

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 29 MARCH 2018**

SATURDAY



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22/12/2018
COMPANIES HOUSE

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 (resigned 16 March 2018) 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 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 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 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 Robin Richman Mr Thomas C Wright, CBE	Chairman Chief Executive Finance Director and Secretary
Senior Management Team of the Foundation	Vice-Admiral, Sir David Steel, KBE, DL Mr R Richman Mrs D Matthews Mrs J Creasey Mr S Guy Mrs S Codrington Mrs A Kemkaran-Smith Mr C Day	Chief Executive 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 YEAR ENDED 29 MARCH 2018

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 29 March 2018. 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 01 April 2017 to 29 March 2018. 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 successful year for the Foundation and its staff. We have given pleasure to hundreds of thousands of visitors and guests who have enjoyed the beautiful and tranquil surroundings of the estate as well as the iconic building, which together reflect the history of England and Great Britain. The Foundation is preparing to celebrate the 900th anniversary of the first stone Castle on the site which was built in 1119.

The Foundation continues to be in good health, and has been able to withstand external buffeting, while investing in major long-term conservation and development. A good performance over the year has released further funds to accelerate some projects, including significant improvements to parts of the waterways that run through the estate.

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

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 29 MARCH 2018

The Strategic Plan and underlying budget for 2017/18 was based on a realistic, though challenging target of attracting 580,000 day visitors to the estate. Unfortunately, we did not meet this target largely as a result of bad weather, including snow closures between Christmas and the end of the financial year. However, we introduced a ticketing system which was well received and resulted in a significantly improved yield. When those attending events and using our hospitality and accommodation are added, the site overall attracted more than 700,000 people.

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

Incoming resources

Total incoming resources increased by £473,000 over the last year as a result of increased visitor yields and 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 fifth year and offered in conjunction with the traditional Christmas decoration of the Castle, brought record numbers to the Castle grounds over the four weekends in which it operated.

Hospitality and accommodation sales were almost 25% ahead of the budget for the year contributing over £500,000. The investment programme funded 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 itself has expanded significantly in recent years. Importantly this aspect of our work, and hospitality in general generates income is more insulated from the impact of bad weather. The trading company, Leeds Castle Enterprises which oversees this activity again performed well, achieving operating profits of £904k and was able to gift aid £1,027,000 to support the Foundation.

Costs and application of operating surpluses

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

At the same time, there will always be a need for considerable investment programme, not least in the fabric of the castle buildings. In addition to planned and preventative maintenance, there are times when unexpected repairs are required. The operating surplus from 2017/18 of £580,000 will be used to continue the preservation of the castle and enhancing the visitor experience, particularly the restoration of the castle interiors as part of a wider presentation strategy.

In line with the agreed three year pension deficit reduction plan, we also made a special contribution of £105,000 towards the Leeds Castle Retirement Benefits Scheme. The scheme has been closed to new members since 2005. The next triennial revaluation is due in 2019 until then the contribution will remain at £105,000.

LEEDS CASTLE FOUNDATION
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 29 MARCH 2018

Reserves policy

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

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

At 31 March 2018, 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.

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

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

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

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

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

As at 31 March 2018, the Designated Reserves have been assigned to:

- Battel Hall completion of refurbishment and its commissioning as a hospitality facility.
- Castle collection presentation.
- New visitor reception facility.
- Knights' Realm Replacement.
- Cedar pond sluice and pathways refurbishment.

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

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TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Investment policy and objectives

a) Investment land and properties

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

b) Cash and managed investments

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

In 2016 the Trustees reviewed and ratified the investment policy, which states 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 manager's performance against this objective and confirmed Ruffer LLP to be an appropriate manager to deliver this level of performance.

For the period ended March 2018, the manager underperformed the target benchmark of 7.1% with a return of 1.2%.

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 at a cost of £159,000. 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.

Thorpe Hall

The restoration of the Thorpe Hall Drawing Room has included deep and intricate cleaning of the carved pine panelling and restoration of the furnishings and fabrics. The silk was sourced from the same suppliers used for the Yellow Drawing Room in the 1930's and to recreate the effect of the Savonnerie carpet that the designer Boudin had originally chosen for the room. We were also able to introduce a Tabriz carpet from the 1890's. Ambient lighting was introduced, making the room more hospitable when used for functions.

