

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 2017**

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LEEDS CASTLE FOUNDATION

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LEEDS CASTLE FOUNDATION

ADMINISTRATIVE DETAILS

Trustees	Mr Niall F R Dickson CBE (Chairman) The Lord Bridges, CVO Mr B Michael Covell Dr Anna Keay (resigned 15 June 2017) Mr Richard G Laing Mr Jonathan B Neame, DL Mr Timothy J Stevens, OBE Mrs Laura C A Nesfield 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 Clark Whitehill LLP 10 Palace Avenue Maidstone Kent ME15 6NF
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 The Lord Bridges, CVO Mr Thomas C Wright, CBE	Chairman
Investment Committee	Mr B Michael Covell Mr Richard G Laing Mrs Laura C A Nesfield	Chairman
Nominations Committee	Mr Niall F R Dickson, CBE The Lord Bridges, CVO Mr Richard G Laing	Chairman
Directors, Leeds Castle Enterprises Ltd	Mr Jonathan B Neame, DL Mr Niall F R Dickson, CBE Mr David Bridgford Vice-Admiral, Sir David Steel, KBE,DL Mr William Lash Mr Robin Richman Mr Thomas C Wright, CBE	Chairman Chief Executive Estate and Projects Director Finance Director and Secretary
Senior Management Team of the Foundation	Vice-Admiral, Sir David Steel, KBE,DL Mr W Lash Mr R Richman Mrs D Matthews Mrs J Creasey Mr S Guy Mrs S Codrington Mrs A Kemkaran-Smith Mr C Day	Chief Executive Estate and Projects Director Finance Director Hospitality Business Manager Human Resources Manager Head of Tourism Head of Marketing Curator Estate Services Manager

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017

The Trustees of the Leeds Castle Foundation, (Charity number: 268354 and company registration number: 1172263), who are also the directors of the charity, present their report and the financial statements for the Foundation and its trading subsidiary (the group) for the period ended 31 March 2017. 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 25 March 2016 to 31 March 2017. The Foundation regularly alters its financial year end to ensure there is only one Easter Bank Holiday weekend within each financial year.

Objects

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

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

Strategic Report

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

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

Review of the year

This has been another highly successful year for the Foundation and our staff. We have given enormous pleasure to hundreds of thousands of visitors and guests who have enjoyed the beautiful and tranquil surroundings of the estate as well as the iconic building which reflects the history of England and Great Britain over the past 1000 years.

The Foundation itself continues to be in good health, able to withstand external buffeting, while investing in major long-term conservation and development, that will secure the castle and its surroundings for future generations.

Like all charities we face uncertainties from weather, currency fluctuations, local developments and tourist flows as well as a host of other trends which can affect our business. Yet we remain one of the most visited historic settings in the country, and the Foundation continues to maintain and develop a respected position in the local community, providing a wonderful resource for local people and tourists as well as supporting other charities. The Foundation is also able to carry out significant maintenance and repairs without the need to call on accumulated reserves.

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TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Strategic plan and underlying budget for 2016/17 was based on a realistic, though challenging target of attracting 580,000 day visitors to the estate.. The early Easter Bank Holiday and unseasonably poor weather in the summer put this in jeopardy. However the developing format for the Christmas market activity and the Beatrix Potter exhibition resulted in 80,000 visitors in December and contributed to what, at 622,000, was the highest visitor number ever achieved. When those attending events and using the hospitality and accommodation are added, the site overall attracted more than 700,000 people.

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

Incoming resources

Total incoming resources increased by £527,000 over the last year as a result of increased visitor numbers and exceptional gains on the investment portfolio.

Special events held during the year have generated additional income and enabled large numbers to enjoy theatre, music and firework displays with the Castle as a backdrop. The Christmas market, in its fourth year and offered in conjunction with the traditional Christmas decoration of the Castle, brought record numbers to the Castle grounds over the holiday period.

Hospitality sales were less successful than anticipated following a record year in 2015-16 but the investment programme delivered by our catering contractors has created improvements in the service we can offer. The evening restaurant is now an established feature and has provided a popular additional dimension to the bed and breakfast service which has expanded significantly in recent years. Importantly this aspect of our work, and hospitality in general generates income that is more or less insulated from the impact of bad weather. The trading company again performed well, achieving operating profits of £1.040m and gift aiding £709,000 to support the Foundation.

Costs and application of operating surpluses

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

At the same time there will always be a need for considerable investment programme, not least in the fabric of the castle buildings. In addition to planned and preventative maintenance, there are times when unexpected repairs are required. In the past year there were two significant examples: subsidence of the lower Castle road, required a major set of works in an area key to both visitor and events operations; and water ingress into the South West Tower of the castle required immediate repair to both the exterior and interior of the building. The operating surplus from 2016/17 will be used to continue the preservation of the castle and enhancing the visitor experience, particularly the restoration of the castle interiors as part of a wider presentation strategy.

In line with the agreed three year pension deficit reduction plan, we also made a special contribution of £68,000 towards the Leeds Castle Retirement Benefits Scheme. The scheme has been closed to new members since 2005. The triennial revaluation was completed in 2017 and as a result the contribution will increase to £100,000 from 2017/18.

