



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 2021

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Leeds Castle Foundation is a registered charity: No. 268354. Registered Office: Leeds Castle, Maidstone, Kent ME17 1PL Registered in England No. 1172263 VAT No. 303 8709 66

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LEEDS CASTLE FOUNDATION

ADMINISTRATIVE DETAILS

Trustees Mr Niall F R Dickson CBE (Chairman)
Mrs Helen Deeble CBE
Mrs Anna Eavis
Mr Richard G Laing
Mr Jonathan B Neame, DL
Mrs Laura C A Nesfield
Mr Andrew Ross
Mr Julian Smith
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

LEEDS CASTLE FOUNDATION

ADMINISTRATIVE DETAILS

Sub-committee membership

Finance, Audit and Risk Committee	Mr Richard G Laing Mr Julian Smith 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 Mr Julian Smith 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 CBE Mrs Helen Bonser-Wilton Mr Robin Richman	Chairman Chief Executive Finance Director and Secretary
Senior Management Team of the Foundation	Mrs H Bonser-Wilton Mr R Richman Mrs D Matthews Mr S Guy Mr J Jordan	Chief Executive Finance Director Head of Sales & Marketing Head of Operations Head of Estate Services

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

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 31st March 2021. 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 1st April 2020 to 31st March 2021. 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 of operating surpluses.
- Reserves Policy.
- Investment Policy and Objectives
- Core Activities – Public Benefit.
- Plans for the Future.
- Risk.
- Section 172 Statement.

Review of the year

The Estate was closed due to COVID-19 lockdown from Monday 23rd March 2020 in accordance with Government instructions. All staff were paid in full to the month end and an orderly shutdown ensued. Planning for the year in the context of the pandemic was extremely difficult, but cost control to match a fluid situation was the key aim.

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 Coronavirus Job Retention Scheme.

Throughout the year, the Hospitality and Accommodation sales staff offered all those with bookings impacted by restrictions an alternative date for their function and it was encouraging that most rebooked their functions in line with the constantly changing restrictions. For some this had to be repeated on multiple occasions. Those who did not wish to rebook were refunded.

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

Once initial 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 financial year would have the ability to return for further visits for a fifteen-month period, rather than the normal twelve, as the estate had to postpone events and limit admission numbers through a pre-booking system. Timed arrival booking slots and pre-booking protocols were introduced to ensure best industry practice was followed.

The Leeds Castle Golf Club reopened, with an immediate increase in memberships, as restrictions allowed people to take outdoor exercise in safe surroundings. This proved an unexpected boost to re-establishing the Golf Club following the earlier investment in the course and facilities.

In mid-July, Phase Two of reopening the wider external areas of the estate, including playgrounds, was completed and well-received. The additional safety and hygiene measures, whilst expensive, were very much appreciated by our customers, leading to positive customer feedback.

August saw the reintroduction of onsite accommodation and Castle interior admissions, all with appropriate booking and hygiene protocols. The staycation boom boosted occupancy percentages to record levels and staff returned from furlough to support the operation.

All major events over the summer and school holiday periods were postponed, to minimise risks to visitors and to safeguard the Foundation's financial position, due to the associated substantial upfront expenditure needed.

November saw the second national lockdown, curtailing much activity, but with the grounds and play areas able to remain open for relaxation and exercise. The decision was taken to install Christmas activity in cabins along the Woodland Walk, rather than inside the Castle. This was well received, bringing seasonal cheer to the many visitors who came to see them and proved to be a prudent decision financially.

Overall the experience of reducing and subsequently reintroducing activity was managed with agility. Good communication with visitors and staff proved crucial throughout the uncertainty.

Nearly 270,000 guests were welcomed to site, with the estate providing respite from the pandemic for thousands of visitors. The investment in hygiene and safety matters was therefore fully justified.

With investments performing well and costs stringently controlled, Trustees decided that borrowing would not be sought as the Foundation held adequate reserves.

Forward modelling into the foreseeable future, at levels similar to those achieved to date, should produce adequate cash resources, with potential for considerable improvement over the next few years as visitors and hospitality events are able to return, but it may be a considerable time before overseas visitors return to previous levels.

LEEDS CASTLE FOUNDATION
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Incoming resources

Total incoming resources reduced by £166,000 over the last year as a result of reduced visitor numbers and restricted operations due to the pandemic.

There were no special events held during the year.

Hospitality was unable to operate at all, with accommodation restricted, both in terms of operational calendar and occupancy, which had a major impact on the larger rental properties.

The investment portfolio withstood the initial market downturn and benefitted from the significant bounce back.

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 years, as we await fuller recovery from the lasting impact of the pandemic.

There will always be a need for considerable investment programmes, 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 the enhancement of the visitor experience, including restoration of the Castle interiors. Whilst little was expended in the year, there has been sufficient confidence to reintroduce the stonework restoration programme in 2021/22.