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

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

In 2017-18 we welcomed more than 544,000 visitors from all over the world, a slight fall from the previous year but producing higher yields and spend per visitor.

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 excellent value for money, and the estate provides a safe and beautiful environment for recreation.

This year we continued to invest in a range of initiatives to enrich the experience of our visitors. These have included a special presentation entitled the Battle for the Skies, which told the story of the Battle of Britain, and the involvement of Leeds Castle during the Second World War. The Christmas theme was based on a traditional Christmas and proved to be an outstanding success, running alongside an expanded Christmas market.

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

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

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

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

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

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

The Foundation has continued to support health charities and organisations in hosting medical conferences in the castle, most recently a United Nations conference on Resistance to Antibiotics 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. Of the 21 charitable events held the largest was the Alzheimer's Memory Walk, which attracted 3,087 walkers and raised £219,000 for their fundraising.

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 29 MARCH 2018

The creation of a membership scheme for the golf course, together with extensive investment in both the course and the clubhouse has begun to pay dividends. In spite of difficult market conditions in which golf has become less popular, we have seen a significant revival and are on track to bring the golf operation back into surplus in the coming year. From a standing start we now have nearly 260 members who take an active interest in the course. 23,270 rounds were played last year.

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

We continue to support local communities and charities by offering access to the Castle, whether through the provision of more than 1,100 free family tickets for auctions and raffles, 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 May 2018. About £1.4million has been designated for this significant renovation project, which will not only ensure the preservation and protection of the fabric of this important building, its adjoining oast house and gardens, but will bring it back into use after a number of years remaining empty. 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. Given the level of complexity in the Leeds Castle operation, a full-time Health and Safety Officer has been recruited to ensure compliance and to deliver the necessary staff training in all aspects of delivering a safe environment, both for visitors and staff, and to provide the necessary expertise in this specialist area of the business.

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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.

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. Niall Dickson is now completing his fifth year as Chairman.

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 retirements of Mr Covell and Dr Keay from the board of Trustees who thanked them for service and expertise provided to the Foundation. Mr Tinniswood joined the 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 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

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

With effect from 2017 a plan to use volunteer support across several areas of operations was introduced, most notably supporting the gardens and Falconry teams.

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TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 29 MARCH 2018

Fundraising

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

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

Governance

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

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE PERIOD ENDED 29 MARCH 2018

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 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 14th December 2018 and signed on their behalf by:



Niall Dickson

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Mr Niall F R Dickson CBE
Chairman of Trustees

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2018

Opinion

We have audited the financial statements of Leeds Castle Foundation for the year ended 31 March 2018 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).

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

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 29 March 2018 and of the group's incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2018

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2018

Responsibilities of trustees

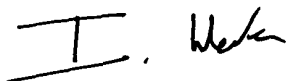
As explained more fully in the trustees' responsibilities statement set out on page XXX, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



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

Crowe U.K. LLP

**Chartered Accountants
Statutory Auditors**

Maidstone, Kent

Date:

20th December 2018

LEEDS CASTLE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE PERIOD ENDED 29 MARCH 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Income and endowments from					
Donations and legacies	6	8	-	8	4
Other trading activities	7	5,163	-	5,163	5,089
Investments	8	134	-	134	131
Charitable activities	9	5,745	-	5,745	5,627
Total income and endowments		11,050	-	11,050	10,851
Expenditure on					
Raising funds	7	(4,333)	-	(4,333)	(4,325)
Charitable activities	9	(6,115)	-	(6,115)	(6,404)
Total expenditure		(10,448)	-	(10,448)	(10,729)
Net (losses)/gains on investments	22	(22)	-	(22)	706
Net income/(expenditure)		580	-	580	828
Other recognised gains/(losses)					
Gains/(losses) on revaluation of					
Fixed assets and investment properties	21	68	-	68	(25)
Actuarial gains/(losses) on defined benefit pension scheme (net of deferred tax)	30	616	-	616	(512)
Net movement in funds		1,264	-	1,264	291
Reconciliation of funds					
Total funds brought forward		17,280	2,807	20,087	19,796
Total funds carried forward	29	18,544	2,807	21,351	20,087

The notes on pages 18 to 46 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.