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

Reserves policy

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

The review of risk highlights major events, such as a fire, which would have a severe impact on income, which can be mitigated by both direct and business interruption insurance cover. The impact on income of other risks, however, such as closure or periods of low visitor numbers as a consequence of prolonged bad weather or other factors, are uninsurable. To mitigate these risks Trustees have invested heavily in recent years to diversify income generation, reducing the dependence on day visitors, by maximising the use of available assets and income generating opportunities. The Trustees have concluded that funds are required to be held in free reserves to enable us to meet regular commitments and working capital requirements should such short term volatility in revenues result. Taking into account core cost needs over a six month period, the Trustees are of the view that it is appropriate to hold free reserves of a minimum of £2m.

At 31 March 2017, the total consolidated funds in the accounts stand at £20.1m, of which £2.8m is restricted and £9.9m relates to unrestricted tangible fixed assets and investment property. After deducting the designated funds of £3.7m and pension reserve of £0.5m this leaves general free reserves of £3.2m. This level of reserve, while above the minimum of £2.0m agreed by the Trustees, has been achieved without unnecessarily diverting funds from addressing our charitable purposes.

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

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

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

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

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

As at 31 March 2017, the Designated Reserves have been assigned to:

- Battel Hall refurbishment and its commissioning as a hospitality facility.
- Castle collection presentation.
- New visitor reception facility.

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.

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

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 the group in the course of their operations, other than for generating rental income. These properties are considered annually by the Investment Committee as part of their 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 2016 the Trustees reviewed and ratified their investment policy, that the portfolio should achieve a rate of return of RPI plus 4% over the long term, and that the rate in any particular year should not be negative. The Trustees also undertook a review of the Managers' performance against this objective and confirmed Ruffer LLP to be an appropriate manager to deliver this level of performance.

For the period ended March 2017, the Manager outperformed the target benchmark of 7.1% with a return of 12.3%

Core Activities

Public benefit

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

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

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

The Yellow Drawing Room

As part of the scheduled ongoing planned representation works, between January and April 2017, the Yellow Drawing Room was refurbished. This included replacing the original silk wall hangings with an exact replica, which was sourced from the same manufacturers (Tassinari & Chatel) as the original, together with extensive object conservation.

Lower Castle Road

Unexpectedly, the Lower Castle Road gave way and produced a hole straight through to a medieval Bath House below. Specialist ground surveyors carried out ground penetrating radar surveys which highlighted a number of voids along the road. The road was restricted to foot traffic, a dam was installed and 100 tons of silt was extracted from the Bath House allowing access for the repair work to be carried out safely. Lintels were installed and the area was back filled.

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TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017

South West Tower

In January 2016 the Blue bedroom was due to be refurbishment as part of the ongoing maintenance programme and it was during this work that damp was found in the walls at high level. On close inspection it was found that the turret lead roof was sitting on rotten timber frame supports. The stone walls were repointed and the lead roof replaced together with the support construction. Once this work was completed the Blue bedroom was refurbished

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

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

In 2016-17 we welcomed more than 622,000 visitors from all over the world, the highest annual total ever achieved.

The Castle was open for 362 days during the year; on two of the three days it was closed to visitors, it hosted major special events. We believe the annual ticket represents good value for money, and the estate provides a safe and beautiful environment for recreation.

This year we continued to invest in a range of initiatives to enrich the experience of our visitors. These have included a special presentation of description of the Battle of Agincourt and the involvement of Leeds Castle. This year the Christmas theme was based on Beatrix Potter which proved to be an outstanding success with many more visitors to the castle. This ran alongside an expanded Christmas Market.

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

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

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

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

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

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

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

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TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017

The creation of a membership scheme for our golf course, together with extensive investment has begun to pay dividends. In spite of difficult market conditions in which golf has become less popular, we have seen a significant revival and are on track to bring the golf operation back into surplus in the coming year. From a standing start we now have nearly 250 members who take an active interest in the course. 20,667 rounds were played last year.

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

We continue to support local communities and charities by offering access to the Castle, whether through the provision of more than 1,100 free family tickets for auctions and raffles, for more than 500 foster families, or as a reward for 600 schoolchildren across Kent who walk to school. The grounds were used for three charity fun run events; local schools and youth groups from the surrounding villages were also able to use the Castle grounds for activities; and we provided support to local cricket clubs, schools and other parish events.

Plans for the future

Work continues in converting Battel Hall one of our larger historical properties and its annex into a high end accommodation and functions facility, which is due to open in January 2018. Plans are also being developed for the provision of a new visitor reception facility which will match the high standard of facilities elsewhere on the Estate.

Risk

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

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

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

The Foundation takes the health and safety of its staff and visitors very seriously. The management team is committed to ensuring that staff operate safe systems and that visitors are able to enjoy their time with us without incident or accident. All activities on the estate are risk-assessed, and incidents logged with follow-up action closely monitored. An external adviser is contracted to provide specialist advice on health and safety, and we use a computerised risk assessment tool.

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

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TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017

Structure, Governance and Management

The Leeds Castle Foundation was established as a company limited by guarantee by the last private owner of the castle, Hon. Olive, 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. Niall Dickson is now completing his fourth year in the Chair.

