appointed Sales and Reservations Manager, Mrs Judy Murray, have resulted in more enquiries being converted into bookings. The consistent and dedicated attention provided by Martin Bubb, the Butler, and all other Castle staff has meant that more Castle conference clients have been keen to return, such as the Young Presidents Organisation, Andersen Consulting, and Bayer UK.

The medical conferences have once again been of considerable international importance. I draw special attention to the conferences of the Department of Health and the International Council of Scientific Unions. The high standards of hospitality which the Castle staff consistently provide for these medical conferences gives great encouragement to the Trustees who know that Lady Baillie's intentions for the Leeds Castle Foundation's charitable objectives are being effectively undertaken.

## **Special Events**

Our two Open Air Concerts are now a major popular event in Kent and this year once again were attended by 24,000 in total. Against this has to be set the cancellation of the performance of the Bolshoi Ballet by its promoter Derek Block, a disappointment we shared with a number of other historic houses around the country. It caused a loss to Leeds Castle of £22,000, but we ensured that all who had bought tickets from the Castle were reimbursed. We have learned some useful lessons from this unhappy episode.

On the staff side, Mrs Susan Bowen, our Special Events Manager, left Leeds Castle in April 1994 to take on an exciting new challenge in helping Buckingham Palace open to the public. She was succeeded by Nick Day. His enthusiasm and attention to detail has meant that there has been an apparently seamless transition in the management of our numerous special events.

## The Castle

During 1994/5 Andrew Wells, the Castle Curator, has faced two very different tasks. The first related to the pictures, tapestries and other works of art in the Castle, some of which have been generously loaned to us. He has been planning a skilful replacement programme for the time when we have to face changes. At the same time the Lumley Horse, unique to England, has been given a new display on the main visitor route, and there has been an extensive programme of labelling the Castle's treasures to enhance visitor understanding and enjoyment.

Andrew Wells' second task has been dealing with new requirements for security and fire detection which result in part from the conditions of the magistrates' Liquor Licence. These requirements are constantly being revised and our close co-operation with the Fire Brigade is a valuable element in making sure that all reasonable efforts are being made in the Castle for the safety of guests and visitors. Considerable care has been taken to make sure we comply with regulations without spoiling the appearance of each room. On behalf of the Trustees I would like to record our appreciation to Andrew Wells and his Castle staff for the accomplishment of these tasks while the day to day business of visitors and Castle conferences continues uninterrupted.

## Golf

The number of rounds played on our beautiful 9 hole golf course declined slightly once again. This is due both to the competition of a number of new local courses and also to the many wet days during this last winter. The quality of the golf course, its tees, fairways and greens, has been maintained - while our green fees have remained unchanged.

The main change in our golf operation during 1994/5 was the resignation of the Professional, Chris Miller, after 10 years excellent service. Chris Miller, a family man in his thirties, has moved on to a bigger job as the Professional at Poult Wood near Tonbridge. This change gave us the opportunity to put the Golf Centre and Shop on an in-house basis and to appoint Angela Knowlden as the Golf Centre Supervisor. By employing Leeds Castle staff we have been able to improve the Golf Centre and Shop and to develop an increased enthusiasm from the golfers who regularly support the Golf Course.

The Trustees have appointed Neil Coles Associates as our new professional advisers for the Golf Course. Neil and his son Gary Coles have recommended initiatives which we should follow during 1995 and 1996 to improve the quality of the Golf Course and also increase the numbers of midweek golfers.

### **The Vineyard**

In 1994 an average harvest of grapes in quantity amounted to 6,000 bottles, despite wet days during the latter part of October combined with a sudden frost which compelled a very late picking. Our wine finds a ready market with our day visitors and conference and banqueting guests. We propose developing half bottle sales in the future for restaurant customers in the Fairfax Hall and Terrace Room. The hard work each year of Trevor Fermor and Maurice Bristow with members of the Gardens Department has ensured that we are developing a solid reputation as a wine producer in the South East of England.

### **Park and Gardens**

Maurice Bristow's team also earn much-deserved praise from our visitors for the Leeds Castle Gardens. It is important that they are well kept and provide variety and colour over as many months as possible. During the year our Landscape and Garden Adviser, Francois Goffinet, a distinguished expert with an international practice, has left us. He contributed greatly to our grounds and gardens over a period of nine years, particularly in planning our recovery from the devastating hurricane of October 1987. We are now looking for suitable successor the Monsieur Goffinet.

### **The Aviary and Duckery**

1994 was the first full year when the Duckery and the Aviary came under Laura Paterson's supervision and the Trustees are greatly impressed with her work and that of her three colleagues. It has rarely been necessary for the Trustees to call upon the advice of our Birds Adviser, Mr Raymond Sawyer. The investment in the paved surface of the Aviary has transformed the appearance and comfort, both for visitors and for the birds themselves. The breeding record which is so important has continued to progress well. The rare production of Kookaburra and Yellow-throated Laughing Thrush chicks has added both to our visitor attractions and to the Aviary's professional reputation.