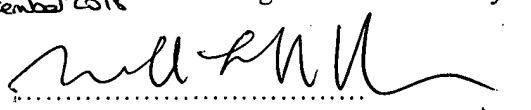
LEEDS CASTLE FOUNDATION

CONSOLIDATED BALANCE SHEET AS AT 29 MARCH 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	18		5,255		4,697
Heritage assets	19		-		-
			<u>5,255</u>		<u>4,697</u>
Investments:					
Properties	21	7,761		7,693	
Listed investments	22	7,118		6,253	
Cash held as an investment	22	<u>324</u>		<u>188</u>	
			<u>15,203</u>		<u>14,134</u>
			20,458		18,831
Current assets					
Stocks	23	249		279	
Debtors	24	1,594		1,938	
Cash at bank and in hand	25	<u>1,373</u>		<u>2,025</u>	
		3,216		4,242	
Creditors: amounts falling due within one year	26	<u>(2,370)</u>		<u>(2,018)</u>	
Net current assets			846		2,224
Creditors: amounts falling due within more than one year	27		(277)		(439)
Defined benefit scheme liability	30		<u>324</u>		<u>(529)</u>
Total assets less current liabilities			<u>21,351</u>		<u>20,087</u>
Funds					
Expendable endowment fund	29		2,729		2,729
Restricted income fund	29		78		78
Total restricted funds			2,807		2,807
Unrestricted general fund	29		14,529		14,066
Unrestricted designated fund	29		3,691		3,743
Unrestricted pension reserve	29&30		324		(529)
Total charity funds			<u>21,351</u>		<u>20,087</u>

The notes on pages 18 to 44 form part of these financial statements.

The financial statements on pages 14 to 44 were approved by the Board of Trustees and Directors on 14th December 2018 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 29 MARCH 2018

Fixed assets

Tangible assets	18	5,210	4,640
Heritage assets	19	-	-
		<u>5,210</u>	<u>4,640</u>

Investments:

Subsidiary company	20	866	866
Properties	21	7,761	7,693
Listed investments	22	7,118	6,253
Cash held as an investment	22	<u>324</u>	<u>188</u>
		<u>16,069</u>	<u>15,000</u>
		<u>21,279</u>	<u>19,640</u>

Current assets

Stocks	23	-	-
Debtors	24	545	867
Cash at bank and in hand	25	<u>622</u>	<u>308</u>
		<u>1,167</u>	<u>1,175</u>

Creditors: amounts falling due within one year

26	<u>(2,318)</u>	<u>(882)</u>
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Net current assets

<u>(1,151)</u>	<u>293</u>
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Total assets less current liabilities

<u>20,128</u>	<u>19,933</u>
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Funds

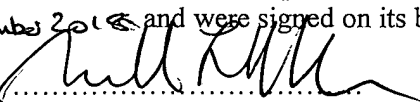
Expendable endowment fund	29	2,729	2,729
Restricted income fund	29	<u>78</u>	<u>78</u>
Total restricted funds		<u>2,807</u>	<u>2,807</u>

Unrestricted general fund	29	13,630	13,383
Unrestricted designated fund	29	<u>3,691</u>	<u>3,743</u>
Total charity funds		<u>20,128</u>	<u>19,933</u>

The profit for the financial year dealt with in the financial statements of the parent Company was £471,000 – (2017: profit of £245,000).

The notes on pages 18 to 44 form part of these financial statements.

The financial statements on pages 14 to 44 were approved by the Board of Trustees and Directors on 14th December 2018 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 29 MARCH 2018**

		2018	2017
	Note	£'000	£'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	31	1,307	62
Cash flows from investing activities:			
Dividends, interest and rents from investments	8	134	131
Purchase of fixed assets		(1,070)	(1,042)
Proceeds from sale of investment property		-	395
Proceeds from sale of investments		2,859	2,373
Purchase of investments		(3,746)	(2,155)
Net cash provided by/(used in) investing activities		(1,823)	(298)
Change in cash and cash equivalents in the reporting period		(516)	(236)
Cash and cash equivalents at the beginning of the reporting period		2,213	2,449
Cash and cash equivalents at the end of the reporting period		1,697	2,213
Reconciliation of cash and cash equivalents		2018	2017
	Note	£'000	£'000
Cash in hand	25	1,373	2,025
Cash held as an investment	22	324	188
Total cash and cash equivalents		1,697	2,213