In line with the agreed three-year pension deficit reduction plan, we also made a special contribution of £140,000 towards the Leeds Castle Retirement Benefits Scheme. The scheme has been closed to new members since 2005. A triennial revaluation was undertaken as at 1st April 2019 and contributions increased to £140,000 with effect from 1st April 2020. Subject to the result of the next triennial valuation scheduled for 1st April 2022, contributions will again be reviewed.

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

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, (e.g. a fire), causing severe impact on income, mitigated by both direct and business interruption insurance cover. The impact on income of other risks, such as closure or periods of low visitor numbers due to 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 the pandemic.

At 31st March 2021, the total consolidated funds in the accounts stand at £20.6m (2020 - £20.9m), of which £2.8m (2020 - £2.8m) is restricted and £2.5m (2020 - £2.5m) relates to unrestricted tangible fixed assets. After deducting the designated funds of £4.0m (2020 - £3.0m) this leaves general free reserves of £11.3m (2020 - £12.6m). The free reserves include investment properties with a value of £7.4m (2020 - £7.2m) which are not readily realisable. The Foundation had liquid free reserves of £3.9m (2020 - £5.4m) in line with the Trustees target of £5.0m. Operating costs in a full year of normal activity can reach £12m.

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, 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 the Castle and its collections for public benefit.
- Invest in developments to enhance the visitor experience and understanding of the Castle.
- Develop income generating opportunities.
- Improve or replace operating facilities.

As at 31st March 2021, the Designated Reserves have been assigned to:

- Castle collection presentation. Spread over 3 years from 2022.
- New hospitality visitor reception facility. 2021-22 financial year.
- Development of additional indoor space to mitigate weather impact. 2023-24 financial year.
- Stonework restoration. Next phases October 2021 and October 2023.
- Oral history project. Commenced 2021.

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.

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 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 2020 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 tender process and decided to split the portfolio equally between Ruffer LLP and Sarasin to mitigate management risk with effect from March 2021.

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 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 representation works, work commenced on both the bedroom and dressing room in 2019. Due to the pandemic this work was not complete at the year-end, with £41,000 expended to year end.

Renovation of Castle Bedrooms

No further work was undertaken in the year due to the pandemic.

Stonework

Surveys and essential repairs in advance of the next phase of major stonework costing £18,000 were undertaken with the plan to recommence the next phase in October 2021.

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 TripAdvisor demonstrate high levels of satisfaction, with a wide range of visitors finding interest and enjoyment.

The Castle was open during the year as restrictions allowed, most notably the grounds and gardens. The Estate welcomed many local visitors giving them a safe, recreational environment for respite from the pandemic.

A seasonal presentation in the grounds allowed far more visitors to enjoy the Christmas displays than could have been achieved indoors.

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

Our education programme was unable to operate properly throughout the year, but school visits still took place, giving children the opportunity to enjoy the safe and healthy environment.

As education in its widest sense is at the heart of what we aim to deliver for all visitors, flexibility and forward planning have continued through the year to allow the earliest introduction of provision as allowed.

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

The Foundation has continued to promote healthy living. Being able to keep the grounds and gardens open for relaxation and exercise, together with the playgrounds, which were regularly full of children, met this objective. Few opportunities were available to support other charities, but an NHS Wellbeing day to thank local NHS workers was a great success, with many sponsors helping to provide an excellent day for attendees.

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TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

The creation of a membership scheme for the golf course led to unexpected growth, as golf was one of the few sports that could be enjoyed during the restrictions. From a standing start over a two-year period we now have nearly 450 members taking an active interest in the course. Golf both at the Castle and nationally has seen a resurgence of popularity.

The Foundation welcomes walkers and ramblers who enjoy the grounds on the public footpaths. At times, this has caused problems, but we seek to convert walkers into paying visitors wherever possible.

Plans for the future

Trustees appointed a new Chief Executive, Helen Bonser-Wilton, from April 2021. Helen brings extensive experience of heritage, estates and visitor attractions, having held senior positions with the National Trust and the Mary Rose Trust.

With the arrival of a new CEO, all plans are under review, focussing on Bringing the Castle to Life, developing plans for the wider estate, including more accommodation and addressing long standing conservation and infrastructure issues, such as car parking. The Visitor Reception and Park Shop will undergo a revamp to provide a better visitor experience and to manage off-season staffing costs. Work continues to identify additional indoor experiences that can protect the day visitor business against the vagaries of the weather. The uncertainties of the pandemic continue to affect our medium-term planning, with little clarity on when groups and international visitors might return.

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 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 not generating sufficient income to support that cost. The Foundation encourages its trading subsidiary to explore diversified sources of income continuously.

To manage any catastrophic occurrence, business continuity has been reviewed and we have produced a comprehensive plan designed to restore us to operational capacity as quickly as possible. For example, a new generator has been installed 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 Leadership Team is committed to ensuring that staff operate safe systems and that visitors are able to enjoy their time with us without incident. All activities on the estate are risk-assessed and incidents logged, with follow-up action closely monitored. An external Health and Safety consultant is used to monitor processes and activities, using a risk assessment tool. Given the level of complexity in the Leeds Castle operation, a Training Officer has been recruited to staff are trained in all aspects of delivering a safe environment, both for visitors and staff.