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.

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

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

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 delegated authority, within terms of delegation approved by the Trustees, for all operational matters. He is supported by a finance director, who is also company secretary, and by six senior managers.

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

Remuneration of key management personnel

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

Employee involvement and disabled persons

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

With effect from 2017 a plan to utilise volunteer support across several areas of operations will be introduced.

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TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017

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 Clark Whitehill 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 15th December 2017 and signed on their behalf by:



Niall Dickson

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

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2017

We have audited the financial statements of Leeds Castle Foundation for the period ended 31 March 2017 on pages 11 to 41.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members and the trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the 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.

We have been appointed as auditors under the Charities Act 2011 and the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2017

- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

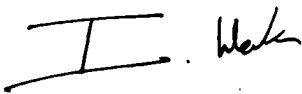
Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.



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

Crowe Clark Whitehill LLP

**Chartered Accountants
Statutory Auditors**

Maidstone, Kent

Date: 21st Dec 2017

LEEDS CASTLE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE PERIOD ENDED 31 MARCH 2017

		Unrestricted Funds	Restricted funds	Total funds 2017	Total funds 2016
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and legacies	6	4	-	4	8
Other trading activities	7	5,089	-	5,089	5,112
Investments	8	131	-	131	146
Charitable activities	9	5,627	-	5,627	5,058
Total income and endowments		10,851	-	10,851	10,324
Expenditure on					
Raising funds	7	(4,325)	-	(4,325)	(4,173)
Charitable activities	9	(6,404)	-	(6,404)	(5,841)
Total expenditure		(10,729)	-	(10,729)	(10,014)
Net (losses)/gains on investments	22	706	-	706	(323)
Net income/(expenditure)		828	-	828	(13)
Other recognised gains/(losses)					
Gains/(losses) on revaluation of:					
Fixed assets and investment properties	21	(25)	-	(25)	373
Actuarial gains/(losses) on defined benefit pension scheme (net of deferred tax)	30	(512)	-	(512)	45
Net movement in funds		291	-	291	405
Reconciliation of funds					
Total funds brought forward		16,989	2,807	19,796	19,391
Total funds carried forward	29	17,280	2,807	20,087	19,796

The notes on pages 15 to 41 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 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	18	4,697	4,256
Heritage assets	19	-	-
		<u>4,697</u>	<u>4,256</u>
Investments:			
Properties	21	7,693	8,283
Listed investments	22	6,253	5,765
Cash held as an investment	22	188	44
		<u>14,134</u>	<u>14,092</u>
		<u>18,831</u>	<u>18,348</u>
Current assets			
Stocks	23	279	301
Debtors	24	1,938	1,324
Cash at bank and in hand	25	2,025	2,405
		<u>4,242</u>	<u>4,030</u>
Creditors: amounts falling due within one year	26	(2,018)	(2,392)
Net current assets		<u>2,224</u>	<u>1,638</u>
Creditors: amounts falling due within more than one year	27	(439)	(106)
Defined benefit scheme liability	30	(529)	(84)
Total assets less current liabilities		<u>20,087</u>	<u>19,796</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	14,066	13,009
Unrestricted designated fund	29	3,743	4,064
Unrestricted pension reserve	29 & 30	(529)	(84)
Total charity funds		<u>20,087</u>	<u>19,796</u>

The notes on pages 15 to 41 form part of these financial statements.

The financial statements on pages 11 to 41 were approved by the Board of Trustees and Directors on 15.12.17 and were signed on its behalf by:

Niall Dickson

Mr Niall F R Dickson, CBE
Chairman of Trustees

Company number: 1172263

LEEDS CASTLE FOUNDATION

FOUNDATION BALANCE SHEET AS AT 31 MARCH 2017

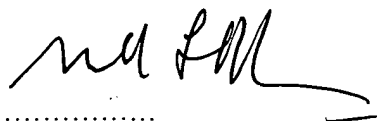
	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	18	4,640	4,186
Heritage assets	19	-	-
		<u>4,640</u>	<u>4,186</u>
Investments:			
Subsidiary company	20	866	866
Properties	21	7,693	8,283
Listed investments	22	6,253	5,765
Cash held as an investment	22	188	44
		<u>15,000</u>	<u>14,958</u>
		19,640	19,144
Current assets			
Stocks	23	-	-
Debtors	24	867	1,488
Cash at bank and in hand	25	308	480
		<u>1,175</u>	<u>1,968</u>
Creditors: amounts falling due within one year	26	(882)	(1,644)
Net current assets		<u>293</u>	<u>324</u>
Total assets less current liabilities		<u>19,333</u>	<u>19,468</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	13,383	12,597
Unrestricted designated fund	29	3,743	4,064
Total charity funds		<u>19,933</u>	<u>19,468</u>

The loss for the financial year dealt with in the financial statements of the parent Company was £245,000 (2016: profit of £156,000).

The notes on pages 11 to 41 form part of these financial statements.

