



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 2022

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ADMINISTRATIVE DETAILS

| | |
|----------------------------|---|
| Trustees | Mr Niall F R Dickson CBE (Chairman) Mrs Helen Deeble CBE Mrs Anna Eavis Ms Ros Kerslake CBE (Appointed September 2022) Mr Richard G Laing Mr Jonathan B Neame, DL Mrs Laura C A Nesfield Mr Andrew Ross (Resigned December 2021) Mr Julian Smith Mr Adrian J Tinniswood OBE Mr Thomas C Wright, CBE |
| Company Secretary | Mr R Richman |
| Charity Number | 268354 |
| Company number | 1172263 |
| Registered Office | Leeds Castle Broomfield Nr. Maidstone Kent ME17 1PL |
| Statutory Auditors | Crowe U.K. LLP Riverside House 40-46 High Street Maidstone Kent ME14 1JH |
| Bankers | Royal Bank of Scotland London Corporate Banking Centre PO Box 39952 21/2 Devonshire Square London EC2M 4XJ |
| Investment managers | Ruffer LLP 80 Victoria Street London SW1E 5JL Sarasin & Partners 100 St Paul's Churchyard London EC4M 8BU |

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ADMINISTRATIVE DETAILS

Sub-committee membership

| | | |
|---|---|---|
| Finance, Audit and Risk Committee | Mr Richard G Laing Mr Julian Smith Mr Thomas C Wright, CBE | Chairman |
| Investment Committee | Mr Andrew Ross Mr Richard G Laing Mrs Laura C A Nesfield | Chairman |
| Nominations Committee | Mr Niall F R Dickson, CBE Mr Julian Smith Mr Richard G Laing | Chairman |
| Directors, Leeds Castle Enterprises Ltd | Mr Thomas C Wright, CBE Mr Niall F R Dickson, CBE Mr David Bridgford Mrs Helen Bonser-Wilton Mr Robin Richman | Chairman Chief Executive Finance Director and Secretary |
| Senior Management Team of the Foundation | Mrs H Bonser-Wilton Mr R Richman Mrs D Matthews Mr J Jordan Mrs S Prichard | Chief Executive Finance Director Head of Sales & Marketing Head of Estate Services Head Curator |

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Trustees of the Leeds Castle Foundation, (Charity number: 268354 and company registration number: 1172263), who are also the directors of the charity, present their report and the financial statements for the Foundation and its trading subsidiary (the group) for the period ended 31st March 2022. These have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2015) and the Companies Act 2006.

Accounts have been prepared this year for the period from 1st April 2021 to 31st March 2022. The Foundation regularly alters its financial year end to ensure there is only one Easter Bank Holiday weekend within each financial year, but this was not necessary for either year covered by this report.

Objects

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

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

Strategic Report

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

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

Review of the year

The year commenced with the business still subject to COVID-19 operating restrictions. In accordance with Government instructions, visitors were allowed in to the grounds and gardens, but not inside buildings.

As the year progressed, further staged relaxation of restrictions saw self-catering accommodation open from April, with serviced accommodation, indoor catering and the Castle re-opening in mid-May. Limits on numbers attending functions were lifted in mid-July, as were social distancing requirements, which meant that the pandemic one-way system around the estate and the requirement to pre-book time slots for day visitors could also be lifted.

Audience research showed that both staff and visitors were keen to maintain additional safety measures such as hand sanitisers and extra cleaning regimes. While this came at a cost, it provided reassurance to guests that they were visiting a safe place and staff appreciated their wellbeing was seen as a key priority.

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Visitor numbers recovered gradually during April to June 2021, with growth really starting once restrictions were lifted in mid-July. The estate benefitted strongly from the staycation trend and the strong local repeat audience, which led to excellent levels of summer visiting. Budgets were set with the expectation that groups and international visitors would not return in the year, which proved to be accurate. Even so, nearly 400,000 visitors were welcomed to the site.

The staycation boom also boosted accommodation occupancy to record levels, necessitating bringing staff back from furlough more quickly than anticipated. It was encouraging to see new audiences trying out the accommodation for the first time, although at times this brought challenges with guest expectations.

From August, a substantial number of weddings and functions took place that had been delayed by pandemic restrictions, leading to an extremely busy and positive summer and autumn for hospitality.

Throughout the lockdowns, hospitality and accommodation sales staff had maintained close contact with customers, enabling all those with COVID-impacted bookings to hold an alternative date for their function. For some customers, this took multiple attempts due to the constantly changing restrictions. Those who did not wish to rebook were refunded in full. However, the majority appreciated this flexible approach and re-booked, meaning functions activities recommenced with a strong diary of confirmed bookings.

As a result of the COVID restrictions and low audience confidence in attending large scale gatherings, no large events were held during the peak visiting season. A new obstacle course was installed for summer 2021 and a programme of 50 Leeds Castle-y Challenges was launched for families to enjoy the Great Outdoors during this staycation summer, with both being well received.

The annual Leeds Castle Concert, was postponed from July to September but was well attended. In the light of this success, the Fireworks Spectacular went ahead in November, attracting sell out audiences both nights. We provided a modest Christmas offer, with an outdoor Twelve Days of Christmas Trail and the Castle decorated with trees on the same theme.

The Leeds Castle Golf Club, which re-opened in March 2021, continued to benefit from the desire to partake in outdoor exercise in a safe and pleasant environment, with membership rising to 450 for the first time. This was pleasing affirmation of the investment in the course and facilities, as well as the work of the PGA Professional to establish an enjoyable club experience for members.

In another uncertain year, the business was managed with agility and carefully controlled costs, focussing on the safety of guests, staff & volunteers. Volunteers have become an essential part of the Castle's work, providing learning & social inclusion, with 80 currently volunteering across areas such as falconry, gardens, grounds, wildlife & conservation, education and visitor operations.

Financial modelling using prudent growth assumptions confirms that the estate can generate sufficient cash to invest in heritage assets, facilities and experiences over the next few years. Groups and international visitor audiences are not expected to fully return until 2024/25, leading to a focus on driving the yield and new experiences to fill the financial gap.

New Chief Executive, Helen Bonser-Wilton arrived in March 2021 and has been working with the Board and staff team over the year on various pieces of strategic work to inform post-COVID strategic direction.

The first piece of work was to define Leeds Castle's Spirit of Place, what makes it genuinely distinctive, significant and cherished. Insight was gathered through consultation with curatorial experts in castles, medieval history and 20th century country house life, alongside reviewing guest feedback. This drew out the important learning that Leeds has never been a fortified, defensive castle, but has, throughout her 900-year history, been used as a place of relaxation and entertainment, often en-route somewhere.

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Strategy Development Work

This resulted in the following statement, which underpins our whole future strategy:

A Glamorous Retreat: a place of luxury, entertainment, influence & enchanting beauty.

Work was then undertaken on the brand and how we present this Spirit of Place to the world in an engaging manner that appeals to our audiences. Using an expert branding consultant, Scott Sherrard, and working with Board and staff members, we devised the following brand positioning which will underpin our marketing:

Playing Hostess to History.

Work was also completed on audience segmentation to understand the motivations of both existing and potential visiting audiences and to enable closer tailoring of experiences and products to their preferences. Working with the specialist visitor research company, Morris Hargreaves McIntyre (MHM), a full audience segmentation was completed, covering day visiting, events and accommodation, which has informed our future product development and marketing strategy.