There will always be 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.

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

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 provide regular departmental updates and cross Foundation communications. Much focus has been given to ensuring a safe working environment during the pandemic, including supporting employees' physical and mental health and wellbeing, whilst working either remotely or onsite.

Engagement with stakeholders

The Trustees recognise the importance of external stakeholders and the Foundation aims to engage these institutions and individuals with our work.

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 Julian Smith to the Board of Trustees, bringing a wide range of specialist charitable legal experience including governance, replacing Lord Bridges who retired on completion of his term.

By way of induction, new Trustees are provided with a comprehensive briefing pack, and spend a day with the Chief Executive and Senior Leadership 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.

Activities outside of the main objects of the Charity are undertaken on its behalf by Leeds Castle Enterprises Limited, a wholly owned subsidiary.

Two Trustees also sit on the Leeds Castle Retirement Benefits Scheme Board, the liability for the scheme being borne by Leeds Castle Enterprises.

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TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

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. She 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

Salaries for the Senior Leadership team are reviewed annually by 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 volunteers, 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. Success is celebrated with an annual awards ceremony. We provide a workplace that offers equality of opportunity for all our staff, whatever their gender, race, religion, sexual orientation, age or physical ability.

With effect from 2017, volunteer support has been introduced across several areas of operations, most notably gardens and falconry teams. This now includes visitor facing Castle stewards.

Fundraising

The charity carries out its fundraising in a fair and responsible way in line with the requirements of the Fundraising Regulator. The Foundation ensures that funds raised are spent effectively to bring maximum benefit to the beneficiaries.

Whilst all efforts will be made to perform to the highest standards, occasionally, issues happen. Any complaints made are fully investigated and action taken to deal with any problems. 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 & grant givers and this principle sits at the heart of all fundraising activities.

Governance

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

LEEDS CASTLE FOUNDATION
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021

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.

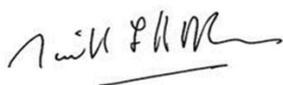
In so far as the Trustees are aware:

- 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 10th December 2021 and signed on their behalf by:



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

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Leeds Castle Foundation for the year ended 31 March 2021 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 2021 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

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

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

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

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, 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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge of the business;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and employment legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

To address the risk of fraud through management bias and override of controls, we:

- reviewed the design and implementation of controls over significant audit risks; and
- we reviewed the revenue recognition policy and considered whether this was being applied correctly for a sample of transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance where meetings took place;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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: 23 December 2021

LEEDS CASTLE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Income and endowments from					
Donations and legacies	6	6	-	6	11
Other trading activities	7	1,207	-	1,207	5,358
Investments	8	92	-	92	134
Charitable activities	9	2,460	-	2,460	6,054
Total income and endowments		<u>3,765</u>	<u>-</u>	<u>3,765</u>	<u>11,557</u>
Expenditure on					
Raising funds	7	(2,010)	-	(2,010)	(5,170)
Charitable activities	9	(4,865)	-	(4,865)	(6,481)
Total expenditure		<u>(6,875)</u>	<u>-</u>	<u>(6,875)</u>	<u>(11,651)</u>
Net (losses)/gains on investments	22	<u>1,527</u>	<u>-</u>	<u>1,527</u>	<u>354</u>
Net income/(expenditure)		<u>(1,583)</u>	<u>-</u>	<u>(1,583)</u>	<u>260</u>
Exceptional items					
Other recognised gains/(losses)	10	1,208	-	1,208	-
Gains/(losses) on revaluation of					
Fixed assets and investment properties	21	199	-	199	(466)
Actuarial gains/(losses) on defined benefit pension scheme (net of deferred tax)	30	(130)	-	(130)	379
Net movement in funds		<u>(306)</u>	<u>-</u>	<u>(306)</u>	<u>173</u>
Reconciliation of funds					
Total funds brought forward		<u>20,907</u>	<u>-</u>	<u>20,907</u>	<u>20,734</u>
Total funds carried forward	29	<u>20,601</u>	<u>-</u>	<u>20,601</u>	<u>20,907</u>

The notes on pages 22 to 48 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.

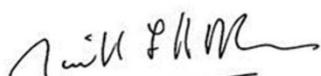
LEEDS CASTLE FOUNDATION

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021**

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	18		4,536		5,243
Heritage assets	19		-		-
			<u>4,536</u>		<u>5,243</u>
Investments:					
Properties	21	7,352		7,153	
Listed investments	22	7,852		6,342	
Cash held as an investment	22	382		445	
			<u>15,586</u>	<u>13,940</u>	
			20,122		19,183
Current assets					
Stocks	23	254		259	
Debtors	24	870		1,541	
Cash at bank and in hand	25	1,417		1,845	
		<u>2,541</u>		<u>3,645</u>	
Creditors: amounts falling due within one year	26	<u>(1,675)</u>		<u>(1,287)</u>	
Net current assets			866		2,358
Creditors: amounts falling due within more than one year	27		(387)		(634)
Total assets less current liabilities			<u>20,601</u>		<u>20,907</u>
Funds					
Expendable endowment fund	29		2,729		2,729
Restricted income fund	29		78		78
Total restricted funds			<u>2,807</u>		<u>2,807</u>
Unrestricted general fund	29		13,739		15,040
Unrestricted designated fund	29		4,055		3,060
Unrestricted pension reserve	29&30		-		-
Total charity funds			<u>20,601</u>		<u>20,907</u>