### **Maintenance**

As high standards of performance and reliability are required in all businesses nowadays, it has been necessary for the small Estate Maintenance Department to concentrate more time and precise organisation on maintenance priorities. Real progress has been made in this direction during 1994 but with the increase in health and safety requirements and the operating departments' needs, it will continue to be the case in 1995 that more time and effort will be spent by the Maintenance Department on maintaining our facilities rather than on specific projects as has tended to be the case in the past. Andy Bryant, the Maintenance Manager, is closely involved with this change in emphasis which is related to the growing concern with hazard identification and risk assessment. During the 1990's we are witnessing an increasing need to meet regulations and statutory licence requirements, and this means tighter organisation, more attention to detail and greater time devoted to maintenance work.

Over the last few years, the Maintenance Department have cleared up many black spots, legacies from the past, and we are all pleased with the high quality of operation of our services which now exists. There will, in my opinion, be a need for even more attention to this area in the future.

### Information Technology

For the first time in a Chairman's Statement at Leeds Castle, this subject receives specific mention. There has been a marked improvement in the range and performance of our computers in the Accounts, Marketing and Sales Department during 1994/5. Efforts have also been made to prepare for computerisation in the Shops, Catering and Golf Centre operations. I know how much office staff have valued our expenditures. Others may not appreciate how important it is for maintaining Leeds Castle's position in a competitive tourism industry to increase computer capacity and staff productivity with new hardware and software. Nick Dufton's responsibility for IT as well as for Personnel, fits neatly into his training responsibilities. I am keen that we develop more comprehensive training programmes for all staff and hope that by 1996 this subject will have become a greater priority within management plans.

### Staff

Under the supervision of Nick Dufton, the 65 Plus Club for retired staff has been established with a reception in December and a theatre outing in July. This is an opportunity for retired members of staff to keep in touch with Leeds Castle and many of their friends here. I am delighted that we can afford to maintain these contacts with individuals who have contributed so much over past years to the success and wellbeing of Leeds Castle.

After many years of much respected work at Leeds Castle, Mrs Joan Maidment retired as Chief Accountant and Mrs Rita Genge retired as Seamstress to the Castle. We have appreciated very much the charming personalities, and considerable qualities in their specialised fields, of these two very popular ladies. We are glad to welcome as the new Chief Accountant, Mrs Maureen Reid, who has quickly won respect by her knowledge and committed approach to computer techniques and the growing complexity of today's statutory requirements.

In April, the Castle Housekeeper, Mrs Georgina Thompson-Murray, retired after six years' service during which time she earned the gratitude of many distinguished guests staying in the Castle. As her successor we have been fortunate to obtain the services of an experienced housekeeper, Mrs Julie Neal, who joins us from Chilston Park.

In November 1994 Mrs Joanna Oswin resigned as Marketing Manager to take up a highly challenging position as Marketing Manager at Legoland near Windsor. During the 11 years of Joanna Oswin's reign in charge of marketing, the public awareness in Leeds Castle and its attractions increased very significantly both in the UK and overseas. Her flair for publicity, her energy and considerable determination, put Leeds Castle firmly on the world map of major attractions.



Between the end of the year under review and the preparation of this Report, two other notable retirements have taken place amongst the Castle staff. John Grandolfi, the Castle Chef, and his wife Lucia completed over 19 years of service with a dinner in honour of our Patron, HRH Princess Alexandra. Their culinary skills have been enjoyed by Castle conference guests from all over the world. We believe we have found a particularly suitable successor in Paul Fox who comes to Leeds Castle with wide experience, including being Head Chef at Government House, Bermuda.

The subject of benefits in respect of pensions and holidays for part-time staff needs to be assessed as our businesses develop and the contribution of both casual and part-time staff continues to grow. I would like to emphasise the Trustees' appreciation of the hard work and enthusiasm which are shown by all our staff, in particular those who have to handle the visitors and the guests day in, day out, with patience, courtesy and helpfulness. Guides, stewards, car parkers, gatekeepers, ticket sellers, catering and shop staff, all contribute so much to visitor and guest enjoyment. During my first full year as Chairman, I have been very proud of the high standards which all staff are keen to maintain for the benefit of the public who come to Leeds Castle. I wish to record the appreciation of the Trustees for the excellent efforts which all managers and staff make at Leeds Castle.

Finally I would like to make special mention of the leadership role of Graham Jackson as managing director of Leeds Castle Enterprises. He has great experience of the tourism industry, within which he is greatly respected. He has put his personal stamp on the whole range of activities contained within the present Report.