The outputs of all of this have informed the creation of the Leeds Castle strategy and business plan, the highlights of which are outlined further on in this report.

Incoming resources

Total incoming resources increased by £82,000 over the last year as a result of restricted operations continuing due to the pandemic.

The Fireworks Spectacular and Leeds Castle Concert were the only major events held during the year.

Hospitality and accommodation were restricted, both in terms of operational calendar and occupancy, which had a major impact on the larger rental properties. However, it was encouraging carried forward bookings allowed an immediate return to operations once restrictions were lifted, though with higher operational costs.

The investment portfolio continued to benefit from the significant bounce back in markets.

The estate was also pleased to secure a government COVID business support grant of £100,000, administered by Maidstone Borough Council.

Costs and application of operating surpluses

Our focus remained on managing the cost base in a climate of extreme economic uncertainty. Further to the restructuring that took place in 2020 as a result of the devastating financial impact of the pandemic, we started 2021/22 financial year with 89 full time equivalent staff, and added back a limited number of staff as business streams came on line and where a different role was now needed to operate the new-look business. We therefore finished the year with 98 full time equivalent staff.

There will always be a need for considerable investment programmes, not least in the fabric of the Castle buildings. In addition to planned and preventative maintenance, there are times when unexpected repairs are required. The operating surplus will be used to continue the preservation of the Castle, the estate and the collections, and the ongoing enhancement of the visitor experience, which needs regular refreshment to ensure that there is always a new reason to visit and to update/replace facilities as needed.

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With positive summer 2021 trading, the decision was taken to progress two combined phases of Castle stonework repairs commencing in October 2021 and completing in May 2022. The entirety of this major programme of works requires the designation of a large part of the Estate's cash reserve to complete. We were delighted to secure support from the COVID Cultural Recovery Fund, administered through Historic England, amounting to £607,000 of support towards the total £800,000 cost of the Stonework, as well as repairs to the Causeway and Ivy Tower.

In line with the agreed three-year pension deficit reduction plan, there was a further special contribution of £140,000 towards the Leeds Castle Retirement Benefits Scheme. The scheme has been closed to new members since 2005. A triennial revaluation was undertaken as at 1st April 2019 and contributions increased to £140,000 with effect from 1st April 2020. Subject to the result of the next triennial valuation as at 1st April 2022, the results of which are expected in January 2023, contributions will again be reviewed.

Reserves policy

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

The review of risk highlights major events, (e.g. a fire), causing severe impact on income, mitigated by both direct and business interruption insurance cover. The impact on income of other risks, such as closure or periods of low visitor numbers due to prolonged bad weather or other factors, are uninsurable. In recent years, to mitigate these risks, Trustees have invested to diversify income generation, reducing the dependence on day visitors. The Trustees have concluded that funds are required to be held as free reserves to enable us to meet regular commitments and working capital requirements, should there be short term volatility in revenues. Taking into account core cost needs over a twenty-four month period, the Trustees consider it is appropriate to hold free reserves of at least £5.2m.

At 31st March 2022, the total consolidated funds in the accounts stand at £20.6m (2020 - £20.9m), of which £2.8m (2021 - £2.8m) is restricted and £2.5m (2021 - £2.5m) relates to unrestricted tangible fixed assets. After deducting the designated funds of £4.2m (2021 - £4.0m) this leaves general free reserves of £12.8m (2021 - £11.2m). The free reserves include investment properties with a value of £8.9m (2021 - £7.4m) which are not readily realisable. The Foundation had liquid free reserves of £3.9m (2021 - £3.9m) in line with the Trustees target of £5.2m. Operating costs in a full year of normal activity can reach £10m.

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

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

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

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

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

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As at 31st March 2022, the Designated Reserves have been assigned to:

- Bringing the Castle to Life visitor experience development - over 4 years from 2022 (£1m).
- Accommodation Development Phase 1 – Lakeside Lodges (£450k).
- Accommodation Development Phase 2 – glamping replacement (£1m).
- Continuing the remaining phases of Castle stonework repairs, initially the West and Southwest elevations (£1m).
- Infrastructure upgrades to the Maze area of the estate (£700k).

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.

In discussion with Trustees of the Leeds Castle Retirement Benefits Scheme, the Foundation is reviewing options to secure the future liabilities of the Scheme. This would be funded from Reserves.

Investment policy and objectives

a) Investment land and properties

Investment land and properties relate to interests in land and buildings which are held for their investment potential, and which are not used by the Foundation or its subsidiary in the course of their operations, other than for generating rental income. These properties are considered annually by the Investment Committee as part of its review of the combined portfolio of properties and other investments. The 2021 purchase of Forge House and surrounding land has added to this investment land bank and has secured a vulnerable boundary of the estate, removing significant noise pollution.

b) Cash and managed investments

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

In 2020 the Trustees reviewed and ratified the investment policy, which states that the portfolio should achieve a rate of return of RPI plus 2% over the long term and that the rate in any particular year should not be negative. The Trustees also undertook a tender process and decided to split the portfolio equally between Ruffer LLP and Sarasin to mitigate management risk with effect from March 2021.

Core Activities

Public benefit

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

a) 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 for public benefit. The Foundation recognises the importance of both caring for its built and natural assets to ensure that future generations can enjoy them. During this financial year, the following key investment projects were undertaken:

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- The conservation of Lady Baillie's Bedroom Suite, involving the renewal of 1950's electrics, the conservation of 1930's paint schemes, and the repair and restoration of carpentry.
- Completion of two further phases of Castle stonework repairs, covering the South West aspect and part of the East side of the Castle façade.

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

Virtually the whole of the Foundation's income is derived from visitors and hospitality, meaning that regular investment in refreshing existing and creating new experiences is crucial to create income to deliver our mission. During this financial year, the following key investment projects were undertaken:

- In line with the '*Glamorous Retreat*' Spirit of Place, work has been underway to re-create the Castle visit as a 1930's country house experience, removing longstanding faux medieval interiors and completing enabling works for Phase 1 of Bringing the Castle to Life (launch April 2022).
- A complete rebuild of the interior of the Visitor Reception Building has been undertaken, removing interior walls to create an open plan arrival space, installing new lighting, flooring, reception desks, retail fittings and starting to tell the story on arrival.
- A complete rebuild of the Accommodation Reception, creating a fit for purpose arrival for guests.
- Installation of a new obstacle course in the Maze area in summer 2021.
- Refurbishment of a number of Stable Courtyard bedrooms ahead of re-opening in May 2021.

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

Despite the restrictions imposed by the multiple lockdowns, the education programme began to receive visits again from summer 2021, with a total of over 3,000 school visitors by year end.

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

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

The Foundation has played a key role in healthy living for the local community during the pandemic, providing free access to the grounds through the public footpath network. For locals seeking beautiful gardens and grounds during the lockdowns, the Estate has played a crucial role in providing relaxation and exercise, including providing high quality playgrounds for local families.

Many people also took the opportunity to play more golf during the lockdowns, leading to healthy growth in golf memberships and a valuable opportunity for people to exercise in beautiful surroundings.