The financial statements on pages 15 to 41 were approved by the Board of Trustees and Directors on 15.12.17 and were signed on its behalf by:

Niall Dickson



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 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	31	62	478
Cash flows from investing activities:			
Dividends, interest and rents from investments	8	131	146
Purchase of property, plant and equipment		(1,042)	(587)
Proceeds from sale of investment property		395	
Proceeds from sale of investments		2,373	1,399
Purchase of investments		(2,155)	(1,848)
Net cash provided by/(used in) investing activities		(298)	(890)
Change in cash and cash equivalents in the reporting period		(236)	(412)
Cash and cash equivalents at the beginning of the reporting period		2,449	2,861
Cash and cash equivalents at the end of the reporting period		2,213	2,449
Reconciliation of cash and cash equivalents			
	Note	2017 £'000	2016 £'000
Cash in hand	25	2,025	2,405
Cash held as an investment	22	188	44
Total cash and cash equivalents		2,213	2,449

The notes on pages 15 to 41 form part of these financial statements.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1.1 **Company information**

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

2.1 **Accounting policies**

2.1 **Basis of preparation of financial statements**

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

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

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

Having assessed the charity's financial position, its plans for the foreseeable future, the risks to which it is exposed and the detailed cash forecasts the trustees are satisfied that it remains appropriate to prepare the financial statements on the going concern basis.

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

2.2 **Basis of consolidation**

The group financial statements consolidate the financial statements of the Foundation and its subsidiary for the period ended 31 March 2017. 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.

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.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

2 Accounting policies (continued)

2.5 Form of financial statements

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

- a) **Heritage and development fund**
This restricted expendable endowment fund relates to changes to the infrastructure of the estate carried out to improve the facilities available to support public access. Such assets are for all practical purposes integral with the bequeathed estate and are therefore also regarded as being inalienable. See note 29 for more information regarding this fund.
- b) **Restricted funds**
Restricted funds are those funds subject to specific trusts declared by the donor, or in relation to funds generated from the sale of certain heritage assets. The funds are expendable by the Charity at the discretion of the Trustees in accordance with the terms of their receipt.
- c) **General unrestricted fund**
The Fund was created from a pecuniary legacy bequeathed by the late Hon. Lady Baillie, together with additional funds realised from the authorised sale of certain items included in the original transfer of the property.

The capital and income of the Fund are available for expenditure by the Trustees on the Foundation's charitable objectives, including development expenditure.
- d) **Designated funds**
Designated funds are those funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

2.7 Incoming resources

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

2.8 Investment income

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

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.

Costs of generating 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.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

2 Accounting policies (continued)

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.

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.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

2 Accounting policies (continued)

2.13 Tangible fixed assets and depreciation (continued)

a) Heritage assets (continued)

The Castle, grounds and contents bequeathed by the late Hon. 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. These assets are included within investments at their open market valuation, based on a professional valuation undertaken at 31 March 2015. 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 2017

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 SOFA 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 1, 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 liabilities – The charity recognises its 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 2017

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:

	2017 £'000	2016 £'000
Turnover	4,962	5,035
Costs of trading activities and administrative expenses	(4,057)	(3,860)
Operating profit	905	1,175
Interest receivable	157	91
Interest payable to Leeds Castle Foundation on long term loan	(21)	(21)
Other finance income/(costs)	(1)	(8)
Profit/(loss) before donation and taxation	1,040	1,237
Taxation	4	(15)
Gift Aid donation payable to Leeds Castle Foundation	(709)	(938)
Retained profit for the period	335	284
Actuarial gain/(loss) related to pension scheme, net of deferred tax	(512)	45
Total recognised losses for the period	(177)	329
Retained profit brought forward	329	-
Profit retained in subsidiary	152	329

The net assets of Leeds Castle Enterprises Limited are £152,000 as at 31 March 2017 (2016: net assets £329,000).

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

6 Income from donations and legacies

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Other donations and voluntary income	4	-	4	8
	4	-	4	8

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

7 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Income				
Concerts and other special events	441	-	441	388
Functions	2,328	-	2,328	2,640
Shops	1,075	-	1,075	936
Golf	251	-	251	234
Holiday lettings	751	-	751	719
Ancillary services	86	-	86	66
Other sundry income	157	-	157	129
	<u>5,089</u>	<u>-</u>	<u>5,089</u>	<u>5,112</u>
Expenditure on raising funds				
Cost of sales	1,865	-	1,865	1,938
Staff costs (see note 14)	1,394	-	1,394	1,304
Property and equipment costs	363	-	363	313
Administration costs	32	-	32	17
Marketing and fundraising costs	182	-	182	176
Finance costs	221	-	221	172
Investment management costs	66	-	66	64
Proportion of support costs (see note 11)	202	-	202	195
	<u>4,325</u>	<u>-</u>	<u>4,325</u>	<u>4,179</u>
Net income from activities for generating funds	<u>764</u>	<u>-</u>	<u>764</u>	<u>933</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 2017

8 Income from investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Income from investment properties	68	-	68	89
Income from listed investments	60	-	60	60
Bank interest receivable	3	-	3	5
Net return on pension scheme assets	-	-	-	(8)
	<u>131</u>	<u>-</u>	<u>131</u>	<u>146</u>