### New Trustees

I am happy to welcome to the Board of the Foundation three new Trustees: Sir John Ure, KCMG LVO, is a distinguished retired diplomat and author; Mr James Teacher is Chairman of the Kent Trust for Nature Conservation, and his wife recently completed a year as High Sheriff of Kent. Both Sir John Ure and Mr Teacher live near Leeds Castle and will greatly strengthen our Kent connections. The third Trustee is Dame Elizabeth Esteve-Coll DBE who has been Director of the Victoria and Albert Museum since 1988 and is about to take up a new appointment as Vice-Chancellor of the University of East Anglia. Her experience will be a great support in our efforts to enhance our visitors' enjoyment of the Castle and its treasures.

## **CHAIRMAN**

## **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

### **DIRECTORS' REPORT**

The directors present their report and the financial statements for the period ended 26 March 1995.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company is a charity registered with the Charity Commission. The principal activity of the company is the preservation for the public benefit of both Leeds Castle and of the land comprised in a gift bequeathed by the late Hon. O C Lady Baillie and the use of the castle and park land for charitable purposes.

### **RESULTS**

The consolidated surplus for the period after taxation was £467,115 (1994: £600,160).

### **DIRECTORS**

The present directors and those who served during the year are listed below and continue in office in accordance with the Articles of Association.

The Lord Thomson of Monifieth, KT, PC, DL, Chairman  
The Hon. Edward Adeane, CVO  
The Lord Armstrong of Ilminster, GCB, CVO  
Sir Roger Bannister, CBE, DM, FRCP  
The Lord Boston of Faversham, QC  
The Lord Charteris of Amisfield, GCB, GCVO, QSO, OBE, PC  
Dame Elizabeth Esteve-Coll, DBE (appointed 24 July 1995)  
Gerald van der Kemp, Membre de l'Institut  
The Lord Kingsdown, KG, PC  
Mr P H T Mimirriss  
The Hon. Sir Angus J B Ogilvy, KCVO  
The Earl of Scarbrough, DL  
Dr. J F Stokes, MD, FRCP  
Mr James Teacher (appointed 24 July 1995)  
Sir John Ure, KCMG, LVO (appointed 24 July 1995)

### **DIRECTORS' INTERESTS**

The company is limited by guarantee and does not have a share capital. As members of the company, the liability of each of the directors under the guarantee is limited to £1.

### **EMPLOYEE INVOLVEMENT AND DISABLED PERSONS**

Throughout the group there is a close consultation between management and other employees on matters of concern with a view to keeping employees well informed about the progress and position of the group's activities. It is group policy to give full and fair consideration to the employment of applicants who are disabled persons with suitable aptitudes and abilities.

## **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

### **DIRECTORS' REPORT (continued)**

#### **AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Coopers & Lybrand as auditors to the company will be put to the Annual General Meeting.

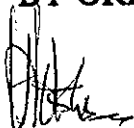
#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the surplus or deficit of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 26 March 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

**BY ORDER OF THE BOARD**



H P Ashbee  
Secretary  
24 July 1995

## **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

### **AUDITORS' REPORT TO THE MEMBERS OF LEEDS CASTLE FOUNDATION**

We have audited the financial statements on pages 4 to 24.

#### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 26 March 1995 and of the surplus, total recognised gains and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

**Coopers & Lybrand**  
Chartered Accountants and Registered Auditors  
London  
24 July 1995

# **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

## **STATEMENT OF ACCOUNTING POLICIES**

### **Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of investments and in accordance with applicable accounting standards.

### **Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary for the period ended 26 March 1995.

### **Form of financial statements**

The reserves comprise six distinct categories of funds. These categories are:

i) **Heritage Fund**

This relates to the land, buildings and chattels held by the Foundation for preservation. It was created from the value of the castle, grounds and castle contents bequeathed to the Foundation by the late Hon. O C Lady Baillie less the authorised sale of certain items.

ii) **Endowment Fund**

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

iii) **Development Fund**

This relates to expenditure incurred on new buildings, the restoration of existing buildings and changes to the infrastructure of the estate carried out to improve the facilities available to members of the public and is financed by amounts transferred from the revenue account. It is the policy of the Trustees to finance future capital developments of a substantial nature from operating surpluses so far as possible.

iv) **Defined Purposes Fund**

These have been given, loaned or bequeathed to the Foundation to be used in accordance with the wishes of the donors or their representatives.

v) **Property Maintenance Fund**

This fund is intended to meet future major maintenance of an irregular nature, and any unforeseen emergencies that may arise.

vi) **General Fund**

The General Fund provides the working capital requirements of the Foundation after specific allocations for development projects and Property Maintenance Fund projects and reserve increases have been made.

## **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

### **STATEMENT OF ACCOUNTING POLICIES (continued)**

#### **Turnover**

Turnover represents total income receivable, excluding value added tax, from admission fees, the sale of goods, services supplied and sundry income.