The notes on pages 22 to 48 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and Directors on 10th December 2021 and were signed on its behalf by:



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

LEEDS CASTLE FOUNDATION

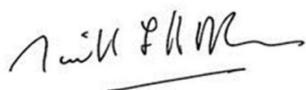
**FOUNDATION BALANCE SHEET
AS AT 31 MARCH 2021**

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	18		4,515		5,215
Heritage assets	19		-		-
			<u>4,515</u>		<u>5,215</u>
Investments:					
Subsidiary company	20	866		866	
Properties	21	7,352		7,153	
Listed investments	22	7,852		6,342	
Cash held as an investment	22	382		445	
			<u>16,452</u>	<u>14,806</u>	
			20,967		20,021
Current assets					
Stocks	23	-		-	
Debtors	24	143		522	
Cash at bank and in hand	25	951		1,321	
		<u>1,094</u>		<u>1,843</u>	
Creditors: amounts falling due within one year	26	<u>(1,456)</u>		<u>(2,083)</u>	
Net current assets			<u>(362)</u>		<u>(240)</u>
Total assets less current liabilities			<u>20,605</u>		<u>19,781</u>
Funds					
Expendable endowment fund	29		2,729		2,729
Restricted income fund	29		78		78
Total restricted funds			<u>2,807</u>		<u>2,807</u>
Unrestricted general fund	29		13,743		13,914
Unrestricted designated fund	29		4,055		3,060
Total charity funds			<u>20,605</u>		<u>19,781</u>

The profit/(loss) for the financial year dealt with in the financial statements of the parent Company was (£177,000) – (2020: loss of £1,054,000).

The notes on pages 22 to 48 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and Directors on 10th December 2021 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 2021**

	Note	2021 £'000	2020 £'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	31	(576)	422
Cash flows from investing activities:			
Dividends, interest and rents from investments	8	92	134
Purchase of fixed assets		(24)	(205)
Proceeds from sale of investments		7,119	5,190
Purchase of investments		(7,102)	(4,290)
Net cash provided by/(used in) investing activities		<u>85</u>	<u>829</u>
Change in cash and cash equivalents in the reporting period		(491)	1,250
Cash and cash equivalents at the beginning of the reporting period		<u>2,290</u>	<u>1,040</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,799</u></u>	<u><u>2,290</u></u>
Reconciliation of cash and cash equivalents			
	Note	2021 £'000	2020 £'000
Cash in hand	25	1,417	1,845
Cash held as an investment	22	382	445
Total cash and cash equivalents		<u><u>1,799</u></u>	<u><u>2,290</u></u>

Analysis of changes in net debt

	At 1 April 2020 £'000	Cash flow £'000	At 31 March 2021 £'000
Cash at bank	1,845	(428)	1,417

The notes on pages 22 to 48 form part of these financial statements.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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. 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.

The individual entity accounts of Leeds Castle Foundation have taken advantage of the disclosure exemption under FRS 102 to separately disclose 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 2021. 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 2021

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 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 2021

2 Accounting policies (continued)

2.9 Resources expended

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 2021

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. The land at index linked valuation is 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 2021

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 2021

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:

	2021	2020
	£'000	£'000
Turnover	1,182	5,308
Costs of trading activities and administrative expenses	(1,683)	(4,833)
Operating profit	(501)	475
Interest receivable	152	371
Interest payable to Leeds Castle Foundation on long term loan		-
Other finance income/(costs)	455	-
Profit/(loss) before donation and taxation	106	846
Taxation	(22)	-
Retained profit for the period	84	846
Actuarial gain/(loss) related to pension scheme, net of deferred tax	(105)	379
Total recognised losses for the period	(21)	1,225
Distribution – gift aid	(1,108)	(1,278)
Retained profit brought forward	1,129	1,182
Profit retained in subsidiary	-	1,129

The net assets of Leeds Castle Enterprises Limited are £866,000 as at 31 March 2021 (2020: net assets £1,995,000).