9 Charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Income from Charitable activities				
Day visitor admissions	5,595	-	5,595	5,028
Other sundry income	32	-	32	30
	<u>5,627</u>	<u>-</u>	<u>5,627</u>	<u>5,058</u>
Expenditure on Charitable activities				
Cost of sales	460	-	460	430
Staff costs: visitor team, estate and Castle maintenance (see note 14)	2,118	-	2,118	1,928
Estate and equipment costs	1,591	-	1,591	1,654
Marketing costs	536	-	536	533
Finance costs	381	-	381	139
Preservation and security of heritage assets	332	-	332	187
Proportion of support costs (see note 11)	986	-	986	1,000
	<u>6,404</u>	<u>-</u>	<u>6,404</u>	<u>5,871</u>
Net resources expended from charitable activities	<u>(777)</u>	<u>-</u>	<u>(777)</u>	<u>(813)</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 2017

10 Other income

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Profit on disposal of tangible fixed assets held for charitable purposes	-	-	-	-

11 Support costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Staff costs (see note 14)	805	-	805	762
Property and equipment costs	-	-	-	-
Administration costs	356	-	356	350
Corporation tax charge	76	-	76	45
Deferred tax charge (see note 15)	(80)	-	(80)	(30)
Governance costs (Auditor's remuneration)	31	-	31	32
Legal and professional costs	-	-	-	-
	1,188	-	1,188	1,159
Allocated as follows:				
Activities for generating funds	202	-	202	189
Charitable activities	986	-	986	970
	1,188	-	1,188	1,159

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 2017

12 Governance costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Auditor's remuneration (see below)	31	-	31	32

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:

	2017 £'000	2016 £'000
Fees payable to the charity's auditor for the audit of the charity's annual Accounts	16	16
Fees payable to the charity's auditor for other services:		
- The audit of the charity's subsidiary	7	7
- Tax services	3	3
- All other services	2	3
Fees in respect of the group pension scheme:		
- Audit	3	3
- Tax services		-

An analysis of fees paid to the charity's auditor for non-audit services to the Foundation itself is not disclosed because the charity's consolidated financial statements are required to disclose such fees on a consolidated basis.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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:

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Renovation of Castle Library	-	-	56	-	-
Renovation of Castle Dining Room	-	-	155	-	-
Gatetower stonework	-	-	(13)	(2)	765
Gloriette stonework	1	-	584	690	-
Renovation of tapestries	-	2	54	-	-
Roads, paths and fencing	-	-	-	8	3
Moat flood wall	-	-	-	43	-
Castle interior	10	23	35	16	-
Maidens Tower renovation	-	-	-	-	3
Entrance development	-	-	-	-	-
Renovation of Garden House	-	-	-	-	-
Barbican area	-	-	-	-	-
Stonework repairs	162	25	-	-	6
Castle representation	159	123	-	-	-
Battel Hall retable	-	11	-	-	-

14 Staff costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Staff costs during the year were:				
Wages and salaries	3,806	-	3,806	3,518
Social security costs	262	-	262	240
Other pension costs	111	-	111	114
Training, recruitment and welfare	139	-	139	122
	<u>4,318</u>	<u>-</u>	<u>4,318</u>	<u>3,994</u>

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

	Group		Foundation	
	2017 No	2016 No	2017 No	2016 No
Full time	78	78	59	59
Part time	184	182	113	111
	<u>262</u>	<u>260</u>	<u>172</u>	<u>170</u>
This equates to a full time equivalent of	<u>164</u>	<u>164</u>		

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

14 Staff costs (continued)

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

	2017		2016	
	Full	Part	Full	Part
	time	time	Time	Time
Admin/Support Staff	9	17	9	17
DV Ops	13	89	13	87
Golf	4	8	4	8
Retail	4	24	4	24
Hospitality	20	35	20	35
Maintenance/Security	17	10	17	10
Grounds/Gardens	11	1	11	1
Totals	78	184	78	182
		262		260

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

	Group		Foundation	
	2017	2016	2017	2016
	No	No	No	No
£60,000 to £70,000	3	-	3	-
£70,000 to £80,000	-	-	-	-
£80,000 to £90,000	-	1	-	1
£90,000 to £100,000	1	-	1	-
£110,000 to £120,000	-	2	-	2
£170,000 to £180,000	1	-	1	-
	<u>5</u>	<u>3</u>	<u>5</u>	<u>3</u>

During the period the group paid contributions totalling £22,135 (2016: £7,650) in respect of the personal pension schemes of three of the above higher-paid employees (2016: three).

Pension contributions to defined contribution schemes in the period totalled £46,000.

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

Travelling and other costs amounting to £1,932 (2016: £661) were reimbursed to four trustees (2016: three).

The company considers that the key management personnel comprise the senior management team as listed in the administrative details. During the period the group made remuneration payments to key management personnel totalling £668,083 (2016: £612,956).

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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 £119,000 (2016: £45,000).