#### **Investments**

Listed investments are included in the balance sheet at market valuation. Appreciation or depreciation arising on the disposal or revaluation of investments is credited to the Endowment Fund. The commissions charged for the purchase and sale of investments in the portfolio are charged against the value of the investment.

#### **Investment income**

Dividends and interest on listed investments are accounted for when the cash is received. The amount shown includes the related tax credits which, because of the company's charitable status, are recoverable.

Interest on bank deposits is accounted for on an accruals basis.

#### **Depreciation**

##### **i) Castle grounds, freehold land, buildings and castle contents**

No depreciation is provided on the value attributable to the assets when acquired through the original gift, on other land and buildings held by the holding company, or on assets subsequently added by development expenditure. It is the policy of the company to carry out annually a full repairs and maintenance programme such that, the residual values of these assets based on prices prevailing at the date of acquisition or 1974 valuation, as applicable, is at least equal to their carrying value. Accordingly any depreciation would not be material. Carrying values are reviewed annually and provision would be made, if necessary, for any permanent diminution in value.

##### **ii) Equipment and motor vehicles**

The cost of equipment and motor vehicles is written off in equal instalments over a period of four years.

##### **iii) Assets held under finance leases**

The cost of equipment is written off over the remaining period of the lease.

#### **Stocks**

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

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## CONSOLIDATED REVENUE ACCOUNT AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 26 MARCH 1995

	Notes	1995 £	1994 £
<b>TURNOVER</b>	1	5,660,139	5,456,155
Net operating expenses	2	(5,472,110)	(5,173,653)
		<u>          </u>	<u>          </u>
<b>OPERATING PROFIT</b>		188,029	282,502
Dividends and interest	3	288,638	328,791
Donations received		764	1,098
		<u>          </u>	<u>          </u>
<b>SURPLUS BEFORE TAXATION</b>		477,431	612,391
Taxation on ordinary activities	5	(10,316)	(12,231)
		<u>          </u>	<u>          </u>
<b>SURPLUS FOR THE PERIOD</b>	6	467,115	600,160
Transfer from the Endowment Fund	17	230,000	-
		<u>          </u>	<u>          </u>
		697,115	600,160
<b>ALLOCATION TO FUNDS</b>			
Development Fund	7	(478,041)	(60,302)
Property Maintenance Fund:			
Expenditure	20	(421,325)	(486,978)
From Reserve	20	200,000	(68,000)
		<u>          </u>	<u>          </u>
<b>RETAINED IN THE GENERAL FUND</b>		(2,251)	(15,120)
Balance brought forward from last year		279,865	294,985
		<u>          </u>	<u>          </u>
<b>BALANCE IN THE GENERAL FUND</b>		<u>£277,614</u>	<u>£279,865</u>
<b>Representing:</b>			
Retained General Fund of the holding company		277,614	279,865
Retained profit and loss account of subsidiary		-	-
		<u>          </u>	<u>          </u>
<b>BALANCE IN THE GENERAL FUND</b>		<u>£277,614</u>	<u>£279,865</u>

**LEEDS CASTLE FOUNDATION AND SUBSIDIARY****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE PERIOD ENDED 26 MARCH 1995**

	1995 £	1994 £
Surplus for the financial year	467,115	600,160
Realised (losses)/gains on investments	(115,944)	111,706
Unrealised (losses)/gains on investments	(159,965)	567,517
<b>TOTAL GAINS RECOGNISED SINCE LAST ANNUAL REPORT</b>	<b>£191,206</b>	<b>£1,279,383</b>

All income and expenditure items relate to continuing operations.



# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## REVENUE ACCOUNT

FOR THE PERIOD ENDED 26 MARCH 1995

	Notes	1995 £	1994 £
<b>INCOME</b>			
Dividends and interest	3	398,175	518,059
Donations received - from subsidiary		289,260	330,700
- other		764	1,098
		<u>          </u>	<u>          </u>
<b>TOTAL INCOME</b>		688,199	849,857
Net operating expenses	2	(221,084)	(233,478)
		<u>          </u>	<u>          </u>
<b>SURPLUS FOR THE PERIOD</b>	6	467,115	616,379
Transfer from the Endowment Fund	17	230,000	-
		<u>          </u>	<u>          </u>
<b>ALLOCATION TO FUNDS</b>		697,115	616,379
Development Fund	7	(478,041)	(60,302)
Property Maintenance Fund:			
Expenditure	20	(421,325)	(486,978)
From Reserve	20	200,000	(68,000)
		<u>          </u>	<u>          </u>
<b>RETAINED IN THE GENERAL FUND</b>		(2,251)	1,099
Balance brought forward from last year		279,865	278,766
		<u>          </u>	<u>          </u>
<b>BALANCE IN THE GENERAL FUND</b>		277,614	279,865
		<u>          </u>	<u>          </u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>			
<b>FOR THE PERIOD ENDED 26 MARCH 1995</b>			
		1995 £	1994 £
Surplus for the financial year		467,115	616,379
Realised (losses)/gains on investments		(115,944)	111,706
Unrealised (losses)/gains on investments		(159,965)	567,517
		<u>          </u>	<u>          </u>
		£191,206	£1,295,602
		<u>          </u>	<u>          </u>