Plans for the future

Work has been underway to develop a new strategic vision and plan in-year, underpinned by the work completed on Spirit of Place, brand and audiences. Working with the Board and staff teams, the 10-year vision is agreed as:

'To be the South's top heritage destination for relaxation, hospitality & experiences that surprise & delight'

This will be achieved through four key strategic objectives:

- *Welcome and Engage* (staff, volunteers, guests, community)
 - *Surprise and Delight* (with amazing & relevant experiences)
 - *Nurture & Care* (for land, buildings, collection, staff, volunteers, visitors, wildlife)
 - *Grow & Develop* (finances, new business streams, experiences, environmental sustainability, audiences, reputation, charitable support).
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Over the coming year, activities that will start delivering against these objectives will include:

Bringing the Castle to Life

Stage 1 of this ambitious multi-year project was launched in April 2022 and will restore the Castle to its 1930's country house party heyday, with further enhancements in-year. In July 2022, we launched a new Medieval Queens filmed experience in the Gatehouse, along with new interpretation about the Queens who owned the Castle and the interim period between the Tudor era and Lady Baillie.

Marketing and Website Development

New marketing campaigns, site signage, audience segment-focussed communications strategy and new website build will be developed and roll out in-year to complement the launch of new storylines.

Visitor Centre and New Retail Ranges

The new Visitor Centre was launched in April 2022, along with the introduction of 90% new retail ranges to reflect the clearer storyline emerging from Spirit of Place. This will enhance visitor experience and drive profitability.

Christmas Lights Programme

Christmas is a key business opportunity for Leeds Castle and we will explore potential for partnering with an external provider to create a 5-6 week high quality Christmas Lights Event to maximise potential of this traditional holiday.

Accommodation Development

Accommodation is an excellent fit with the Leeds Castle Spirit of Place and a key income generation opportunity, so development of Phases 1 & 2 of new accommodation is a key workstream for 2022. Phase 1 is waterside accommodation pods for Autumn 2023, Phase 2 is planning & preparation for the launch of eight Eco Pods, located in the current Glamping field.

Car Park Development

Car parking infrastructure is sub standard with a limited number of hardstanding spaces and spaces in the wider parkland. This limits potential for growing business outside of peak periods. During the coming year, we aim to progress planning for a long term solution to car parking, with delivery phased over a number of years.

Future Development of Maze Family Area

The local family market is a crucial part of the Leeds Castle business and the offer at the Maze area requires refreshing. We will create and start to deliver on a 5-year plan of refreshment, including more indoor provision.

Risk

The Charity manages risk actively through a dynamic Risk Register that is reviewed and amended quarterly at Finance, Audit & Risk Committee (FARC). This enables staff and Trustees to manage risk proactively and flag emerging issues to the Board.

The top risks identified in year were related to income generation in the wake of COVID and the anticipated increases in labour and energy costs, given the heavy, largely fixed cost of caring for the Castle and Estate that must be borne irrespective of the fortunes of our trading activities. Aside from a catastrophic disaster such as fire, income generation not meeting commitments remains the most critical risk for the Foundation.

To manage any catastrophic occurrences, business continuity measures are in place (e.g. a new generator has been installed to supply electricity across the site should the supply from the National Grid fail).

The Foundation takes the health and safety of its staff, volunteers and visitors very seriously. The Leadership Team is committed to ensuring that staff operate safe systems and processes and that visitors are able to enjoy their time

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with us without incident. All activities on the estate are risk-assessed and incidents logged, with follow-up action closely monitored. A quarterly Health and Safety Committee monitors progress, with the aid of an external Health and Safety consultant and staff are encouraged to submit concerns and ideas for action.

Given the level of complexity in the Leeds Castle operation and the need for ongoing statutory training, a Training Officer has been recruited to ensure staff are trained in all aspects of delivering a safe environment for everyone.

There will always be extraneous risks over which we have little control. The most significant of these is poor weather, which affects the number of visitors, but increasingly, issues such as traffic congestion and controls relating to Dover Port are also having a significant negative impact on visitor numbers too.

Section 172 Statement

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

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

Engagement with employees

Enhancing employee engagement is an integral part of the culture of the Foundation. Senior Leaders provide regular communications and input via staff representatives to the Staff Consultation Forum. An annual staff survey is carried out by an external provider and action taken on the results. Much focus has been given to ensuring a safe working environment during the pandemic, including supporting employees' physical and mental health and wellbeing, whilst working either remotely or onsite.

Engagement with stakeholders

The Trustees recognise the importance of external stakeholders and the Foundation aims to engage these institutions and individuals with our work on an ongoing basis. This includes liaising with local parish councils, Maidstone and Kent County Council, Visit Kent, Association of Leading Visitor Attractions and other stakeholders as appropriate.

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 Chair of the Trustees is elected by their fellow Trustees.

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

The year saw the appointment of Ms Ros Kerslake CBE to the Board of Trustees, bringing a wide range of specialist experience including charity governance and leadership. Ms Kerslake will replace Mr Dickson as Chair on completion of his term.

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

The Board's standing subcommittees cover Finance, Audit & Risk, Investment & Nominations.

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

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

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

The Foundation derives the vast majority of its income from day visiting and hospitality and balances this income generation need carefully with the impact on the historic buildings and environment.

Remuneration of key management personnel

Salaries for the Senior Leadership team are reviewed annually by Trustees and benchmarked against other members of the Treasure Houses Association as required.

Employee involvement and disabled persons

The management of Leeds Castle Foundation and its subsidiary Leeds Castle Enterprises Limited, (which together form the group), establish and maintain close communication with staff and volunteers, to ensure all are fully informed about the progress of the group's activities. There are informal and formal two-way briefing sessions and a Staff Consultation Forum, which meets quarterly with the Chief Executive to discuss staff suggestions for improvements. Each employee receives at least one formal Performance Review with their manager each year. We strive to provide a workplace that offers equality of opportunity for all our staff, whatever their gender, race, nationality, religion, sexual orientation, age or ability.

Fundraising

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

Whilst all efforts will be made to perform to the highest standards, occasionally, issues happen. Any complaints made are fully investigated and action taken to deal with any problems. The charity received no complaints during the year under review. The Trustees recognise the importance of the reputation of the charity in maintaining the trust and confidence of its donors & grant givers and this principle sits at the heart of all fundraising activities.

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Governance

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

Trustees Responsibility

The Trustees (who are also directors of Leeds Castle Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

The Report of the Trustees, which includes the Strategic Report, was approved by the Board on 16th December 2022 and signed on their behalf by:



Mr Niall F R Dickson CBE
Chairman of Trustees

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INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Leeds Castle Foundation for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, consolidated balance sheet, foundation balance sheet, consolidated cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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

LEEDS CASTLE FOUNDATION

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

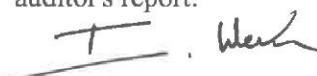
- reviewed the design and implementation of controls over significant audit risks; and
- we reviewed the revenue recognition policy and considered whether this was being applied correctly for a sample of transactions.