The notes on pages 18 to 46 form part of these financial statements.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

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 29 March 2018. 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 29 MARCH 2018

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. 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.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

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 29 MARCH 2018

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 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 29 MARCH 2018

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 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 29 MARCH 2018

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:

	2018 £'000	2017 £'000
Turnover	5,041	4,962
Costs of trading activities and administrative expenses	(4,033)	(4,057)
Operating profit	1,008	905
Interest receivable	152	157
Interest payable to Leeds Castle Foundation on long term loan	(20)	(21)
Other finance income/(costs)	(13)	(1)
Profit/(loss) before donation and taxation	1,127	1,040
Taxation	107	(93)
Retained profit for the period	1,234	947
Actuarial gain/(loss) related to pension scheme, net of deferred tax	616	(415)
Total recognised losses for the period	1,850	532
Distribution – gift aid	(781)	(709)
Retained profit brought forward	152	329
Profit retained in subsidiary	1,221	152

The net assets of Leeds Castle Enterprises Limited are £1,221,000 as at 29 March 2018 (2017: net assets £152,000).

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 2018 £'000	Total Funds 2017 £'000
Other donations and voluntary income	8	-	8	4
	8		8	4

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2018**

7 Other trading activities**Income**

Concerts and other special events	537	-	537	441
Functions	2,303	-	2,303	2,328
Shops	1,039	-	1,039	1,075
Golf	248	-	248	251
Holiday lettings	751	-	751	751
Ancillary services	89	-	89	86
Other sundry income	196	-	196	157
	<u>5,163</u>	<u>-</u>	<u>5,163</u>	<u>5,089</u>

Expenditure on raising funds

Cost of sales	1,918	-	1,918	1,865
Staff costs (see note 14)	1,338	-	1,338	1,394
Property and equipment costs	407	-	407	363
Administration costs	37	-	37	32
Marketing and fundraising costs	154	-	154	182
Finance costs	179	-	179	221
Investment management costs	77	-	77	66
Proportion of support costs (see note 11)	223	-	223	202
	<u>4,333</u>	<u>-</u>	<u>4,333</u>	<u>4,325</u>

**Net income from activities for
generating funds**

	<u>830</u>	<u>-</u>	<u>830</u>	<u>764</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 29 MARCH 2018

8 Income from investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Income from investment properties	65	-	65	68
Income from listed investments	69	-	69	60
Bank interest receivable	-	-	-	3
Net return on pension scheme assets	-	-	-	-
	<u>134</u>	<u>-</u>	<u>134</u>	<u>131</u>

9 Charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Income from Charitable activities				
Day visitor admissions	5,715	-	5,715	5,595
Other sundry income	30	-	30	32
	<u>5,745</u>	<u>-</u>	<u>5,745</u>	<u>5,627</u>
Expenditure on Charitable activities				
Cost of sales	508	-	508	460
Staff costs: visitor team, estate and Castle maintenance (see note 14)	2,209	-	2,209	2,118
Estate and equipment costs	1,314	-	1,314	1,591
Marketing costs	592	-	592	536
Finance costs	219	-	219	381
Preservation and security of heritage assets	228	-	228	332
Proportion of support costs (see note 11)	1,045	-	1,045	986
	<u>6,115</u>	<u>-</u>	<u>6,115</u>	<u>6,404</u>
Net resources expended from charitable activities	<u>(370)</u>	<u>-</u>	<u>(370)</u>	<u>(777)</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 29 MARCH 2018

10 Other income

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Profit on disposal of tangible fixed assets held for charitable purposes	-	-	-	-

11 Support costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Staff costs (see note 14)	815	-	815	805
Property and equipment costs	-	-	-	-
Administration costs	530	-	530	356
Corporation tax charge	(119)	-	(119)	76
Deferred tax charge (see note 15)	12	-	12	(80)
Governance costs (Auditors' remuneration)	32	-	32	31
Legal and professional costs	-	-	-	-
	<u>1,270</u>	<u>-</u>	<u>1,270</u>	<u>1,188</u>
Allocated as follows:				
Activities for generating funds	223	-	223	202
Charitable activities	1,045	-	1,045	986
	<u>1,268</u>	<u>-</u>	<u>1,268</u>	<u>1,188</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 29 MARCH 2018