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEET

AT 26 MARCH 1995

	Notes	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	8	8,730,632	8,142,836
Investments	10	4,358,855	4,944,361
		<u>13,089,487</u>	<u>13,087,197</u>
<b>CURRENT ASSETS</b>			
Stocks	11	487,107	276,502
Debtors	12	550,052	541,876
Cash at bank and in hand	13	566,299	921,613
		<u>1,603,458</u>	<u>1,739,991</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	14	(1,034,958)	(949,635)
<b>NET CURRENT ASSETS</b>			
		<u>568,500</u>	<u>790,356</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		13,657,987	13,877,553
<b>CREDITORS: amounts falling due after more than one year</b>			
	15	(150,295)	(139,742)
<b>NET ASSETS</b>			
		<u>£13,507,692</u>	<u>£13,737,811</u>
<b>FUNDS</b>			
Heritage	16	1,402,406	1,402,406
Endowment	17	6,626,722	7,132,631
Development	18	4,857,950	4,379,909
Defined purposes	19	75,000	75,000
Property maintenance	20	268,000	468,000
General fund and profit and loss account		277,614	279,865
		<u>£13,507,692</u>	<u>£13,737,811</u>

# LEEDS CASTLE FOUNDATION

## BALANCE SHEET AT 26 MARCH 1995

	Notes	26 March 1995 £	27 March 1994 £
<b>FIXED ASSETS</b>			
Tangible assets	8	8,400,787	7,842,073
Investments - subsidiary company	9	366,100	366,100
- other	10	4,358,855	4,944,361
		<u>13,125,742</u>	<u>13,152,534</u>
<b>CURRENT ASSETS</b>			
Stocks	11	-	825
Debtors	12	231,842	241,541
Cash at bank and in hand	13	468,682	587,656
		<u>700,524</u>	<u>830,022</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	14	(318,574)	(244,745)
<b>NET CURRENT ASSETS</b>		<u>381,950</u>	<u>585,277</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>£13,507,692</u></u>	<u><u>£13,737,811</u></u>
<b>FUNDS</b>			
Heritage	16	1,402,406	1,402,406
Endowment	17	6,626,722	7,132,631
Development	18	4,857,950	4,379,909
Defined Purposes	19	75,000	75,000
Property Maintenance		268,000	468,000
General		277,614	279,865
		<u>£13,507,692</u>	<u>£13,737,811</u>

The financial statements on pages 4 to 24 were approved by the board of directors on 24 July and were signed on its behalf by: -

)  
) Directors *Theresa M. Mangan*  
) *Chantel J. Mangan*

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 26 MARCH 1995

		Inflow/(Outflow)	
		1995	1994
	Notes	£	£
<b>OPERATING ACTIVITIES</b>			
Cash received from customers		5,651,963	5,331,472
Cash payments to suppliers		(1,084,773)	(1,233,281)
Staff costs	4	(2,519,033)	(2,366,614)
Other cash payments		(1,839,600)	(1,238,150)
		<u>          </u>	<u>          </u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	24	208,557	493,427
<b>RETURNS ON INVESTMENTS</b>			
<b>SERVICING OF FINANCE</b>			
Dividends received	3	202,975	198,934
Interest received	3	50,498	69,645
Sundry income	3	35,165	60,212
Donations received		764	1,098
Interest element of finance lease rentals	6	(14,894)	(26,457)
		<u>          </u>	<u>          </u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		274,508	303,432
<b>TAXATION PAID</b>		(16,183)	(9,821)
<b>INVESTING ACTIVITIES</b>			
Development projects	7	(478,041)	(60,302)
Purchase of other fixed assets		(148,270)	(177,331)
Sale of assets		9,550	1,670
Purchases of fixed asset investments	10	(709,526)	(1,399,912)
Proceeds from fixed asset investments		849,161	1,727,676
Property maintenance expenditure	20	(421,325)	(486,978)
		<u>          </u>	<u>          </u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		(898,451)	(395,177)
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(431,569)	391,861
<b>FINANCING</b>			
Repayments of principal under finance leases		(93,707)	(66,633)
		<u>          </u>	<u>          </u>
<b>NET (DECREASE)/INCREASE IN CASH</b>		<u>£(525,276)</u>	<u>£325,228</u>