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

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

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

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



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

Crowe U.K. LLP

**Chartered Accountants
Statutory Auditors**

Maidstone, Kent

Date: 21st Dec 2022

LEEDS CASTLE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE PERIOD ENDED 31 MARCH 2022

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|--|-------|--------------------------------|------------------------------|------------------------------|------------------------------|
| Income and endowments from | | | | | |
| Donations and legacies | 6 | 15 | 640 | 655 | 6 |
| Other trading activities | 7 | 4,597 | - | 4,597 | 1,207 |
| Investments | 8 | 111 | - | 111 | 92 |
| Charitable activities | 9 | 4,248 | - | 4,248 | 2,460 |
| Total income and endowments | | 8,971 | 640 | 9,611 | 3,765 |
| Expenditure on | | | | | |
| Raising funds | 7 | (4,328) | - | (4,328) | (2,010) |
| Charitable activities | 9 | (5,061) | (629) | (5,690) | (4,865) |
| Total expenditure | | (9,389) | (629) | (10,018) | (6,875) |
| Net (losses)/gains on investments | 22 | 489 | - | 489 | 1,527 |
| Net income/(expenditure) | | 71 | 11 | 82 | (1,583) |
| Exceptional items | 10 | 202 | | 202 | 1,208 |
| Other recognised gains/(losses) | | | | | |
| Gains/(losses) on revaluation of | | | | | |
| Fixed assets and investment properties | 21 | 940 | - | 940 | 199 |
| Actuarial gains/(losses) on defined benefit pension scheme (net of deferred tax) | 30 | 431 | - | 431 | (130) |
| Net movement in funds | | 1,644 | 11 | 1,655 | (306) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 20,601 | - | 20,601 | 20,907 |
| Total funds carried forward | 29 | 22,245 | 11 | 22,256 | 20,601 |

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

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

LEEDS CASTLE FOUNDATION

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

| | | 2022 | | 2021 | |
|--|-------|---------|--------|---------|--------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 18 | | 3,945 | | 4,536 |
| Heritage assets | 19 | | - | | - |
| | | | 3,945 | | 4,536 |
| Investments: | | | | | |
| Properties | 21 | 8,917 | | 7,352 | |
| Listed investments | 22 | 8,280 | | 7,852 | |
| Cash held as an investment | 22 | 389 | | 382 | |
| | | | 17,586 | | 15,586 |
| | | | 21,531 | | 20,122 |
| Current assets | | | | | |
| Stocks | 23 | 146 | | 254 | |
| Debtors | 24 | 972 | | 870 | |
| Cash at bank and in hand | 25 | 2,310 | | 1,417 | |
| | | 3,428 | | 2,541 | |
| Creditors: amounts falling due within one year | 26 | (2,702) | | (1,675) | |
| Net current assets | | | 726 | | 866 |
| Creditors: amounts falling due within more than one year | 27 | | (1) | | (387) |
| Total assets less current liabilities | | | 22,256 | | 20,601 |
| Funds | | | | | |
| Expendable endowment fund | 29 | | 2,740 | | 2,729 |
| Restricted income fund | 29 | | 78 | | 78 |
| Total restricted funds | | | 2,818 | | 2,807 |
| Unrestricted general fund | 29 | | 15,288 | | 13,739 |
| Unrestricted designated fund | 29 | | 4,150 | | 4,055 |
| Unrestricted pension reserve | 29&30 | | - | | - |
| Total charity funds | | | 22,256 | | 20,601 |

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

The financial statements were approved and authorised for issue by the Board of Trustees and Directors on 16th December 2022 and were signed on its behalf by:



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

LEEDS CASTLE FOUNDATION

FOUNDATION BALANCE SHEET AS AT 31 MARCH 2022

| | | 2022 | | 2021 | |
|---|-------|----------------|----------------|----------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 18 | | 3,930 | | 4,515 |
| Heritage assets | 19 | | - | | - |
| | | | <u>3,930</u> | | <u>4,515</u> |
| Investments: | | | | | |
| Subsidiary company | 20 | 866 | | 866 | |
| Properties | 21 | 8,917 | | 7,352 | |
| Listed investments | 22 | 8,280 | | 7,852 | |
| Cash held as an investment | 22 | <u>389</u> | | <u>382</u> | |
| | | | <u>18,452</u> | | <u>16,452</u> |
| | | | <u>22,382</u> | | <u>20,967</u> |
| Current assets | | | | | |
| Stocks | 23 | - | | - | |
| Debtors | 24 | 273 | | 143 | |
| Cash at bank and in hand | 25 | <u>1,592</u> | | <u>951</u> | |
| | | <u>1,865</u> | | <u>1,094</u> | |
| Creditors: amounts falling due within one year | 26 | <u>(3,269)</u> | | <u>(1,456)</u> | |
| Net current assets | | | <u>(1,404)</u> | | <u>(362)</u> |
| Total assets less current liabilities | | | <u>20,978</u> | | <u>20,605</u> |
| Funds | | | | | |
| Expendable endowment fund | 29 | | 2,740 | | 2,729 |
| Restricted income fund | 29 | | <u>78</u> | | <u>78</u> |
| Total restricted funds | | | <u>2,818</u> | | <u>2,807</u> |
| Unrestricted general fund | 29 | | 14,010 | | 13,743 |
| Unrestricted designated fund | 29 | | <u>4,150</u> | | <u>4,055</u> |
| Total charity funds | | | <u>20,978</u> | | <u>20,605</u> |

The profit for the financial year dealt with in the financial statements of the parent Company was £373,000 – (2021:£824,000).

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

The financial statements were approved and authorised for issue by the Board of Trustees and Directors on 16th December 2022 and were signed on its behalf by:



Mr Niall F R Dickson, CBE
Chairman of Trustees

Company number: 1172263

LEEDS CASTLE FOUNDATION

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2022**

| | | 2022 | 2021 |
|---|------------------------|------------------|-------------------------|
| | Note | £'000 | £'000 |
| Cash flows from operating activities: | | | |
| Net cash provided by/(used in) operating activities | 31 | 1,376 | (576) |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | 8 | 111 | 92 |
| Purchase of fixed assets | | (23) | (24) |
| Purchase of investment property | | (625) | |
| Proceeds from sale of investments | | 2,846 | 7,119 |
| Purchase of investments | | (2,785) | (7,102) |
| Net cash provided by/(used in) investing activities | | (476) | 85 |
| Change in cash and cash equivalents in the reporting period | | 900 | (491) |
| Cash and cash equivalents at the beginning of the reporting period | | 1,799 | 2,290 |
| Cash and cash equivalents at the end of the reporting period | | 2,699 | 1,799 |
| Reconciliation of cash and cash equivalents | | | |
| | Note | 2022 | 2021 |
| | | £'000 | £'000 |
| Cash in hand | 25 | 2,310 | 1,417 |
| Cash held as an investment | 22 | 389 | 382 |
| Total cash and cash equivalents | | 2,699 | 1,799 |
| Analysis of changes in net debt | | | |
| | At 1 April 2021 | Cash flow | At 31 March 2022 |
| | £'000 | £'000 | £'000 |
| Cash at bank | 1,417 | 893 | 2,310 |

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

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

1.1 **Company information**

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

2.1 **Accounting policies**

2.1 **Basis of preparation of financial statements**

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

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

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

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

The Trustees have assessed the consequences of the current economic climate, the Foundation's reserves are such that it expects to maintain positive cash flows and reserves for at least one year from the date of approval of these financial statements and, as such, the Trustees are confident that the Foundation will continue to operate as a going concern.

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

2.2 **Basis of consolidation**

The group financial statements consolidate the financial statements of the Foundation and its subsidiary for the period ended 31 March 2021. The statement of financial activities (SOFA) and the balance sheet consolidate the financial statements on a line by line basis where appropriate. No separate SOFA has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2015. Details concerning the subsidiary company, results and financial position are set out in note 5.