Deferred tax

	Group		Foundation	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
At 24 March 2016	26	56	-	-
Movement for the period	80	30	-	-
Deferred tax asset/(liability) at 31 March 2017	106	26	-	-
The deferred tax asset/(liability) is made up of the following:				
Decelerated capital allowances	-	-	-	-
Other timing differences	6	9	-	-
Deferred tax asset on pension liability	100	17	-	-
	106	26	-	-

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

16 Net outgoing resources

	Unrestricted Funds £'000	Restricted Funds £'000	Total Fund 2017 £'000	Total Fund 2016 £'000
Net outgoing resources are stated after (crediting)/charging:				
Depreciation: owned assets	588	-	588	513
Operating lease rentals:				
Hire of plant and equipment	17	-	17	27

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

17 Consolidated statement of financial activities for the period ended 24 March 2016

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2016 £'000
Income and endowments from:			
Donations and legacies	8	-	8
Other trading activities	5,112	-	5,112
Investments	146	-	146
Charitable activities	5,058	-	5,058
Total income and endowments	10,324	-	10,324
Expenditure on			
Raising funds	(4,173)	-	(4,173)
Charitable activities	(5,835)	(6)	(5,841)
Total expenditure	(10,008)	(6)	(10,014)
Net gains/(losses) on investments	(323)		(323)
Deficit for the year	(7)	(6)	(13)
Gains/(losses) on revaluation of:			
Fixed assets and investment properties	373	-	373
Actuarial losses on defined benefit pension scheme (net of deferred tax)	45	-	45
Net movement in funds	411	(6)	405
Reconciliation of funds			
Total funds brought forward	16,578	2,813	19,391
Total funds carried forward	16,989	2,807	19,796

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

18 Tangible fixed assets

a) Group

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 25 March 2016	5,362	2,373	7,735
Additions	498	544	1,042
Disposals	(18)	-	(18)
At 31 March 2017	5,842	2,917	8,759
Depreciation			
At 25 March 2016	1,694	1,785	3,479
Charge for the period	337	264	601
Disposals	(18)	-	(18)
At 31 March 2017	2,013	2,049	4,062
Net book value			
At 31 March 2017	3,829	868	4,697
At 24 March 2016	3,668	588	4,256

b) Foundation

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 25 March 2016	5,362	1,346	6,708
Additions	498	544	1,042
Disposals	(18)	-	(18)
At 31 March 2017	5,842	1,890	7,732
Depreciation			
At 25 March 2016	1,694	828	2,522
Charge for year	337	251	588
Disposals	(18)	-	(18)
At 31 March 2017	2,013	1,079	3,092
Net book value			
At 31 March 2017	3,829	811	4,640
At 24 March 2016	3,668	518	4,186

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

19 Heritage assets (Group and Foundation)

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

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

A survey of Castle stonework was produced by independent experts in 2007. This resulted in the preparation of a major stonework programme which was completed at the end of 2014/15. Minor repairs are undertaken when necessary in parallel with the major stonework programme, these repairs typically include frost damage and general wear and tear. Further works are expected to be undertaken commencing 2017.

20 Investment in subsidiary company

	2017 £'000	2016 £'000
100 Ordinary shares of £1 each at cost		
Floating rate unsecured loan stock 2025	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)

	2017 £'000	2016 £'000
Market value of properties at 25 March 2016	8,283	7,910
Disposal proceeds	(395)	-
(Loss) on disposal	(170)	-
Revaluation	(25)	373
Market value of properties at 31 March 2017	<u>7,693</u>	<u>8,283</u>
Historical cost value of assets	<u>1,448</u>	<u>1,578</u>

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

The land and properties were valued by Page & Wells, a firm of independent surveyors and valuers on an open market basis as at 31 March 2015 and the revaluation to 31 March 2017 was calculated based on published indices.

Certain properties are considered to be inalienable. These properties have been attributed an open market value of based on valuations provided by the property agents, Coles, at 31 March 2015.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Rent received:				
Within one year	57	65	57	65
Between two and five years	4	29	4	29
Between six and ten years	4	5	4	5
	<u>65</u>	<u>99</u>	<u>65</u>	<u>99</u>

22 Listed investments (Group and Foundation)

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

	2017	2016
	£'000	£'000
Market value of listed investment at 24 March 2016	5,765	5,639
Acquisitions at cost	2,155	1,848
Disposal proceeds	(2,373)	(1,399)
(Losses)/gains for the year	706	(323)
Market value at 31 March 2017	<u>6,253</u>	<u>5,765</u>
Cash holdings at 31 March 2017	188	44
Total value of fixed asset investments	<u>6,441</u>	<u>5,809</u>
Historical cost value of assets	<u>5,120</u>	<u>5,115</u>

As at 31 March 2017 the market value of the investments split between UK investment assets and overseas assets was as follows:

	2017	2016
	£'000	£'000
UK investments	2,466	1,620
Overseas investments	3,787	4,145
	<u>6,253</u>	<u>5,765</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

22 Listed investments (Group and Foundation) (continued)

The portfolio at 31 March 2017 contained investments managed by Ruffer LLP. The following investments exceed 3% by value of the total portfolio and are deemed to be material:

	2017 £'000	%	2016 £'000	%
Ruffer Illiquid Strategies Fund	-	-	213	3.7
UK 0.125% Treasury Stock 2019	476	7.6	452	7.8
UK 0.125% Treasury Stock 2068	375	6.0	262	4.6
UK 1.25% Treasury Stock 2055	315	5.0	246	4.3
Ruffer Illiquid Multi Strategies Fund	260	4.1	353	6.1
CF Ruffer Gold	245	3.9	188	3.3
USA Treasury notes 2022	682	10.9	589	10.2
	<u>2,353</u>	<u>37.5</u>	<u>2,303</u>	<u>40.0</u>
Other investments	<u>3,900</u>	<u>62.5</u>	<u>3,462</u>	<u>60.0</u>
	<u>6,253</u>	<u>100.0</u>	<u>5,765</u>	<u>100.0</u>

23 Stocks

	Group		Foundation	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Goods for resale	<u>279</u>	<u>301</u>	<u>-</u>	<u>-</u>

24 Debtors

	Group		Foundation	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amounts falling due after more than one year:				
Trade debtors	224	40	-	-
Amounts falling due within one year:				
Trade debtors	868	810	75	201
Amount owed by group undertakings in respect of gift aid	-	-	380	938
Other debtors	215	60	215	59
Prepayments and accrued income	525	388	197	290
Deferred tax asset (see note 15)	106	26	-	-
	<u>1,938</u>	<u>1,324</u>	<u>867</u>	<u>1,488</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

25 Cash at bank and in hand

	Group		Foundation	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Cash in hand	13	28	-	-
Cash at bank – Current accounts	517	535	239	(39)
Cash at bank – Deposit accounts	1,495	1,842	69	519
	<u>2,025</u>	<u>2,405</u>	<u>308</u>	<u>480</u>

In addition to the cash at bank and in hand and deposits above, included within the investment portfolio were cash holdings of £188,131 (2016: £43,980) (see note 22).

26 Creditors: Amounts falling due within one year

	Group		Foundation	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	407	501	248	428
Corporation tax	119	45	-	-
Other taxation and social security Payable	201	21	126	21
Other creditors	28	33	6	1
Amounts owed to group undertakings	-	-	324	710
Accruals	129	630	100	484
Deposits in advance	1,134	1,162	78	-
	<u>2,018</u>	<u>2,392</u>	<u>882</u>	<u>1,644</u>

27 Creditors: Amounts falling after one year

	Group		Foundation	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Deposits in advance	<u>439</u>	<u>106</u>	<u>-</u>	<u>-</u>

The company has received deposits in advance for events occurring in over one year of which £431,016 (2016: £106,110) relates to events occurring within 1-2 years and £8,396 (2016: £nil) relates to events occurring within 2-5 years.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

28 Financial commitments

At 31 March 2017 the group had annual minimum payments under non-cancellable operating leases of plant and equipment as follows:

	Group		Foundation	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Payments made:				
Within one year	23	14	11	1
Between two and five years	81	49	32	-
Between six and ten years	12	24	-	-
	<u>116</u>	<u>87</u>	<u>43</u>	<u>1</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

29 Group funds

	Restricted funds		Unrestricted funds		
	H&D Fund £'000	Chattels Fund £'000	M&D Fund £'000	General Fund £'000	Total Funds £'000
Fund balances at 31 March 2017 are represented by					
Tangible assets	2,504	-	-	2,193	4,697
Investments	225	-	2,692	11,217	14,134
Current assets	-	78	1,051	3,113	4,242
Liabilities	-	-	-	(2,457)	(2,457)
Pension scheme deficit	-	-	-	(529)	(529)
At 31 March 2017	2,729	78	3,743	13,537	20,087
Movement of funds during the year	As at 24 March 2016 (£)	Income (£)	Expenditure (£)	Gains/ Losses (£)	As at 31 March 2017 (£)
Restricted Funds					
Heritage and Development Fund	2,729	-	-	-	2,729
Chattels Fund	78	-	-	-	78
	2,807	-	-	-	2,807
Unrestricted Funds					
Maintenance and Development Fund	4,064	-	(321)	-	3,743
General Fund	13,009	10,851	(10,475)	681	14,066
Pension Reserve	(84)	-	67	(512)	(529)
	16,989	10,851	(10,729)	169	17,280
Total Funds	19,796	10,851	(10,729)	169	20,087

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

29 Group Funds (continued)

	Restricted funds Restated		Unrestricted funds		
	H&D Fund £'000	Chattels Fund £'000	M&D Fund £'000	General Fund £'000	Total Funds £'000
Fund balances at 24 March 2016 are represented by					
Tangible assets	2,504	-	-	1,752	4,256
Investments	225	-	2,692	11,175	14,092
Current assets	-	78	1,372	2,580	4,030
Liabilities	-	-	-	(2,498)	(2,498)
Pension scheme deficit	-	-	-	(84)	(84)
At 31 March 2016	2,729	78	4,064	12,925	19,796
Movement of funds during the year	As at 1 April 2015 (£)	Income (£)	Expenditure (£)	Gains/ losses (£)	As at 24 March 2016 (£)
Restricted funds					
Heritage and Development Fund	2,729	-	-	-	2,729
Chattels Fund	84	-	(6)	-	78
	2,813	-	(6)	-	2,807
Unrestricted funds					
Maintenance and Development Fund	4,196	-	(132)	-	4,064
General Fund	12,643	10,324	(10,008)	50	13,009
Pension Reserve	(261)		132	45	(84)
	16,578	10,324	(10,008)	95	16,989
Total funds	19,391	10,324	(10,014)	95	19,796

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

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,

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

29 Group Funds (continued)

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 £132,000 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 £11,742,000 (2015: £11,910,000).