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995

### 1. TURNOVER

	1995 £	1994 £
Admission fees	2,114,055	1,959,965
Special events	483,791	547,139
Catering	1,532,531	1,542,715
Conferences	363,633	325,024
Shop trading	973,881	888,087
Golf	154,309	169,863
Plants and garden products	22,700	20,499
Sundry revenues	15,239	2,863
	<u>5,660,139</u>	<u>5,456,155</u>

### 2. NET OPERATING EXPENSES

	<u>Group</u>		<u>Company</u>	
	1995 £	1994 £	1995 £	1994 £
Change in stocks of consumable and goods for resale	(211,430)	15,183	-	1,147
Purchases of consumable and goods for resale	1,506,808	1,218,098	-	-
Staff costs	2,519,033	2,366,614	136,122	123,796
Depreciation of tangible fixed assets	149,746	123,530	-	-
Other operating charges	1,507,953	1,450,228	84,962	108,535
	<u>5,472,110</u>	<u>5,173,653</u>	<u>221,084</u>	<u>233,478</u>

### 3. INVESTMENT INCOME

	<u>Group</u>		<u>Company</u>	
	1995 £	1994 £	1995 £	1994 £
Income from fixed asset investments	202,975	198,934	301,775	396,434
Bank interest receivable	50,498	69,645	24,635	24,813
Loan interest receivable from subsidiary	-	-	36,600	36,600
Sundry income	35,165	60,212	35,165	60,212
	<u>288,638</u>	<u>328,791</u>	<u>398,175</u>	<u>518,059</u>

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

### 4. EMPLOYEES

Staff costs during the year were:

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	£	£	£	£
Permanent staff costs	1,613,396	1,547,446	84,946	84,861
Casual staff costs	621,696	546,199	-	-
Social security costs	171,672	175,280	9,128	8,283
Other pension costs	112,269	97,689	42,048	30,652
	<u>2,519,033</u>	<u>2,366,614</u>	<u>136,122</u>	<u>123,796</u>

The average weekly number of persons employed by the group and the company during the year was:

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	Number	Number	Number	Number
Full time	108	107	4	4
Part time	188	174	-	-
	<u>296</u>	<u>281</u>	<u>4</u>	<u>4</u>

### Directors' remuneration

No remuneration was paid to the directors during this period or the previous period.

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

### 5. TAXATION

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	£	£	£	£
Corporation tax payable @ 25% (1994 - 28.9%)	10,316	12,231	-	-
	<u>10,316</u>	<u>12,231</u>	<u>-</u>	<u>-</u>

### 6. SURPLUS FOR THE PERIOD

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	£	£	£	£
Surplus is stated after crediting:				
Rent receivable	28,410	28,379	28,410	28,379
(Loss)/profit on disposal of assets	(545)	20	-	-
and after charging:				
Depreciation on owned assets	56,039	56,897	-	-
Depreciation on assets held under finance leases	93,707	66,633	-	-
Charges paid on finance leases	14,894	26,457	-	-
Hire of plant & equipment - operating leases	15,554	37,184	-	-
Auditors' remuneration	22,000	21,000	7,150	6,825
Auditors' remuneration for non-audit services	<u>15,655</u>	<u>12,110</u>	<u>-</u>	<u>-</u>

At 26 March 1995 the group had annual commitments on non-cancellable operating leases as follows:

payments within one year	6,195	12,347	-	-
payments within the second to fifth years	522	11,429	-	-
payments after five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)**

#### **7. DEVELOPMENT EXPENDITURE**

During the year, costs incurred on new development assets, which are represented by the Development Fund, were as follows:

	1995 £	1994 £
Terrace Room construction	391,265	-
Refurbishment and improvement of properties	9,562	34,822
Estate office extension	48,348	-
Landscaping of the Grounds	12,266	8,336
Castle lighting	11,754	-
Castle bedroom and bathroom re-equipping	-	8,988
Disabled car park resurfacing	-	4,396
Miscellaneous minor projects	4,846	3,760
	<u>£478,041</u>	<u>£60,302</u>



# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

### 8. TANGIBLE FIXED ASSETS - GROUP

	Castle grounds and buildings £	Castle contents £	Freehold land buildings £	Equipment and motor vehicles £	Total £
At Estate Duty Valuation 1974	500,000	867,586	-	-	1,367,586
At cost	4,348,982	397,219	1,728,286	1,112,287	7,586,774
At 27 March 1994	4,848,982	1,264,805	1,728,286	1,112,287	8,954,360
Additions	478,041	-	80,673	188,923	747,637
Disposals	-	-	-	(14,599)	(14,599)
At 26 March 1995	5,327,023	1,264,805	1,808,959	1,286,611	9,687,398

### DEPRECIATION

At 27 March 1994	-	-	-	811,524	811,524
Charge for year	-	-	-	149,746	149,746
Eliminate in respect of disposals	-	-	-	(4,504)	(4,504)
At 26 March 1995	-	-	-	956,766	956,766

### NET BOOK VALUE

At 26 March 1995	5,327,023	1,264,805	1,808,959	329,845	8,730,632
At 27 March 1994	4,848,982	1,264,805	1,728,286	300,763	8,142,836

The net book value of equipment and motor vehicles of £329,845 (1994: £300,673) includes an amount of £249,574 (1994: £221,955) in respect of assets held under finance leases.