2.3 **Stocks**

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

2 **Accounting policies (continued)**

2.4 **Foreign currencies**

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

2.5 **Form of financial statements**

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

a) **Heritage and Development fund**

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

b) **Restricted funds**

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

c) **General unrestricted fund**

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

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

d) **Designated funds**

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

2.7 **Incoming resources**

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

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Retail income is recognised at the point of sale for sales in shops.

Event income is recognised on the date of the event.

Lettings and accommodation income is recognised on the date the lettings occur.

2.8 **Investment income**

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

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

2 Accounting policies (continued)

2.9 Resources expended

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

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

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

2.10 Operating leases

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

2.11 Deferred taxation

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

2.12 Pension scheme arrangements

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

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

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

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

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

2 **Accounting policies (continued)**

2.13 **Tangible fixed assets and depreciation**

a) **Heritage assets**

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

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

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

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

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

b) **Other tangible assets**

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

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

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

2.14 **Investment**

a) **Investment land and properties**

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

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

2 Accounting policies (continued)

2.14 Investment (continued)

b) Listed investments

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

3 Financial instruments

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

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

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

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

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

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

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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:

| | 2022 | 2021 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Turnover | 4,550 | 1,182 |
| Costs of trading activities and administrative expenses | (3,921) | (1,683) |
| Operating profit | 629 | (501) |
| Interest receivable | 203 | 152 |
| Interest payable to Leeds Castle Foundation on long term loan | | - |
| Other finance income/(costs) | 145 | 455 |
| Profit/(loss) before donation and taxation | 977 | 106 |
| Taxation | 108 | (22) |
| Retained profit for the period | 1,085 | 84 |
| Actuarial gain/(loss) related to pension scheme, net of deferred tax | 323 | (105) |
| Total recognised losses for the period | 1,408 | (21) |
| Distribution – gift aid | (124) | (1,108) |
| Retained profit brought forward | 1,284 | 1,129 |
| Profit retained in subsidiary | 1,284 | - |

The net assets of Leeds Castle Enterprises Limited are £2,150,000 as at 31 March 2022 (2021: net assets £866,000).

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

6 Income from donations and legacies

| | Unrestricted | Restricted | Total Funds | Total Funds |
|--------------------------------------|---------------------|-------------------|--------------------|--------------------|
| | Funds | Funds | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Grants | 10 | 640 | 650 | |
| Other donations and voluntary income | 5 | - | 5 | 6 |
| | 15 | 640 | 655 | 6 |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

7 Other trading activities

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|--|--------------------------------|------------------------------|------------------------------|------------------------------|
| Income | | | | |
| Concerts and other special events | 389 | - | 389 | 10 |
| Functions | 1,871 | - | 1,871 | 228 |
| Shops | 588 | - | 588 | 143 |
| Golf | 299 | - | 299 | 205 |
| Holiday lettings | 1,155 | - | 1,155 | 500 |
| Ancillary services | 199 | - | 199 | 38 |
| Other sundry income | 96 | - | 96 | 83 |
| | <u>4,597</u> | <u>-</u> | <u>4,597</u> | <u>1,207</u> |
| Expenditure on raising funds | | | | |
| Cost of sales | 1,455 | - | 1,455 | 241 |
| Staff costs (see note 14) | 1,755 | - | 1,755 | 943 |
| Property and equipment costs | 345 | - | 345 | 296 |
| Administration costs | 161 | - | 21 | 10 |
| Marketing and fundraising costs | 61 | - | 61 | 30 |
| Finance costs | 289 | - | 289 | 163 |
| Investment management costs | 51 | - | 51 | 76 |
| Proportion of support costs (see note 11) | 211 | - | 211 | 251 |
| | <u>4,328</u> | <u>-</u> | <u>4,328</u> | <u>2,010</u> |
| Net income from activities for generating funds | <u>269</u> | <u>-</u> | <u>269</u> | <u>(803)</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 2022

8 Income from investments

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|-------------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|
| Income from investment properties | 54 | - | 54 | 53 |
| Income from listed investments | 57 | - | 57 | 38 |
| Bank interest receivable | - | - | - | 1 |
| Net return on pension scheme assets | - | - | - | - |
| | <u>111</u> | <u>-</u> | <u>111</u> | <u>92</u> |

9 Charitable activities

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|---|--------------------------------|------------------------------|------------------------------|------------------------------|
| Income from Charitable activities | | | | |
| Day visitor admissions | 4,238 | - | 4,238 | 2,451 |
| Other sundry income | 10 | - | 10 | 9 |
| | <u>4,248</u> | <u>-</u> | <u>4,248</u> | <u>2,460</u> |
| Expenditure on Charitable activities | | | | |
| Cost of sales | 283 | - | 283 | 155 |
| Staff costs: visitor team, estate and Castle maintenance (see note 14) | 1,302 | - | 1,302 | 1,879 |
| Estate and equipment costs | 1,960 | - | 1,960 | 1,198 |
| Marketing costs | 278 | - | 278 | 205 |
| Finance costs | 88 | - | 88 | 47 |
| Preservation and security of heritage assets | 60 | 629 | 689 | 83 |
| Proportion of support costs (see note 11) | 1,090 | - | 1,090 | 1,298 |
| | <u>5,061</u> | <u>629</u> | <u>5,690</u> | <u>4,865</u> |
| Net resources expended from charitable activities | <u>(813)</u> | <u>(629)</u> | <u>(1,442)</u> | <u>(2,405)</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 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 2022

10 Government grants

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|---|--------------------------------|------------------------------|------------------------------|------------------------------|
| Hospitality & Leisure grant | 100 | - | 100 | - |
| Coronavirus Job Retention scheme income | 102 | - | 102 | 1,208 |
| Government grants | <u>202</u> | <u>-</u> | <u>202</u> | <u>1,208</u> |

11 Support costs

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|---|--------------------------------|------------------------------|------------------------------|------------------------------|
| Staff costs | 1,010 | - | 1,010 | 858 |
| Administration costs | 679 | - | 679 | 647 |
| Corporation tax charge | - | - | - | - |
| Deferred tax charge (see note 15) | - | - | - | - |
| Governance costs (Auditors' remuneration) | 43 | - | 43 | 44 |
| Legal and professional costs | - | - | - | - |
| | <u>1,732</u> | <u>-</u> | <u>1,732</u> | <u>1,549</u> |
| Allocated as follows: | | | | |
| Activities for generating funds | 1,642 | - | 1,642 | 251 |
| Charitable activities | 1,090 | - | 1,090 | 1,298 |
| | <u>1,732</u> | <u>-</u> | <u>1,732</u> | <u>1,549</u> |

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

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022****12 Governance costs**

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|------------------------------------|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Auditor's remuneration (see below) | 43 | - | 43 | 44 |

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:

| | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Fees payable to the charity's auditor for the audit of the charity's annual Accounts | 26 | 29 |
| Fees payable to the charity's auditor for other services: | | |
| - The audit of the charity's subsidiary | 7 | 7 |
| - Tax services | 4 | 4 |
| - All other services | - | - |
| Fees in respect of the group pension scheme: | | |
| - Audit | 6 | 4 |
| - Tax services | - | - |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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:

| | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 | 2018 £'000 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Renovation of Castle Library | - | - | 11 | - | - |
| Renovation of Yellow Drawing Room | - | 12 | 25 | - | - |
| Renovation of Lady Baillie Suite | 54 | 31 | 41 | - | - |
| Renovation of tapestries | 5 | - | 12 | - | - |
| Renovation of Castle Bedrooms | 18 | 7 | 29 | - | - |
| Castle interior | - | 21 | 16 | 56 | 22 |
| Maidens Tower renovation | - | - | - | - | 39 |
| Stonework repairs | 629 | 11 | 18 | 327 | 13 |
| Castle representation | - | 1 | 58 | 30 | 154 |