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	Restricted	Total Funds	Total Funds
	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000
Other donations and voluntary income	6	-	6	11
	6	-	6	11

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

7 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Income				
Concerts and other special events	10	-	10	506
Functions	228	-	228	2,495
Shops	143	-	143	994
Golf	205	-	205	228
Holiday lettings	500	-	500	839
Ancillary services	38	-	38	204
Other sundry income	83	-	83	92
	<u>1,207</u>	<u>-</u>	<u>1,207</u>	<u>5,358</u>
Expenditure on raising funds				
Cost of sales	241	-	241	1,892
Staff costs (see note 14)	943	-	943	2,009
Property and equipment costs	296	-	296	460
Administration costs	10	-	10	30
Marketing and fundraising costs	30	-	30	152
Finance costs	163	-	163	289
Investment management costs	76	-	76	77
Proportion of support costs (see note 11)	251	-	251	261
	<u>2,010</u>	<u>-</u>	<u>2,010</u>	<u>5,170</u>
Net income from activities for generating funds	<u>(803)</u>	<u>-</u>	<u>(803)</u>	<u>188</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 2021

8 **Income from investments**

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Income from investment properties	53	-	53	53
Income from listed investments	38	-	38	78
Bank interest receivable	1	-	1	3
Net return on pension scheme assets	-	-	-	-
	<u>92</u>	<u>-</u>	<u>92</u>	<u>134</u>

9 **Charitable activities**

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Income from Charitable activities				
Day visitor admissions	2,451	-	2,451	6,028
Other sundry income	9	-	9	26
	<u>2,460</u>	<u>-</u>	<u>2,460</u>	<u>6,054</u>
Expenditure on Charitable activities				
Cost of sales	155	-	155	609
Staff costs: visitor team, estate and Castle maintenance (see note 14)	1,879	-	1,879	2,268
Estate and equipment costs	1,198	-	1,198	1,356
Marketing costs	205	-	205	599
Finance costs	47	-	47	79
Preservation and security of heritage assets	83	-	83	218
Proportion of support costs (see note 11)	1,298	-	1,298	1,352
	<u>4,865</u>	<u>-</u>	<u>4,865</u>	<u>6,481</u>
Net resources expended from charitable activities	<u>(2,405)</u>	<u>-</u>	<u>(2,405)</u>	<u>(427)</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 2021**

10 Government grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Coronavirus Job Retention scheme income	1,208	-	1,208	-

11 Support costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Staff costs (see note 14)	858	-	858	867
Administration costs	647	-	647	708
Corporation tax charge	-	-	-	-
Deferred tax charge (see note 15)	-	-	-	-
Governance costs (Auditors' remuneration)	44	-	44	38
Legal and professional costs	-	-	-	-
	<u>1,549</u>	<u>-</u>	<u>1,549</u>	<u>1,613</u>
Allocated as follows:				
Activities for generating funds	251	-	251	261
Charitable activities	1,298	-	1,298	1,352
	<u>1,549</u>	<u>-</u>	<u>1,549</u>	<u>1,613</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 2021

12 Governance costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Auditor's remuneration (see below)	44	-	44	38

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:

	2021 £'000	2020 £'000
Fees payable to the charity's auditor for the audit of the charity's annual Accounts	29	22
Fees payable to the charity's auditor for other services:		
- The audit of the charity's subsidiary	7	7
- Tax services	4	5
- All other services		-
Fees in respect of the group pension scheme:		
- Audit	4	4
- Tax services	-	-

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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:

	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Renovation of Castle Library	-	11	-	-	-
Renovation of Yellow Drawing Room	12	25	-	-	-
Renovation of Lady Baillie Suite	31	41	-	-	-
Renovation of tapestries	-	12	-	-	-
Renovation of Castle Bedrooms	7	29	-	-	-
Castle interior	21	16	56	22	10
Maidens Tower renovation	-	-	-	39	-
Stonework repairs	11	18	327	13	163
Castle representation	1	58	30	154	159

14 Staff costs

	Unrestricted	Restricted	Total Funds	Total Funds
	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000
Staff costs during the year were:				
Wages and salaries	2,817	-	2,817	4,071
Social security costs	188	-	188	280
Other pension costs	220	-	220	153
Redundancy	324	-	324	-
Training, recruitment and welfare	121	-	121	157
	<u>3,670</u>	<u>-</u>	<u>3,670</u>	<u>4,661</u>

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

	Group	2020	Foundation	2020
	2021	No	2021	No
	No	No	No	No
Full time	51	86	28	57
Part time	112	161	68	103
	<u>163</u>	<u>247</u>	<u>96</u>	<u>160</u>
This equates to a full time equivalent of	<u>103</u>	<u>160</u>		

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

14 **Staff costs** (continued)

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

	2021		2020	
	Full Time	Part Time	Full Time	Part Time
Admin/Support Staff	10	18	10	20
DV Ops	5	47	16	70
Golf	2	1	3	3
Retail	4	21	5	24
Hospitality	19	23	21	35
Maintenance/Security	9	1	20	8
Grounds/Gardens	2	21	11	1
Totals	51	112	86	161
		163		247

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

	Group		Foundation	
	2021	2020	2021	2020
	No	No	No	No
£60,000 to £70,000	3	1	3	1
£70,000 to £80,000	-	1	-	1
£80,000 to £90,000	-	-	-	-
£90,000 to £100,000	-	-	-	-
£110,000 to £120,000	-	1	-	1
£130,000 to £140,000	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 £53,257 (2020: £35,289) in respect of the personal pension schemes of four of the above higher-paid employees (2020: three).

Pension contributions to defined contribution schemes in the period totalled £205,000 (2020 - £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.

There was no reimbursement of expenses to Trustees (2020: £1,009 to four Trustees).