12 Governance costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Auditor's remuneration (see below)	<u>32</u>	<u>-</u>	<u>32</u>	<u>31</u>

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

	2018 £'000	2017 £'000
Fees payable to the charity's auditor for the audit of the charity's annual Accounts	17	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	2
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.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

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:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Renovation of Castle Library	-	-	-	56	-
Renovation of Castle Dining Room	-	-	-	155	-
Gate tower stonework	-	-	-	(13)	(2)
Gloriette stonework	-	1	-	584	690
Renovation of tapestries	-	-	2	54	-
Roads, paths and fencing	-	-	-	-	8
Moat flood wall	-	-	-	-	43
Castle interior	22	10	23	35	16
Maidens Tower renovation	39	-	-	-	-
Entrance development	-	-	-	-	-
Renovation of Garden House	-	-	-	-	-
Barbican area	-	-	-	-	-
Stonework repairs	13	162	25	-	-
Castle representation	154	159	123	-	-
Battel Hall retable	-	-	11	-	-

14 Staff costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Staff costs during the year were:				
Wages and salaries	3,812	-	3,812	3,806
Social security costs	267	-	267	262
Other pension costs	108	-	108	111
Training, recruitment and welfare	174	-	174	139
	<u>4,361</u>	<u>-</u>	<u>4,361</u>	<u>4,318</u>

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

	Group 2018 No	2017 No	Foundation 2018 No	2017 No
Full time	78	78	59	59
Part time	184	184	113	113
	<u>262</u>	<u>262</u>	<u>172</u>	<u>172</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 29 MARCH 2018

14 Staff costs (continued)

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

	2018		2018	
	Full Time	Part Time	Full Time	Part Time
Admin/Support Staff	9	17	9	17
DV Ops	13	89	13	89
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	184
		262		262

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

	Group		Foundation	
	2018	2017	2018	2017
	No	No	No	No
£60,000 to £70,000	2	3	2	3
£70,000 to £80,000	-	-	-	-
£80,000 to £90,000	-	-	-	-
£90,000 to £100,000	1	1	1	1
£110,000 to £120,000	-	-	-	-
£170,000 to £180,000	1	1	1	1
	<u>4</u>	<u>5</u>	<u>4</u>	<u>5</u>

During the period the group paid contributions totalling £17,773 (2017: £22,135) in respect of the personal pension schemes of three of the above higher-paid employees (2017: 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 £1,453 (2017: £1,932) were reimbursed to four trustees (2017: four).

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 £653,619 (2017: £668,083).

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

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 (2017: £119,000).

Deferred tax

	Group		Foundation	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
At 24 March 2016	106	26	-	-
Movement for the period	(157)	80	-	-
	<u>(157)</u>	<u>80</u>	<u>-</u>	<u>-</u>
Deferred tax asset/(liability)			-	-
at 31 March 2017	<u>(51)</u>	<u>106</u>	<u>-</u>	<u>-</u>
The deferred tax asset/(liability) is made up of the following:				
Accelerated capital allowances	7	6	-	-
Other timing differences	4	-	-	-
Deferred tax asset on pension liability	(62)	100	-	-
	<u>(51)</u>	<u>106</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	2018	2017
	£'000	£'000	£'000	£'000
Net outgoing resources are stated				
after (crediting)/charging:				
Depreciation: owned assets	500	-	500	588
Operating lease rentals:				
Hire of plant and equipment	6	-	6	17
	<u>6</u>	<u>-</u>	<u>6</u>	<u>17</u>

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2018**

17 Consolidated statement of financial activities for the period ended 31 March 2017

Income and endowments from

Donations and legacies	4	-	4
Other trading activities	5,089	-	5,089
Investments	131	-	131
Charitable activities	5,627	-	5,627
Total income and endowments	10,851	-	10,851

Expenditure on

Raising funds	(4,325)	-	(4,325)
Charitable activities	(6,404)	-	(6,404)
Total expenditure	(10,729)	-	(10,729)

Net gains/(losses) on investments

706	-	706
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Surplus for the year

828	-	828
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Gains/(losses) on revaluation of