14 Staff costs

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2022 £'000 | Total Funds 2021 £'000 |
|-----------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|
| Staff costs during the year were: | | | | |
| Wages and salaries | 2,841 | - | 2,841 | 2,817 |
| Social security costs | 204 | - | 204 | 188 |
| Other pension costs | 125 | - | 125 | 220 |
| Redundancy | 43 | - | 43 | 324 |
| Training, recruitment and welfare | 136 | - | 136 | 121 |
| | <u>3,349</u> | <u>-</u> | <u>3,349</u> | <u>3,670</u> |

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

| | Group 2022 No | 2021 No | Foundation 2022 No | 2021 No |
|---|---------------------|------------|--------------------------|------------|
| Full time | 56 | 51 | 32 | 28 |
| Part time | 140 | 113 | 79 | 68 |
| | <u>196</u> | <u>164</u> | <u>111</u> | <u>96</u> |
| This equates to a full time equivalent of | <u>98</u> | <u>89</u> | | |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

14 Staff costs (continued)

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

| | 2022 | | 2021 | |
|----------------------|------------------|------------------|------------------|------------------|
| | Full Time | Part Time | Full Time | Part Time |
| Admin/Support Staff | 12 | 5 | 9 | 7 |
| DV Ops | 9 | 72 | 9 | 62 |
| Golf | 2 | 0 | 2 | 1 |
| Retail | 3 | 23 | 4 | 21 |
| Hospitality | 10 | 35 | 7 | 18 |
| Maintenance/Security | 17 | 4 | 18 | 3 |
| Grounds/Gardens | 3 | 1 | 2 | 1 |
| Totals | 56 | 140 | 51 | 113 |
| | | 196 | | 164 |

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

| | Group | | Foundation | |
|----------------------|--------------|-------------|-------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | No | No | No | No |
| £60,000 to £70,000 | - | 3 | - | 3 |
| £70,000 to £80,000 | 2 | - | 2 | - |
| £80,000 to £90,000 | - | - | - | - |
| £90,000 to £100,000 | - | - | - | - |
| £110,000 to £120,000 | - | - | - | - |
| £130,000 to £140,000 | 1 | 1 | 1 | 1 |
| £160,000 to £170,000 | 1 | - | 1 | - |
| | 4 | 4 | 4 | 4 |

During the period the group paid contributions totalling £74,936 (2021: £53,257) in respect of the personal pension schemes of four of the above higher-paid employees (2021: four).

Pension contributions to defined contribution schemes in the period totalled £205,000 (2021 - £205,000).

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 £396 (2021: £0) were reimbursed to one trustee (2021: zero)

The company considers that the key management personnel comprise the Senior Leadership Team as listed in the administrative details. During the period the group made remuneration payments to key management personnel totalling £317,202 (2021: £366,034).

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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 (2021: £nil).

Deferred tax

| | Group | | Foundation | |
|---|--------------|--------------|-------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| At 31 March 2021 | 11 | 8 | - | - |
| Movement for the period | - | 3 | - | - |
| Deferred tax asset/(liability) | | | | |
| at 31 March 2022 | 11 | 11 | - | - |
| The deferred tax asset/(liability) is made up of the following: | | | | |
| Other timing differences | 11 | 11 | - | - |
| | 11 | 11 | - | - |

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 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Net outgoing resources are stated | | | | |
| after (crediting)/charging: | | | | |
| Depreciation: owned assets | 597 | - | 597 | 651 |
| Operating lease rentals: | | | | |
| Hire of plant and equipment | 11 | - | 11 | 14 |

LEEDS CASTLE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022**

17 **Consolidated statement of financial activities for the period ended 31 March 2021**

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds 2021 £'000 |
|--|---|---------------------------------------|---------------------------------------|
| Income and endowments from | | | |
| Donations and legacies | 6 | - | 6 |
| Other trading activities | 1,207 | - | 1,207 |
| Investments | 92 | - | 92 |
| Charitable activities | 2,460 | - | 2,460 |
| Total income and endowments | 3,765 | - | 3,765 |
| Expenditure on | | | |
| Raising funds | (2,010) | - | (2,010) |
| Charitable activities | (4,865) | - | (4,865) |
| Total expenditure | (6,875) | - | (6,875) |
| Net gains/(losses) on investments | 1,527 | - | 1,527 |
| Net income/(expenditure) | (1,583) | - | (1,583) |
| Exceptional items | 1,208 | - | 1,208 |
| Other recognised gains/(losses) | | | |
| Gains/(losses) on revaluation of | | | |
| Fixed assets and investment properties | 199 | - | 199 |
| Actuarial losses on defined benefit pension scheme (net of deferred tax) | (130) | - | (130) |
| Net movement in funds | (306) | - | (306) |
| Reconciliation of funds | | | |
| Total funds brought forward | 20,907 | - | 20,907 |
| Total funds carried forward | 20,601 | - | 20,601 |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

18 Tangible fixed assets

a) Group

| | Freehold Land and buildings £'000 | Plant and equipment £'000 | Total £'000 |
|-------------------------|---|---------------------------------|----------------|
| Cost | | | |
| At 31 March 2021 | 7,559 | 2,801 | 10,360 |
| Additions | - | 23 | 23 |
| Disposals | (272) | (273) | (545) |
| At 31 March 2022 | 7,287 | 2,551 | 9,838 |
| Depreciation | | | |
| At 31 March 2021 | 3,551 | 2,273 | 5,824 |
| Charge for the period | 468 | 129 | 597 |
| Disposals | (255) | (273) | (528) |
| At 31 March 2022 | 3,764 | 2,129 | 5,893 |
| Net book value | | | |
| At 31 March 2022 | 3,523 | 422 | 3,945 |
| At 31 March 2021 | 4,008 | 528 | 4,536 |

b) Foundation

| | Freehold Land and buildings £'000 | Plant and equipment £'000 | Total £'000 |
|-------------------------|---|---------------------------------|----------------|
| Cost | | | |
| At 31 March 2021 | 7,559 | 1,878 | 9,437 |
| Additions | - | 23 | 23 |
| Disposals | (272) | (188) | (460) |
| At 31 March 2022 | 7,287 | 1,713 | 9,000 |
| Depreciation | | | |
| At 31 March 2021 | 3,551 | 1,371 | 4,922 |
| Charge for the period | 468 | 123 | 591 |
| Disposals | (255) | (188) | (443) |
| At 31 March 2022 | 3,764 | 1,306 | 5,070 |
| Net book value | | | |
| At 31 March 2022 | 3,523 | 407 | 3,930 |
| At 31 March 2021 | 4,008 | 507 | 4,515 |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

19 Heritage assets (Group and Foundation)

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

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

20 Investment in subsidiary company

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| 100 Ordinary shares of £1 each at cost | 866 | 866 |
| | <u>866</u> | <u>866</u> |