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

### 8. TANGIBLE FIXED ASSETS - COMPANY

	<u>Castle grounds and buildings</u> £	<u>Castle contents</u> £	<u>Freehold land buildings</u> £	<u>Total</u> £
<b>COST OR VALUATION</b>				
At Estate Duty Valuation 1974	500,000	867,586	-	1,367,586
At cost	4,348,982	397,219	1,728,286	6,474,487
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 March 1994	4,848,982	1,264,805	1,728,286	7,842,073
	<hr/>	<hr/>	<hr/>	<hr/>
Additions	478,041	-	80,673	558,714
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 March 1995	5,327,023	1,264,805	1,808,959	8,400,787
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 27 March 1994	-	-	-	-
Charge for year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Eliminated in respect of disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 March 1995	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
At 26 March 1995	5,327,023	1,264,805	1,808,959	8,400,787
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 March 1994	4,848,982	1,264,805	1,728,276	7,842,073
	<hr/>	<hr/>	<hr/>	<hr/>

The additions of £478,041 to the castle grounds and buildings are for new development assets and are analysed in Note 7.

## LEEDS CASTLE FOUNDATION AND SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

#### 9. INVESTMENT IN SUBSIDIARY COMPANY

The investment in Leeds Castle Enterprises Limited, a wholly owned subsidiary incorporated in Great Britain, is held on account of the Endowment Fund.

	1995 £	1994 £
Ordinary shares of £1 each at cost	100	100
10% unsecured loan stock 1995	336,000	336,000
	<u>336,100</u>	<u>336,100</u>

Leeds Castle Enterprises Limited is responsible for some activities of a commercial nature, such as trading and catering, which do not enjoy exemption from income and corporation tax as does the Foundation's income. A deed of covenant has been entered into between the Foundation and the subsidiary whereby the subsidiary makes a donation to the Foundation each year. The subsidiary's accounts have been consolidated with the Foundation's accounts.

#### 10. OTHER INVESTMENTS

These are listed investments including Certificates of Deposit and other investment portfolio cash balances and are held on account of the Endowment fund.

	1995 Group and Company £	1994 Group and Company £
<b>COST</b>		
At 27 march 1994	3,833,213	3,928,204
Additions	709,526	1,399,912
Disposals	(683,729)	(1,494,903)
	<u>3,859,010</u>	<u>3,833,213</u>
<b>At 26 March 1995</b>		
<b>MARKET VALUE</b>		
Listed investments	4,175,384	4,590,928
Cash holdings	183,471	353,433
	<u>4,358,855</u>	<u>4,944,361</u>
<b>At 26 March 1995</b>		

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH (continued)

### 11. STOCKS

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	£	£	£	£
Goods for resale	446,615	237,930	-	-
Consumable	40,492	38,572	-	825
	<u>487,107</u>	<u>276,502</u>	<u>-</u>	<u>825</u>

### 12. DEBTORS

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	188,575	165,651	-	-
Other debtors	154,438	185,043	120,278	150,128
Prepayments and accrued income	108,502	108,507	13,027	8,738
Tax recoverable on dividend	26,222	-	26,222	-
Taxation recoverable, deducted from donation	72,315	82,675	72,315	82,675
	<u>550,052</u>	<u>541,876</u>	<u>231,842</u>	<u>241,541</u>

### 13. CASH AT BANK AND IN HAND

	<u>Group</u>		<u>Company</u>	
	1994	1995	1994	1995
	£	£	£	£
Cash at bank and in hand	423,728	40,594	409,697	28,279
Deposits	142,571	881,019	58,985	559,377
	<u>566,299</u>	<u>921,613</u>	<u>468,682</u>	<u>587,656</u>

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

### 14. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	£	£	£	£
Amounts falling due within one year:				
Trade creditors	181,897	220,099	17,067	38,906
Amounts owed to subsidiary	-	-	91,097	99,734
Other taxation and social security payable	76,896	99,643	-	-
Other creditors	148,913	101,242	-	-
Accruals and deposits received in advance	411,717	332,041	180,585	90,566
Provision for corporation tax payable	14,116	16,183	-	-
Taxation due to Inland Revenue	102,140	98,214	29,825	15,539
Obligations under finance leases	99,279	82,213	-	-
	<u>1,034,958</u>	<u>949,635</u>	<u>318,574</u>	<u>244,745</u>