Fixed assets and investment properties	(25)	-	(25)
Actuarial losses on defined benefit pension scheme (net of deferred tax)	(512)	-	(512)

Net movement in funds

291	-	291
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Reconciliation of funds

Total funds brought forward	16,989	2,807	19,796
Total funds carried forward	17,280	2,807	20,087

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

18 Tangible fixed assets

a) Group

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2017	5,842	2,917	8,759
Additions	824	246	1,070
Disposals	-	(333)	(333)
At 29 March 2018	6,666	2,830	9,496
Depreciation			
At 31 March 2017	2,013	2,049	4,062
Charge for the period	292	220	512
Disposals	-	(333)	(333)
At 29 March 2018	2,305	1,936	4,241
Net book value			
At 29 March 2018	4,361	894	5,255
At 31 March 2017	3,829	868	4,697

b) Foundation

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2017	5,842	1,890	7,732
Additions	824	246	1,070
Disposals	-	(300)	(300)
At 29 March 2018	6,666	1,836	8,502
Depreciation			
At 31 March 2017	2,013	1,079	3,092
Charge for year	292	208	500
Disposals	-	(300)	(300)
At 29 March 2018	2,305	987	3,292
Net book value			
At 29 March 2018	4,361	849	5,210
At 31 March 2017	3,829	811	4,640

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

19 Heritage assets (Group and Foundation)

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

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

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

20 Investment in subsidiary company

	2018 £'000	2017 £'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)

	2018 £'000	2017 £'000
Market value of properties at 31 March 2017	7,693	8,283
Disposal proceeds	-	(395)
(Loss) on disposal	-	(170)
Revaluation	68	(25)
Market value of properties at 31 March 2017	<u>7,761</u>	<u>7,693</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 Page & Wells, a firm of independent surveyors and valuers on an open market basis as at 31 March 2015 and the revaluation to 29 March 2018 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 29 MARCH 2018

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	2017	2017	2017
	£'000	£'000	£'000	£'000
Rent received:				
Within one year	41	57	41	57
Between two and five years	164	4	164	4
Between six and ten years	43	4	43	4
	<u>248</u>	<u>65</u>	<u>248</u>	<u>65</u>

22 Listed investments (Group and Foundation)

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

	2018	2017
	£'000	£'000
Market value of listed investment at 31 March 2017	6,253	5,765
Acquisitions at cost	3,746	2,155
Disposal proceeds	(2,859)	(2,373)
(Losses)/gains for the year	<u>(22)</u>	<u>706</u>
Market value at 29 March 2018	7,118	6,253
Cash holdings at 29 March 2018	324	188
Total value of fixed asset investments	<u>7,442</u>	<u>6,441</u>
Historical cost value of assets	<u>6,343</u>	<u>5,120</u>

As at 29 March 2018 the market value of the investments split between UK investment assets and overseas assets was as follows:

	2018	2017
	£'000	£'000
UK investments	3,120	2,466
Overseas investments	<u>4,322</u>	<u>3,787</u>
	<u>7,442</u>	<u>6,253</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

22 Listed investments (Group and Foundation) (continued)

The portfolio at 29 March 2018 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	%	2017 £'000	%
UK 0.375% Treasury Stock 2062	220	3.1	-	-
UK 0.125% Treasury Stock 2019	370	5.2	476	7.6
UK 0.125% Treasury Stock 2068	427	6.0	375	6.0
UK 1.25% Treasury Stock 2055	362	5.1	315	5.0
Ruffer Illiquid Multi Strategies Fund	397	5.6	260	4.1
CF Ruffer Gold	260	3.7	245	3.9
USA Treasury notes 2022	697	9.8	682	10.9
USA Treasury notes 2021	296	4.2	-	-
	<u>3,029</u>	<u>42.7</u>	<u>2,353</u>	<u>37.5</u>
Other investments	<u>4,089</u>	<u>57.3</u>	<u>3,900</u>	<u>62.5</u>
	<u>7,118</u>	<u>100.0</u>	<u>6,253</u>	<u>100.0</u>

23 Stocks

	Groups 2018 £'000	2017 £'000	Foundation 2018 £'000	2017 £'000
Goods for resale	<u>249</u>	<u>279</u>	<u>-</u>	<u>-</u>