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

21 Investment land and properties (Group and Foundation)

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Market value of properties at 31 March 2021 | 7,352 | 7,153 |
| Purchase | 625 | - |
| Revaluation | 940 | 199 |
| Market value of properties at 31 March 2022 | <u>8,917</u> | <u>7,352</u> |
| Historical cost value of assets | <u>2,073</u> | <u>1,448</u> |

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

The land and properties were valued by Hen & Duckhurst Professional Services Ltd, a firm of independent surveyors and valuers on an open market basis as at 31 March 2020.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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 | |
|----------------------------|--------------|--------------|-------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Rent received: | | | | |
| Within one year | 41 | 41 | 41 | 41 |
| Between two and five years | 64 | 104 | 64 | 104 |
| Between six and ten years | - | 1 | - | 1 |
| | <u>105</u> | <u>146</u> | <u>105</u> | <u>146</u> |

22 Listed investments (Group and Foundation)

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

| | 2022 | 2021 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Market value of listed investment at 31 March 2021 | 7,852 | 6,342 |
| Acquisitions at cost | 2,785 | 7,102 |
| Disposal proceeds | (2,846) | (7,119) |
| (Losses)/gains for the year | <u>489</u> | <u>1,527</u> |
| Market value at 31 March 2022 | 8,280 | 7,852 |
| Cash holdings at 31 March 2022 | <u>389</u> | <u>382</u> |
| Total value of fixed asset investments | 8,669 | 8,234 |
| Historical cost value of assets | 7,465 | 7,192 |

As at 31 March 2022 the market value of the investments split between UK investment assets and overseas assets was as follows:

| | 2022 | 2021 |
|----------------------|--------------|--------------|
| | £'000 | £'000 |
| UK investments | 2,607 | 1,918 |
| Overseas investments | <u>6,062</u> | <u>6,316</u> |
| | 8,669 | 8,234 |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

22 Listed investments (Group and Foundation) (continued)

The portfolio at 31 March 2022 contained investments managed by Ruffer LLP and Sarasin & Partners LLP. The following investments exceed 3% by value of the total portfolio and are deemed to be material:

| | 2022 £'000 | % | 2021 £'000 | % |
|--|---------------|-------|---------------|-------|
| Sarasin Climate Active Endowments Fund | 3,726 | 45.0 | 3,546 | 45.2 |
| UK 0.125% Treasury Stock 2068 | 264 | 3.2 | 155 | 2.0 |
| Ruffer Illiquid Multi Strategies Fund | 417 | 5.0 | 555 | 7.0 |
| Ruffer SICAV Fixed Income Z GBP Cap | 727 | 8.8 | 874 | 11.1 |
| Ruffer Protection Strategies | 274 | 3.3 | 222 | 2.8 |
| Ruffer SICAV UK Mid & Smaller Cos | 233 | 2.8 | 235 | 3.0 |
| | 5,641 | 68.1 | 6,040 | 76.9 |
| Other investments (all less than 3%) | 2,639 | 31.9 | 1,812 | 23.1 |
| | 8,280 | 100.0 | 7,852 | 100.0 |

23 Stocks

| | Group 2022 £'000 | 2021 £'000 | Foundation 2022 £'000 | 2021 £'000 |
|------------------|------------------------|---------------|-----------------------------|---------------|
| Goods for resale | 146 | 254 | - | - |

24 Debtors

| | Group 2022 £'000 | 2021 £'000 | Foundation 2022 £'000 | 2021 £'000 |
|--|------------------------|---------------|-----------------------------|---------------|
| Amounts falling due after more than one year: | | | | |
| Trade debtors | - | 139 | - | - |
| Amounts falling due within one year: | | | | |
| Trade debtors | 471 | 454 | 47 | 3 |
| Amount owed by group undertakings in respect of gift aid | - | - | - | - |
| Other debtors | 126 | 107 | 4 | 30 |
| Prepayments and accrued income | 364 | 159 | 222 | 110 |
| Deferred tax asset (see note 15) | 11 | 11 | - | - |
| | 972 | 870 | 273 | 143 |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

25 Cash at bank and in hand

| | Group | | Foundation | |
|---------------------------------|--------------|--------------|-------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash in hand | 24 | 24 | - | - |
| Cash at bank – Current accounts | 805 | 688 | 619 | 429 |
| Cash at bank – Deposit accounts | 1481 | 705 | 973 | 522 |
| | <u>2,310</u> | <u>1,417</u> | <u>1,592</u> | <u>951</u> |

In addition to the cash at bank and in hand and deposits above, included within the investment portfolio were cash holdings of £388,566 (2021: £381,809) (see note 22).

26 Creditors: Amounts falling due within one year

| | Group | | Foundation | |
|--------------------------------------|--------------|--------------|-------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 503 | 300 | 332 | 191 |
| Corporation tax | - | - | - | - |
| Other taxation and social security | | | | |
| Payable | 89 | 50 | 13 | - |
| Other creditors | 43 | 45 | 1 | - |
| Amounts owed to group undertakings | - | - | 2,366 | 1,114 |
| Accruals | 586 | 74 | 493 | 54 |
| Deferred tax liability (see note 15) | -- | - | - | - |
| Deposits in advance | 1,481 | 1,206 | 64 | 97 |
| | <u>2,702</u> | <u>1,675</u> | <u>3,269</u> | <u>1,456</u> |

27 Creditors: Amounts falling due after one year

| | Group | | Foundation | |
|---------------------|--------------|--------------|-------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Deposits in advance | <u>1</u> | <u>387</u> | <u>-</u> | <u>-</u> |

The company has received deposits in advance for events occurring in over one year of which £1,654 (2021: £387,259) relates to events occurring within 1-2 years and £0 (2021: £0) relates to events occurring within 2-5 years.

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

28 Financial commitments

At 31 March 2022 the group had future minimum payments under non-cancellable operating leases of plant and equipment as follows:

| | Group | | Foundation | |
|-----------------------------------|--------------|--------------|-------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Payments made: | | | | |
| Within one year | 26 | 34 | 12 | 20 |
| Between two and five years | - | 26 | - | 12 |
| | 26 | 60 | 12 | 32 |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

29 Group funds

| | Restricted Funds | | Unrestricted Funds | | Total Funds |
|--|--------------------------------|------------------------|------------------------|-------------------------|--------------------------------|
| | H&D Fund £'000 | Chattels Fund £'000 | M&D Fund £'000 | General Fund £'000 | £'000 |
| Fund balances at 31 March 2022 are represented by | | | | | |
| Tangible assets | 2,504 | - | - | 1,441 | 3,945 |
| Investments | 225 | - | 3,693 | 13,668 | 17,586 |
| Current assets | 11 | 78 | 457 | 2,882 | 3,428 |
| Liabilities | - | - | - | (2,703) | (2,703) |
| At 31 March 2022 | 2,740 | 78 | 4,150 | 15,288 | 22,256 |
| Movement of funds during the year | As at 31 March 2021 (£) | Income (£) | Expenditure (£) | Gains/Losses (£) | As at 31 March 2022 (£) |
| Restricted Funds | | | | | |
| Heritage and Development Fund | 2,729 | 640 | (629) | - | 2,740 |
| Chattels Fund | 78 | - | - | - | 78 |
| | 2,807 | 640 | (629) | - | 2,818 |
| Unrestricted Funds | | | | | |
| Maintenance and Development Fund | 4,055 | - | - | 95 | 4,150 |
| General Fund | 13,739 | 9,173 | (9,389) | 1,765 | 15,288 |
| | 17,794 | 9,173 | (10,018) | 1,860 | 19,438 |
| Total Funds | 20,601 | 9,813 | (10,018) | 1,860 | 22,256 |