### 15. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	1995	1994	1995	1994
	£	£	£	£
Obligations under finance leases due in the second to fifth years inclusive	150,295	139,742	-	-
Due after five years	-	-	-	-
	<u>150,295</u>	<u>139,742</u>	<u>nil</u>	<u>nil</u>

### 16. HERITAGE FUND

	1995	1994
	£	£
At 27 March 1994 and 26 March 1995	<u>1,402,406</u>	<u>1,402,406</u>

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

### 17. ENDOWMENT FUND

	1995 £	1994 £
At 27 March 1994	7,132,631	6,453,408
Transfer to revenue account	(230,000)	-
Appreciation (Depreciation) arising on disposal and revaluation of investments	(275,909)	679,223
	<u>6,626,722</u>	<u>7,132,631</u>

### 18. DEVELOPMENT FUND

	1995 £	1994 £
At 27 March 1994	4,379,909	4,319,607
Allocated from the Revenue Account	478,041	60,302
	<u>4,857,950</u>	<u>4,379,909</u>
At 26 March 1995		

### 19. DEFINED PURPOSES FUND

	1995	1994
At 27 March 1994 and at 26 March 1995	<u>75,000</u>	<u>75,000</u>

### 20. PROPERTY MAINTENANCE FUND

	1995 £	1994 £
At 27 March 1994	468,000	400,000
Net allocation from the Revenue Account	221,325	554,978
less:		
Amounts expended in year	(421,325)	(486,978)
	<u>268,000</u>	<u>468,000</u>
At 26 March 1995		

## **LEEDS CASTLE FOUNDATION AND SUBSIDIARY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)**

#### **21. CAPITAL**

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

#### **22. PENSION SCHEME**

Leeds Castle Foundation operates a defined benefit scheme providing benefits based on final pensionable pay for employees for Leeds Castle Foundation and its subsidiary Leeds Castle Enterprises Limited. The assets of the scheme are held separately from those of Leeds Castle Foundation in independent insurance-administered funds.

The main scheme, the Leeds Castle Retirement Benefits Scheme, is valued every three years by an independent qualified actuary. The latest actuarial valuation prior to the year end was carried out as at 1 April 1992. The 1992 valuation used the projected unit method and showed that the actuarial value of the scheme's assets represented 127% of the benefits that has accrued to members at that date after allowing for future increases in earnings and pensions in payment. The market value of the scheme's assets at that time was £1,685 for the company (£497,600 for the group).

The principal assumptions were that, over the long term, the rate of return on investments would exceed the rate of increase in salaries by 2% and that there would be no increase in the rate of pensions.

Pension costs are charged to the revenue account so as to spread the cost of pensions over employees' working lives with the group. The pension cost for the year was £5,707 (1994: £2,860), for the company and £56,073 (1994: £44,432) for the group.

Other pension costs represent ex-gratia payments and personal pension plans for certain individual employees.

#### **23. CONTINGENT LIABILITY**

Provided the company continues to reserve for the public benefit both Leeds Castle and the grounds comprised in the gift by the late Hon. O C Lady Baillie in pursuance of the undertakings given to H M Treasury the contingent liability to Estate Duty in respect of the gift will not arise.

# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 1995 (continued)

### 24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Notes	1995 £	1994 £
Operating profit			
add back non cash charges:		188,029	282,502
Depreciation charges on fixed assets	6	56,039	56,897
Lease charges on fixed assets	6	108,601	93,090
(Loss)/profit on sale of fixed assets	6	545	(20)
Other cash movements:			
(Increase)/decrease in stocks		(210,605)	15,183
(Increase)/decrease in debtors		(8,176)	(124,683)
Increase/(decrease) in payables		74,124	170,458
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>208,557</u>	<u>493,427</u>

### 25. ANALYSIS OF CASH BALANCES AS SHOWN IN THE BALANCE SHEET

	1995 £	1994 £	Change in Year £
Per Balance Sheet	566,299	921,613	(355,314)
Add: Cash balances within the investment portfolio	183,471	353,433	(169,962)
TOTAL CASH BALANCES	<u>749,770</u>	<u>1,275,046</u>	<u>525,276</u>



# LEEDS CASTLE FOUNDATION AND SUBSIDIARY

## 26. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995 £	1994 £
Balance at beginning of period	1,275,046	949,818
Net cash (outflow)/inflow	(525,276)	325,228
	<u>749,770</u>	<u>1,275,046</u>
Balance at end of period	<u>749,770</u>	<u>1,275,046</u>

## 27. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Finance lease obligations 1995 £	Finance lease obligations 1994 £
Balance at beginning of period	221,955	206,633
Inception of finance lease contracts	130,872	81,955
Termination of lease	(9,546)	-
Repayment of principal	(93,707)	(66,633)
	<u>249,574</u>	<u>221,955</u>
Balance at end of period	<u>249,574</u>	<u>221,955</u>