24 Debtors

	Groups 2018 £'000	2017 £'000	Foundation 2018 £'000	2017 £'000
Amounts falling due after more than one year:				
Trade debtors	167	224	-	-
Amounts falling due within one year:				
Trade debtors	877	868	58	75
Amount owed by group undertakings in respect of gift aid	-	-	80	380
Other debtors	58	215	9	215
Prepayments and accrued income	492	525	398	197
Deferred tax asset (see note 15)	-	106	-	-
	<u>1,594</u>	<u>1,938</u>	<u>545</u>	<u>867</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

25 Cash at bank and in hand

	Groups		Foundation	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash in hand	18	13	-	-
Cash at bank – Current accounts	609	517	302	239
Cash at bank – Deposit accounts	746	1,495	320	69
	<u>1,373</u>	<u>2,025</u>	<u>622</u>	<u>308</u>

In addition to the cash at bank and in hand and deposits above, included within the investment portfolio were cash holdings of £323,909 (2017: £188,131) (see note 22).

26 Creditors: Amounts falling due within one year

	Groups		Foundation	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	530	407	403	248
Corporation tax	-	119	-	-
Other taxation and social security				
Payable	127	201	50	126
Other creditors	37	28	14	6
Amounts owed to group undertakings	-	-	1,767	324
Accruals	109	129	69	100
Deferred tax liability (see note 15)	51	-	-	-
Deposits in advance	1,516	1,134	15	78
	<u>2,370</u>	<u>2,018</u>	<u>2,318</u>	<u>882</u>

27 Creditors: Amounts falling after one year

	Groups		Foundation	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Deposits in advance	277	439	-	-

The company has received deposits in advance for events occurring in over one year of which £242,312 (2017: £431,016) relates to events occurring within 1-2 years and £34,771 (2017: £8,396) relates to events occurring within 2-5 years.

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2018**

28 Financial commitments

At 29 March 2018 the group had annual minimum payments under non-cancellable operating leases of plant and equipment as follows:

	Groups		Foundation	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Payments made:				
Within one year	23	23	11	11
Between two and five years	71	81	22	32
Between six and ten years	-	12	-	-
	<u>94</u>	<u>116</u>	<u>33</u>	<u>43</u>

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LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2018**

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 29 March 2018 are represented by					
Tangible assets	2,504	-	-	2,751	5,255
Investments	225	-	2,693	12,285	15,203
Current assets	-	78	998	2,140	3,216
Liabilities	-	-	-	(2,647)	(2,647)
Pension scheme deficit	-	-	-	324	324
At 29 March 2018	2,729	78	3,691	14,853	21,351
Movement of funds during the year	As at 31 March 2017 (£)	Income (£)	Expenditure (£)	Gains/ Losses (£)	As at 29 March 2018 (£)
Restricted Funds					
Heritage and Development Fund	2,729	-	-	-	2,729
Chattels Fund	78	-	-	-	78
	2,807	-	-	-	2,807
Unrestricted Funds					
Maintenance and Development Fund	3,743	102	(154)	-	3,691
General Fund	14,066	10,948	(10,531)	46	14,529
Pension Reserve	(529)	-	237	616	324
	17,280	11,050	(10,448)	662	18,544
Total Funds	20,087	11,050	(10,448)	662	21,351

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2018**

29 Group Funds (continued)

	Restricted Funds		Unrestricted Funds		
	Restated				
	H&D	Chattels	M&D	General	Total
	Fund	Fund	Fund	Fund	Funds
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 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	<u>2,729</u>	<u>78</u>	<u>4,064</u>	<u>13,537</u>	<u>20,087</u>
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
	<u>2,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807</u>
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)
	<u>16,989</u>	<u>10,851</u>	<u>(10,729)</u>	<u>169</u>	<u>17,280</u>
Total funds	<u>19,796</u>	<u>10,851</u>	<u>(10,729)</u>	<u>169</u>	<u>20,087</u>

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

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

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 £154,000 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 (2017: £11,742,000).

