



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 2023

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Leeds Castle Foundation is a registered charity, No. 268354. Registered Office: Leeds Castle, Maidstone, Kent ME17 1PL. Registered in England (No. 1172263 VA) No. 3018109-66.

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LEEDS CASTLE FOUNDATION

ADMINISTRATIVE DETAILS

Trustees

Ms Ros Kerslake CBE (Chair)
Ms Judith Armit
Mrs Helen Deeble CBE
Mrs Anna Eavis
Mrs Ruth Knight
Mrs Sarah Masotti
Mr Richard G Laing
Mrs Laura C A Nesfield
Ms Sarah Roots
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

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40-46 High Street
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Kent
ME14 1JH

Bankers

Royal Bank of Scotland
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Wigan
W1 1PJ

Investment managers

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80 Victoria Street
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Sarasin & Partners
100 St Paul's Churchyard
London
EC4M 8BU

LEEDS CASTLE FOUNDATION

ADMINISTRATIVE DETAILS

Sub-committee membership

Finance, Audit and Risk Committee	Mr Richard G Laing Ms Judith Armitt Mr Julian Smith Mr Thomas C Wright, CBE	Chairman
Investment Committee	Mr Richard G Laing Mrs Laura C A Nesfield	Chairman
Nominations Committee	Ms Ros Kerslake, CBE Mr Julian Smith Mr Richard G Laing	Chairman
Directors, Leeds Castle Enterprises Ltd	Mr Thomas C Wright, CBE Ms Ros Kerslake CBE Mr David Bridgford Ms Sarah Roots 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 Mrs S Prichard Mrs L Hutchings Mr N Johnstone	Chief Executive Finance Director Head of Sales & Marketing Head Curator Commercial Operations Director Interim Head of Estate Services

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

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 2023. 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 2022 to 31st March 2023. 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.

Trustees

The following Trustees have held office in the twelve months from 1st April 2022.

Ms R Kerslake (appointed 16 December 2022)
Mr N Dickson, CBE (resigned 16 December 2022)
Mr J Neame, CBE (resigned 16 December 2022)
Ms H Deeble, CBE
Ms A Eavis
Mr R Laing
Ms L Nesfield
Mr J Smith
Mr A Tinniswood
Mr T Wright, CBE

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 continuing to recover from the earlier COVID-19 pandemic and the subsequent changes in visitor behaviour. All areas of activity remain some way behind previous operating levels and we anticipate it will be several years before these are achieved, if ever.

As the year progressed, it became clear that many were taking advantage of increased overseas travel opportunities and whilst strong, accommodation bookings fell substantially when compared to the previous financial year.

Visitor numbers started strongly in the first quarter exceeding the previous year, giving rise to an early degree of optimism that recovery was well underway. However, numbers stalled over the key summer school holiday period and again in December. Overall, during the year we welcomed 362,000 guests to the site, which was 35,500 less than in 2021/22. This number included 12,000 learning visitors and 40,000 group visitors.

The staycation boom which was experienced in 2021/22 when there was little availability or certainty around overseas travel had boosted accommodation occupancy to record levels. While this was not repeated at the same levels it was encouraging that profits from these operations were almost three times higher than those that were achieved in the pre-pandemic years.

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 commenced the year with a strong diary of confirmed bookings. These strong sales levels and stringent cost control resulted in a record contribution from these activities at £660,000, almost £200,000 up on pre-pandemic results.

The annual Leeds Castle Concert was well attended. Early indications suggest Heritage Events will look to renew the activity for a further period. The Fireworks Spectacular went ahead in November, attracting sell out audiences both nights, Trustees took the decision to self-insure this event as insurance market rates were prohibitive.

The major new activity of the year was a joint venture with Raymond Gubbay Limited, a subsidiary of Sony Music, to run a Christmas Lights Trail through the grounds. This attracted a further 66,500 visitors to the site. This produced a positive return in the first of a five-year contract.

A glamorous Christmas offer was installed inside the Castle for day visitors, but, while well received, this failed to attract usual numbers. It is considered likely that with the high cost of living biting hard, visitors chose to attend the new Christmas Lights Trail instead.