The company considers that the key management personnel comprise the Senior Leadership Team as listed in the administrative details. During the period the group made remuneration payments to key management personnel totalling £366,034 (2020: £654,761).

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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	Foundation	2020
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 31 March 2020	8	8	-	-
Movement for the period	3	-	-	-
Deferred tax asset/(liability)			-	-
at 31 March 2021	<u>11</u>	<u>8</u>	<u>-</u>	<u>-</u>
The deferred tax asset/(liability) is made up of the following:				
Other timing differences	11	8	-	-
	<u>11</u>	<u>8</u>	<u>-</u>	<u>-</u>

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

16 Net outgoing resources

	Unrestricted	Restricted	Total Funds	Total Funds
	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000
Net outgoing resources are stated after (crediting)/charging:				
Depreciation: owned assets	651	-	651	661
Operating lease rentals:				
Hire of plant and equipment	14	-	14	12
	<u>14</u>	<u>-</u>	<u>14</u>	<u>12</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

17 Consolidated statement of financial activities for the period ended 31 March 2020

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000
Income and endowments from			
Donations and legacies	11	-	11
Other trading activities	5,358	-	5,358
Investments	134	-	134
Charitable activities	6,054	-	6,054
Total income and endowments	<u>11,557</u>	<u>-</u>	<u>11,557</u>
Expenditure on			
Raising funds	(5,170)	-	(5,170)
Charitable activities	(6,481)	-	(6,481)
Total expenditure	<u>(11,651)</u>	<u>-</u>	<u>(11,651)</u>
Net gains/(losses) on investments	354		354
Surplus for the year	<u>260</u>	<u>-</u>	<u>260</u>
Gains/(losses) on revaluation of			
Fixed assets and investment properties	(466)	-	(466)
Actuarial losses on defined benefit pension scheme (net of deferred tax)	379	-	379
Net movement in funds	<u>173</u>	<u>-</u>	<u>173</u>
Reconciliation of funds			
Total funds brought forward	<u>17,927</u>	<u>2,807</u>	<u>20,734</u>
Total funds carried forward	<u>18,100</u>	<u>2,807</u>	<u>20,907</u>

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

18 Tangible fixed assets

a) Group

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2020	7,639	2,786	10,425
Additions	-	24	24
Disposals	(80)	(9)	(89)
At 31 March 2021	<u>7,559</u>	<u>2,801</u>	<u>10,360</u>
Depreciation			
At 31 March 2020	3,067	2,115	5,182
Charge for the period	484	167	651
Disposals	-	(9)	(9)
At 31 March 2021	<u>3,551</u>	<u>2,273</u>	<u>5,824</u>
Net book value			
At 31 March 2021	<u>4,008</u>	<u>528</u>	<u>4,536</u>
At 31 March 2020	<u>4,572</u>	<u>671</u>	<u>5,243</u>

b) Foundation

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2020	7,639	1,863	9,502
Additions	-	24	24
Disposals	(80)	(9)	(89)
At 31 March 2021	<u>7,559</u>	<u>1,878</u>	<u>9,437</u>
Depreciation			
At 31 March 2020	3,067	1,220	4,287
Charge for the period	484	160	644
Disposals	-	(9)	(9)
At 31 March 2021	<u>3,551</u>	<u>1,371</u>	<u>4,922</u>
Net book value			
At 31 March 2021	<u>4,008</u>	<u>507</u>	<u>4,515</u>
At 31 March 2020	<u>4,572</u>	<u>643</u>	<u>5,215</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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.

20 Investment in subsidiary company

	2021	2020
	£'000	£'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)

	2021	2020
	£'000	£'000
Market value of properties at 31 March 2020	7,153	7,620
(Loss) on disposal	-	(1)
Revaluation	199	(466)
Market value of properties at 31 March 2021	<u>7,352</u>	<u>7,153</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 Hen & Duckhurst Professional Services Ltd, 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 2021**

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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Rent received:				
Within one year	41	41	41	41
Between two and five years	104	144	104	144
Between six and ten years	1	2	1	2
	<u>146</u>	<u>187</u>	<u>146</u>	<u>187</u>

22 Listed investments (Group and Foundation)

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

	2021	2020
	£'000	£'000
Market value of listed investment at 31 March 2020	6,342	6,887
Acquisitions at cost	7,102	4,291
Disposal proceeds	(7,119)	(5,190)
(Losses)/gains for the year	1,527	354
Market value at 31 March 2021	<u>7,852</u>	<u>6,342</u>
Cash holdings at 31 March 2021	382	445
Total value of fixed asset investments	<u>8,234</u>	<u>6,787</u>
Historical cost value of assets	<u>7,192</u>	<u>6,392</u>

As at 31 March 2021 the market value of the investments split between UK investment assets and overseas assets was as follows:

	2021	2020
	£'000	£'000
UK investments	1,918	2,416
Overseas investments	6,316	4,371
	<u>8,234</u>	<u>6,787</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

22 Listed investments (Group and Foundation) (continued)

The portfolio at 31 March 2021 contained investments managed by Ruffer LLP. The following investments exceed 3% by value of the total portfolio and are deemed to be material:

	2021	%	2020	%
	£'000		£'000	
Sarasin Climate Active Endowments Fund	3,546	45.2	-	-
UK 0.375% Treasury Stock 2062	75	1.0	129	2.0
UK 0.125% Treasury Stock 2068	155	2.0	255	4.0
UK 1.25% Treasury Stock 2055	92	1.2	162	2.5
Ruffer Illiquid Multi Strategies Fund	555	7.0	1,002	15.8
LF Ruffer Gold	157	2.0	398	6.3
Ruffer SICAV Fixed Income Z GBP Cap	874	11.1	1,596	25.2
LF Ruffer Japanese C Acc	129	1.6	263	4.1
Ruffer Protection Strategies	222	2.8	400	6.3
Ruffer SICAV UK Mid & Smaller Cos	235	3.0	316	5.0
	<u>6,040</u>	<u>76.9</u>	<u>4,521</u>	<u>71.2</u>
Other investments	1,812	23.1	1,820	28.8
	<u>7,852</u>	<u>100.0</u>	<u>6,341</u>	<u>100.0</u>

23 Stocks

	Group	2020	Foundation	2019
	2021	2020	2020	2019
	£'000	£'000	£'000	£'000
Goods for resale	254	259	-	-

24 Debtors

	Group	2020	Foundation	2020
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Trade debtors	139	270	-	-
Amounts falling due within one year:				
Trade debtors	454	551	3	65
Amount owed by group undertakings in respect of gift aid	-	-	-	-
Other debtors	107	28	30	12
Prepayments and accrued income	159	684	110	445
Deferred tax asset (see note 15)	11	8	-	-
	<u>870</u>	<u>1,541</u>	<u>143</u>	<u>522</u>

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

25 Cash at bank and in hand

	Group	2020	Foundation	2020
	2021	£'000	2021	£'000
	£'000	£'000	£'000	£'000
Cash in hand	24	24	-	-
Cash at bank – Current accounts	688	366	429	249
Cash at bank – Deposit accounts	705	1,455	522	1,072
	<u>1,417</u>	<u>1,845</u>	<u>951</u>	<u>1,321</u>

In addition to the cash at bank and in hand and deposits above, included within the investment portfolio were cash holdings of £381,809 (2020: £445,345) (see note 22).

26 Creditors: Amounts falling due within one year

	Group	2020	Foundation	2020
	2021	£'000	2021	£'000
	£'000	£'000	£'000	£'000
Trade creditors	300	224	191	180
Corporation tax	-	-	-	-
Other taxation and social security				
Payable	50	68	-	-
Other creditors	45	40	-	-
Amounts owed to group undertakings	-	-	1,114	1,798
Accruals	74	108	54	66
Deferred tax liability (see note 15)	-	-	-	-
Deposits in advance	1,206	847	97	39
	<u>1,675</u>	<u>1,287</u>	<u>1,456</u>	<u>2,083</u>

27 Creditors: Amounts falling due after one year

	Group	2020	Foundation	2020
	2021	£'000	2021	£'000
	£'000	£'000	£'000	£'000
Deposits in advance	<u>387</u>	<u>634</u>	<u>-</u>	<u>-</u>

The company has received deposits in advance for events occurring in over one year of which £387,259 (2020: £575,074) relates to events occurring within 1-2 years and £0 (2020: £59,292) relates to events occurring within 2-5 years.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

28 Financial commitments

At 31 March 2021 the group had future minimum payments under non-cancellable operating leases of plant and equipment as follows:

	Group		Foundation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Payments made:				
Within one year	34	31	20	9
Between two and five years	26	31	12	3
	60	62	32	12

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

29 Group funds

	Restricted Funds		Unrestricted Funds		Total Funds £'000
	H&D Fund £'000	Chattels Fund £'000	M&D Fund £'000	General Fund £'000	
Fund balances at 31 March 2021 are represented by					
Tangible assets	2,504	-	-	2,032	4,536
Investments	225	-	3,693	11,668	15,586
Current assets	-	78	362	2,101	2,541
Liabilities	-	-	-	(2,062)	(2,062)
At 31 March 2021	2,729	78	4,055	13,739	20,601
Movement of funds during the year	As at 31 March 2020 (£)	Income (£)	Expenditure (£)	Gains/Losses (£)	As at 31 March 2021 (£)
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	3,060	1,000	(5)	-	4,055
General Fund	15,040	3,973	(6,870)	1,596	13,739
	<u>18,100</u>	<u>4,973</u>	<u>(6,875)</u>	<u>1,596</u>	<u>17,794</u>
Total Funds	20,907	4,973	(6,875)	1,596	20,601

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

29 **Group Funds** (continued)

	Restricted Funds		Unrestricted Funds		Total Funds £'000
	H&D Fund £'000	Restated Chattels Fund £'000	M&D Fund £'000	General Fund £'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	<u>2,729</u>	<u>78</u>	<u>3,060</u>	<u>15,040</u>	<u>20,907</u>
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
Pension Reserve	-	-	-	-	-
	<u>17,927</u>	<u>11,557</u>	<u>(11,272)</u>	<u>(112)</u>	<u>18,100</u>
Total funds	<u>20,734</u>	<u>11,557</u>	<u>(11,272)</u>	<u>(112)</u>	<u>20,907</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 investment properties included within investment properties.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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 (2020: £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.