30 **Pension scheme**

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

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

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

A formal actuarial valuation was carried out as at 1 April 2016. The results of that valuation have been projected to 31 March 2019 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:

	2018	2017
	£'000	£'000
Defined benefit obligation	(4,512)	(5,362)
Fair value of plan assets	4,836	4,833
Net defined benefit (liability)/asset	<u>324</u>	<u>(529)</u>

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2018****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 31/03/2018 £'000	Period ended 24/03/2017 £'000
Service cost:		
Current service cost (net of employee contributions)	-	-
Administration expenses	-	-
Net interest expense/(credit)	13	1
Charge/(credit) recognised in profit or loss	<u>13</u>	<u>1</u>
Re-measurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	101	(408)
Actuarial (gains)/losses	(862)	920
Charge/(credit) recorded in other recognised gains or losses	<u>(761)</u>	<u>512</u>
Total defined benefit cost/(credit)	<u>(748)</u>	<u>513</u>

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2018

30 Pension scheme (continued)

The principal actuarial assumptions used were:

	31/03/2018	24/03/2017
Liability discount rate	2.51%	2.65%
Inflation assumption - RPI	3.12%	3.30%
Inflation assumption - CPI	2.12%	2.60%
Rate of increase in salaries	n/a	n/a
Revaluation of deferred pensions: all benefits accrued	2.12%	2.60%
Increases for pensions in payment: benefits accrued prior to 6 April 1997	0.00%	0.00%
benefits accrued after 5 April 1997	2.16%	2.59%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	0.00%	0.00%
Expected age at death of current pensioner at age 65: Male aged 65 at year end:	86.8	87.2
Female aged 65 at year end:	88.7	89.3
Expected age at death of future pensioner at age 65: Male aged 45 at year end:	87.8	89.0
Female aged 45 at year end:	89.9	91.2

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At start of period	4,833	(5,362)	(529)
Benefits paid	(129)	129	-
Administration expenses	-	-	-
Current service cost	-	-	-
Contributions from the employer	105	-	105
Contributions from employees	-	-	-
Interest income / (expense)	128	(141)	(13)
Return on assets (excluding amount included in net interest expense)	(101)	-	(101)
Actuarial gains/(losses)	-	862	862
Assets distributed / liabilities extinguished on settlements	-	-	-
Assets acquired / liabilities assumed in a business combination	-	-	-
At end of period	4,836	(4,512)	324

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2018****30 Pension scheme (continued)****The return on scheme assets was:**

	31/03/2018	31/03/2017
	£'000	£'000
Interest income	128	153
Return on scheme assets (excluding amount included in net interest expense)	(101)	408
Total return on scheme assets	<u>27</u>	<u>561</u>

The major categories of scheme assets are as follows:

	31/03/2018	31/03/2017
	£'000	£'000
UK Equities	206	237
Overseas Equities	681	685
Corporates	-	-
Gilts	1,177	1,175
Index Linked	2,462	2,604
Property	-	-
Alternative Assets	150	148
Cash	160	(16)
Total market value of assets	<u>4,836</u>	<u>4,833</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 29 MARCH 2018

31 Reconciliation of cash flows from operating activities

	2018 £'000	2017 £'000
Net income/(expenditure)	582	828
Net (gains)/losses on investments	136	(706)
Depreciation charges on fixed assets	512	601
Tax charge	119	-
Dividends, interest and rents from investments	(134)	(131)
Movements on defined benefit pension scheme	(92)	(67)
Loss/(profit) on sale of investment property	-	170
Movement in components of working capital:		
Decrease/(increase) in stocks	30	22
(Increase)/decrease in debtors	344	(614)
(Decrease)/increase in creditors	(190)	(41)
Net cash inflow/(outflow) from operating activities	1,307	62

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 29 March 2018 the Foundation and the group had no contractual commitments for development expenditure (2017: nil).

34 Related party transactions

At the year end the trading subsidiary, Leeds Castle Enterprises Limited had a net intercompany debtor balance, owing £2,548,000 to the Charity (2017: net debtor balance of £56,000). During the period the Charity received gift aid payments totalling £1,277,000 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 £2,633,000 (2017: £3,413,000) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £676,000 (2017: £564,000). Total interest income received in respect of financial assets held at amortised cost totalled £nil (2017: £3,000).

The charity held assets at fair value through income and expenditure of £7,118,000 (2017: £6,253,000). Movements in the year through the statement of financial activities comprised income of £69,000 (2017: £60,000) and losses of £22,000 (2017: gains of £706,000).