30 Pension scheme

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

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

To eliminate the funding shortfall revealed at the 2013 valuation, the Trustees and LCE have established a recovery plan. The aim of the recovery plan is for the deficit to be removed over a period of 3 years from 1 April 2014 through the payment of contributions at the rate of £68,000 per annum. These contributions are exclusive of any allowance for administration expenses and Pension Protection Fund (PPF) levies, as these are met directly by LCE.

A formal actuarial valuation was carried out as at 1 April 2013. The results of that valuation have been projected to 31 March 2016 with allowance for payroll and benefit information and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

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

	2017 £'000	2016 £'000
Defined benefit obligation	(5,362)	(4,490)
Fair value of plan assets	4,833	4,406
Net defined benefit (liability)/asset	<u>(529)</u>	<u>(84)</u>

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017****30 Pension scheme (continued)****The amounts recognised in comprehensive income are:**

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

	Period ended 31/03/2017 £'000	Period ended 24/03/2016 £'000
Service cost:		
Current service cost (net of employee contributions)	-	-
Administration expenses	-	-
Net interest expense/(credit)	1	8
Charge/(credit) recognised in profit or loss	<u>1</u>	<u>8</u>
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	(408)	191
Actuarial (gains)/losses	920	(308)
Charge/(credit) recorded in other recognised gains or losses	<u>512</u>	<u>(117)</u>
Total defined benefit cost/(credit)	<u>513</u>	<u>(109)</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

30 Pension scheme (continued)

The principal actuarial assumptions used were:

	31/03/2017	24/03/2016
Liability discount rate	2.65%	3.52%
Inflation assumption - RPI	3.30%	3.22%
Inflation assumption - CPI	2.60%	2.52%
Rate of increase in salaries	n/a	n/a
Revaluation of deferred pensions: all benefits accrued	2.60%	2.52%
Increases for pensions in payment: benefits accrued prior to 6 April 1997	0.00%	0.00%
benefits accrued after 5 April 1997	2.59%	2.50%
	0.00%	
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash		0.00%
Expected age at death of current pensioner at age 65: Male aged 65 at year end:	87.2	87.2
Female aged 65 at year end:	89.3	89.2
Expected age at death of future pensioner at age 65: Male aged 45 at year end:	89.0	88.9
Female aged 45 at year end:	91.2	91.1

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Tot: £'00
At start of period	4,406	(4,490)	(84)
Benefits paid	(202)	202	
Administration expenses	-	-	
Current service cost	-	-	
Contributions from the employer	68	-	6
Contributions from employees	-	-	
Interest income / (expense)	153	(154)	(1)
Return on assets (excluding amount included in net interest expense)	408	-	40
Actuarial gains/(losses)	-	(920)	(920)
Assets distributed / liabilities extinguished on settlements	-	-	
Assets acquired / liabilities assumed in a business combination	-	-	
At end of period	4,833	(5,362)	(529)

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

30 Pension scheme (continued)

The return on scheme assets was:	31/03/2017	31/03/2016
	£'000	£'000
Interest income	153	145
Return on scheme assets (excluding amount included in net interest expense)	408	(191)
Total return on scheme assets	561	(46)

The major categories of scheme assets are as follows:

	31/03/2017	31/03/2016
	£'000	£'000
UK Equities	237	152
Overseas Equities	685	644
Corporates	-	-
Gilts	1,175	983
Index Linked	2,604	2,296
Property	-	-
Alternative Assets	148	155
Cash	(16)	176
Total market value of assets	4,833	4,406

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

31 Reconciliation of cash flows from operating activities

	2017	2016
	£'000	£'000
Net income/(expenditure)	828	49
Net (gains)/losses on investments	(706)	323
Depreciation charges on fixed assets	601	513
Dividends, interest and rents from investments	(131)	(146)
Movements on defined benefit pension scheme	(67)	(60)
Loss/(profit) on sale of investment property	170	-
Movement in components of working capital:		
Decrease/(increase) in stocks	22	(71)
(Increase)/decrease in debtors	(614)	270
(Decrease)/increase in creditors	(41)	(302)
Net cash inflow/(outflow) from operating activities	62	478

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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 2017 the Foundation and the group had no contractual commitments for development expenditure (2016: nil).

34 Related party transactions

At the year end the trading subsidiary, Leeds Castle Enterprises Limited had a net intercompany debtor balance, owing £56,000 to the Charity (2016: net debtor balance of £228,000). During the period the Charity received gift aid payments totalling £1,163,000 from Leeds Castle Enterprises Limited, with a further payment of £380,000 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 £3,631,000 (2016: £3,665,000) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £1,204,000 (2016: £1,291,000). Total interest income received in respect of financial assets held at amortised cost totalled £3,000 (2016: £5,000).

The charity held assets at fair value through income and expenditure of £6,252,000 (2016: £5,765,000). Movements in the year through the statement of financial activities comprised income of £60,000 (2016: £60,000) and gains of £706,000 (2016: losses of (£323,000)).