The most recent triennial actuarial valuation of the Scheme was carried out as at 1 April 2019. Previous valuation was performed as at 1 April 2016.

Valuation date 1 April	2019	2016
The value of the technical provisions was:	6,260,000	5,468,000
The value of the assets at that date was:	4,911,000	4,406,000

To ensure the Statutory Funding Objective is met the Trustees and Employer have agreed that additional Employer contributions will be paid to the Scheme of £140,000 per annum, over a period of 6 years from 1 April 2020 to 31 March 2026.

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

	2021	2020
	£'000	£'000
Defined benefit obligation	(5,296)	(4,676)
Fair value of plan assets	5,889	5,245
Restriction on recognition of asset	(593)	(569)
Net defined benefit (liability)/asset	<u>-</u>	<u>-</u>

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021****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 31/03/2021 £'000	Period ended 31/03/2020 £'000
Service cost:		
Current service cost (net of employee contributions)	-	193
Restriction of recognition of asset deemed irrecoverable	140	296
Net interest expense/(credit)	(14)	(10)
Charge/(credit) recognised in profit or loss	<u>126</u>	<u>479</u>
Re-measurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	(544)	(339)
Actuarial (gains)/losses	674	(40)
Charge/(credit) recorded in other recognised gains or losses	<u>130</u>	<u>(379)</u>
Total defined benefit cost/(credit)	<u>116</u>	<u>(191)</u>

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

30 **Pension scheme** (continued)

The principal actuarial assumptions used were:

	31/03/2021	31/03/2020
Liability discount rate	2.00%	2.30%
Inflation assumption - RPI	3.30%	2.65%
Inflation assumption - CPI	2.70%	1.85%
Rate of increase in salaries	n/a	n/a
Revaluation of deferred pensions: all benefits accrued	2.70%	1.85%
Increases for pensions in payment: benefits accrued prior to 6 April 1997	0.00%	0.00%
benefits accrued after 5 April 1997	2.65%	1.90%
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:	86.9	86.4
Female aged 65 at year end:	89.2	88.4
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	87.9	87.4
Female aged 45 at year end:	90.4	89.6

Reconciliation of scheme assets and liabilities

	Assets	Liabilities	Total
	£'000	£'000	£'000
At start of period	5,245	(4,676)	569
Benefits paid	(160)	160	-
Contributions from the employer	140	-	140
Interest income / (expense)	120	(106)	14
Return on assets (excluding amount included in net interest expense)	544	-	544
Actuarial gains/(losses)	-	(674)	(674)
Gain/(loss) on plan introductions and changes	-	-	-
At end of period	<u>5,889</u>	<u>(5,296)</u>	<u>593</u>

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

30 **Pension scheme** (continued)

The return on scheme assets was:

	31/03/2021	31/03/2020
	£'000	£'000
Interest income	120	112
Return on scheme assets (excluding amount included in net interest expense)	544	339
	<hr/>	<hr/>
Total return on scheme assets	<u>664</u>	<u>451</u>

The major categories of scheme assets are as follows:

	31/03/2021	31/03/2020
	£'000	£'000
UK Equities	705	316
Overseas Equities	803	535
Gilts	665	807
Index Linked	2,518	2,479
Alternative Assets	893	786
Cash	305	322
	<hr/>	<hr/>
Total market value of assets	<u>5,889</u>	<u>5,245</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 2021

31 Reconciliation of cash flows from operating activities

	2021 £'000	2020 £'000
Net income/(expenditure)	(375)	260
Net (gains)/losses on investments	(1,527)	(353)
Depreciation charges on fixed assets	651	662
Write off of fixed asset	80	
Tax charge	-	-
Dividends, interest and rents from investments	(92)	(134)
Movements on defined benefit pension scheme	(130)	379
Movement in components of working capital:		
Decrease/(increase) in stocks	5	(31)
(Increase)/decrease in debtors	671	208
(Decrease)/increase in creditors	141	(569)
Net cash inflow/(outflow) from operating activities	<u>(576)</u>	<u>422</u>

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 2021 the Foundation and the group had no contractual commitments for development expenditure (2020: nil).

34 Related party transactions

At the year end the trading subsidiary, Leeds Castle Enterprises Limited had a net intercompany debtor balance, owing £2,222,000 to the Charity (2020: 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 £2,171,000 (2020: £1,958,000) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £419,000 (2020: £372,000). Total interest income received in respect of financial assets held at amortised cost totalled £nil (2020: £nil).

The charity held assets at fair value through income and expenditure of £7,852,000 (2020: £6,342,000). Movements in the year through the statement of financial activities comprised income of £nil (2020: £nil) and gains of £1,726,000 (2020: losses of £112,000).