LEEDS CASTLE FOUNDATION

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

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 2021 are represented by | | | | | |
| Tangible assets | 2,504 | - | - | 2,032 | 4,536 |
| Investments | 225 | - | 3,693 | 11,668 | 15,586 |
| Current assets | - | 78 | 362 | 2,101 | 2,451 |
| Liabilities | - | - | - | (2,062) | (2,062) |
| At 31 March 2021 | <u>2,729</u> | <u>78</u> | <u>4,055</u> | <u>13,739</u> | <u>20,601</u> |
| Movement of funds during the year | | | | | |
| | As at 31 | | | | As at 31 |
| | March | Income | Expenditure | Gains/ | March |
| | 2020 | (£) | (£) | losses | 2021 |
| | (£) | | | (£) | (£) |
| Restricted funds | | | | | |
| Heritage and Development Fund | 2,729 | - | - | - | 2,729 |
| Chattels Fund | 78 | - | - | - | 78 |
| | <u>2,807</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,807</u> |
| Unrestricted funds | | | | | |
| Maintenance and Development Fund | 3,060 | 1,000 | (5) | - | 4,055 |
| General Fund | 15,040 | 3,973 | (6,870) | 1,596 | 13,739 |
| | <u>18,100</u> | <u>4,973</u> | <u>(6,875)</u> | <u>1,596</u> | <u>17,794</u> |
| Total funds | <u>20,907</u> | <u>4,973</u> | <u>(6,875)</u> | <u>1,596</u> | <u>20,601</u> |

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

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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. Details of the planned expenditure of £4,150,000 are detailed in the Trustees report.

The Heritage and Development Fund and the Chattels Fund relate entirely to the Foundation. The proportion of the Unrestricted General Fund attributable to the Foundation amounts to £12,636,000 (2021: £11,742,000).

30 Pension scheme

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

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

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

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

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

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

| | 2022 | 2021 |
|---------------------------------------|---------|---------|
| | £'000 | £'000 |
| Defined benefit obligation | (4,912) | (5,296) |
| Fair value of plan assets | 6,043 | 5,889 |
| Restriction on recognition of asset | (1,131) | (593) |
| Net defined benefit (liability)/asset | - | - |

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022****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 31/03/2022 £'000 | Period ended 31/03/2021 £'000 |
|---|--|--|
| Service cost: | | |
| Current service cost (net of employee contributions) | - | - |
| Administration expenses | 46 | - |
| Restriction of recognition of asset deemed irrecoverable | - | 140 |
| Net interest expense/(credit) | (13) | (14) |
| Charge/(credit) recognised in profit or loss | <u>33</u> | <u>126</u> |
| Re-measurements of the net liability: | | |
| Return on scheme assets (excluding amount included in net interest expense) | (134) | (544) |
| Actuarial (gains)/losses | (297) | 674 |
| Charge/(credit) recorded in other recognised gains or losses | <u>(431)</u> | <u>130</u> |
| Total defined benefit cost/(credit) | <u>(398)</u> | <u>116</u> |

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

30 Pension scheme (continued)

The principal actuarial assumptions used were:

| | 31/03/2022 | 31/03/2021 |
|--|------------|------------|
| Liability discount rate | 2.75% | 2.00% |
| Inflation assumption - RPI | 3.80% | 3.30% |
| Inflation assumption - CPI | 3.25% | 2.70% |
| Rate of increase in salaries | n/a | n/a |
| Revaluation of deferred pensions: all benefits accrued | 3.25% | 2.70% |
| Increases for pensions in payment: benefits accrued prior to 6 April 1997 | 0.00% | 0.00% |
| benefits accrued after 5 April 1997 | 3.15% | 2.65% |
| Proportion of employees opting for early retirement | 0.00% | 0.00% |
| Proportion of employees commuting pension for cash | 50.00% | 50.00% |
| Expected age at death of current pensioner at age 65: Male aged 65 at year end: | 86.9 | 86.9 |
| 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: | 87.9 | 87.9 |
| Female aged 45 at year end: | 90.4 | 90.4 |

Reconciliation of scheme assets and liabilities

| | Assets £'000 | Liabilities £'000 | Total £'000 |
|--|-----------------|----------------------|----------------|
| At start of period | 5,889 | (5,296) | 593 |
| Benefits paid | (191) | 191 | - |
| Administration expenses | (46) | - | (46) |
| Contributions from the employer | 140 | - | 140 |
| Interest income / (expense) | 117 | (104) | 13 |
| Return on assets (excluding amount included in net interest expense) | 134 | - | 134 |
| Actuarial gains/(losses) | - | 297 | 297 |
| Gain/(loss) on plan introductions and changes | - | - | - |
| At end of period | 6,043 | (4,912) | 1,131 |

LEEDS CASTLE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022****30 Pension scheme (continued)****The return on scheme assets was:**

| | 31/03/2022 | 31/03/2021 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| Interest income | 117 | 120 |
| Return on scheme assets (excluding amount included in net interest expense) | 134 | 544 |
| Total return on scheme assets | <u>251</u> | <u>664</u> |

The major categories of scheme assets are as follows:

| | 31/03/2022 | 31/03/2021 |
|------------------------------|-------------------|-------------------|
| | £'000 | £'000 |
| UK Equities | 626 | 705 |
| Overseas Equities | 775 | 803 |
| Gilts | 910 | 665 |
| Index Linked | 2,344 | 2,518 |
| Alternative Assets | 924 | 893 |
| Cash | 454 | 305 |
| Total market value of assets | <u>6,043</u> | <u>5,889</u> |

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

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

31 Reconciliation of cash flows from operating activities

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Net income/(expenditure) | 715 | (375) |
| Net (gains)/losses on investments | (489) | (1,527) |
| Depreciation charges on fixed assets | 597 | 651 |
| Write off of fixed asset | 16 | 80 |
| Tax charge | - | - |
| Dividends, interest and rents from investments | (111) | (92) |
| Movements on defined benefit pension scheme | - | (130) |
| Movement in components of working capital: | | |
| Decrease/(increase) in stocks | 108 | 5 |
| (Increase)/decrease in debtors | (102) | 671 |
| (Decrease)/increase in creditors | 642 | 141 |
| Net cash inflow/(outflow) from operating activities | <u>1,376</u> | <u>(576)</u> |

32 Limited by Guarantee

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

33 Capital commitments and contingent liability

At 31 March 2022 the Foundation and the group had no contractual commitments for development expenditure (2021: nil).

34 Related party transactions

At the year end the trading subsidiary, Leeds Castle Enterprises Limited had a net intercompany debtor balance, owing £2,367,000 by the Charity (2021: net debtor balance of £1,114,000). During the period the Charity received gift aid payments totalling £124,000 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 £2,2952,000 (2021: £2,171,000) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £468,000 (2021: £419,000). Total interest income received in respect of financial assets held at amortised cost totalled £nil (2021: £nil).

The charity held assets at fair value through income and expenditure of £8,280,000 (2021: £7,852,000). Movements in the year through the statement of financial activities comprised income of £nil (2021: £nil) and gains of £1,429,000 (2021: losses of £1,726,000).