The Leeds Castle Golf Club has continued to benefit from the desire to partake in outdoor exercise which saw a resurgence in the pandemic period. Membership remains high, reducing the dependence on green fee income, which can be heavily weather and competitor activity dependent. Golf generates a modest profit, sufficient to pay back the capital investment made in the course. 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 overall was managed with agility and carefully controlled costs, focussing on the visitor and guest experience. Volunteers have become an essential part of the Castle's work, providing learning & social inclusion, with 80 people 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, although larger projects will require drawing on Reserves.

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Chief Executive Helen Bonser-Wilton has continued to lead work to review the Foundation's business model & to deliver new strategy with Board and staff team in year.

Incoming resources

Total incoming resources increased by £490,000 over the last year as operations continue to return to more regular levels than those seen during the pandemic.

The Fireworks Spectacular, Leeds Castle Concert and the new Christmas Lights Trail continue to supplement the standard visitor and hospitality income streams.

Hospitality and accommodation were no longer restricted, both in terms of operational calendar and occupancy, and both are encouragingly above pre-pandemic levels of contribution.

The investment portfolio continued to benefit from the significant bounce back in markets. The investment properties also saw a significant rise in values, most notably in the farmland valuations

Costs and application of operating surpluses

Our focus remained on managing the cost base in a climate of extreme economic uncertainty while ensuring visitor and guest service levels were maintained and investment in the product continued. Further to the heavy reduction in staffing numbers that took place in 2020 as a result of the devastating financial impact of the pandemic, we continued to gradually increase staff numbers to cope with the restoration of year round full trading, moving from 98 full time equivalent staff in 2021/22 to 113 full time equivalent staff in 2022/23.

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.

The latest phase of Castle stonework repairs that commenced in October 2021 was completed slightly late in May 2022, due to delays in stone supply. The certainty that the whole of the Castle will need restoring over time requires the designation of the majority of the Estate's cash reserve. For this phase, 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. This was received in full in the 2021/22 financial year.

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 2022 and contributions remain at £140,000 (w.e.f. 1st April 2020) which are planned to eliminate the scheme liability on the technical provisions basis by 31st October 2024.

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

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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, the Trustees consider it is appropriate to hold free reserves representing two years of charitable activities expenditure.

At 31st March 2023 the total consolidated funds in the accounts stand at £22.7m (2022 - £22.3m), of which £2.8m (2022 - £2.8m) is restricted and £3.5m (2022 - £3.9m) relates to unrestricted tangible fixed assets. After deducting these amounts and the designated funds of £5.7m (2022 - £4.1m), this leaves general free reserves of £10.7m (2022 - £11.5m), which is in line with the aim of holding two years of charitable activities expenditure, currently running at £5.2m (2022 £5.7m) per year as general free reserves. The free reserves include investment properties with a value of £9.6m (2022 - £8.9m) which are not readily realisable, thus leaving £1.1m (2022 - £2.6m) as liquid free reserves. This in line with the Trustees target of holding £1.3m (2022 - £1.4m), based on three months of charitable activities expenditure.

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.

As at 31st March 2023, the Designated Reserves have been assigned to:

- Income generating Accommodation Development – Lakeside Lodges (£928k).
- Continuing the remaining phases of Castle stonework repairs, initially the West and Southwest elevations (£2,250k).
- Maze and Family area infrastructure developments and Glamping replacement (£1,700k)
- Infrastructure upgrades to the Building Management System to reduce energy consumption and costs (£120k).

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 2022 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, however alternative uses for the property have not been identified, so intent is to dispose of property with restrictive covenants, retaining the surrounding land as a buffer for the estate.

b) Cash and managed investments

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

In 2020 the Trustees reviewed and ratified the investment policy, which states that the portfolio should aim to 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. During the current period of market fluctuations, Ruffer have continued to outperform Sarasin.

Core Activities

Public benefit

The Trustees referred to the Charity Commission's guidance on public benefit when reviewing how to deliver its mission of Caring for Leeds Castle & Estate for ever, for public benefit. In particular, the Trustees considered how planned activities will deliver against core charitable objectives, which are as follows: ,

To preserve the Castle & Estate for public benefit, to provide an excellent, enjoyable & authentic experience, to inspire visitors with educational resources & to promote health and other charitable purposes.

The Trustees have agreed a strategic plan which seeks to deliver core charitable objectives under the following four strategic headings.

- *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).

Review of activity will therefore be outlined against these strategic objectives.

1) *Welcome and Engage* (staff, volunteers, guests, community)

A number of positive initiatives were completed in year to deliver a much improved guest welcome;

- During 2021, Trustees agreed the Foundation's Spirit of Place, a glamorous retreat, for centuries a place of luxury, entertainment, influence and enchanting beauty. This serves to underpin all strategic planning, with the brand character flowing from this. Brand was confirmed as Playing Hostess to History.

- New brand visual identity, tone of voice, design & photographic assets, were developed and launched during the year, drawing on the female, design led & glamorous attributes of the brand.
- These were rolled out across site signage, interior design of the new Visitor Centre, all marketing & social media campaigns, leaflets and website in year to complement the launch of clear new storylines.
- The Leeds Castle website had become outdated in terms of functionality and was not delivering a good visitor experience, nor able to run videos to show visitors the experience they could expect before booking. During the year, the website was completely re-built, offering 21st century functionality and catering for the diverse and complex business that we run. The new brand identity gives a warm and welcoming first impression of Leeds Castle and enables use of pre-visit videos to help guests plan their visit, event or stay.
- The Leeds Castle Visitor Reception is a modular wooden building, which had not been refurbished for many years, thereby giving a poor guest arrival and orientation experience. Over Winter/ Spring 2022 extensive works were completed to remove a dividing wall, install new contemporary flooring, redecorate and completely re-fit the ticketing & retail spaces. This light and airy space now offers an excellent start to the visit, an opportunity for visitors to understand the visitor experience, plan their day and start their immersion into the story. This space was completed in its entirety at end May 2022.
- The Accommodation Reception was located in a sub-optimal space, which did not offer a welcome appropriate for a luxury accommodation experience. Work was undertaken to relocate this to a better space and to refurbish it in glamorous 1930's country house style, to give arriving guests the immediate immersion into our story. This was completed at end May 2023. Alongside this, we installed a new accommodation booking system, Guestline, in September 2022. This brings a more customer-friendly interface and introduction to our accommodation offer and has been integrated within the new website build.

2) *Surprise and Delight* (with amazing & relevant experiences)

It is essential to provide new reasons for visit each year, through introduction of new experiences. During this financial year, we completed the following new experiences:

- The Castle experience had not been changed in some decades. Due to a lack of clarity around story, the storyline was confused, unengaging and in some places, inauthentic. The agreement of Spirit of Place as 'A Glamorous Retreat' enabled us to clarify what core story we should tell to bring the Castle to life. The decision was taken to present the Castle in the era of the 1930's country house party, with the visitor entering as a guest of Lady Baillie. In reality, despite the medieval appearance, very little fabric inside the Castle dates from earlier than 1926. Inauthentic 'medieval' sets were removed from the Gloriette and extensive set dressings & soundscapes that complemented the 1930's interiors, were introduced. Phase one of this work launched in April 2022.
- In July 2022, we launched the new 'Queens with Means' cinematic projected experience, featuring the portraits of the seven medieval Queens associated with Leeds Castle coming to life and telling their stories. This was complemented by additional interpretation showing the architectural development of the Castle over 900 years and bridging the storytelling gap between the Tudor period and 1926. This experience launched at end July 2022.
- The retail ranges at Leeds Castle, in the absence of a clear overall storyline had become somewhat confused, with product, pricing, merchandising & fixtures all requiring a fundamental update. Working with specialist consultants Drinkall Dean and T & C Consulting, a complete refit of the Visitor Centre shop and complete change of 90% of retail ranges was undertaken. This launched in stages from end April 2022 and has driven a significant uplift in conversion, average transaction value and spend per head, while also clearly telling the Leeds Castle story.
- The Falconry & Wildlife Team installed a new Wildlife Garden at the Maze end of the estate, featuring multiple interactive elements for visitors to learn & enjoy.
- Major events at Leeds Castle have been instrumental in driving visiting over the years. With the advent of COVID, all events activity ceased and only the Concert and Fireworks events ran during 2021/22. 2022/23 was the year we aimed to get the events programme back on track, but in recognition of the significantly lower resources available across the Foundation, this was built back differently, aiming to create month-long events that spread set up resource, costs, visitor traffic & weather risk.

- In May, we reinstated the popular Joust, renaming it 'The Queens Joust', featuring female jousters, in line with our Spirit of Place. This also included an extensive medieval encampment.
- The second year of the Sculpture Trail was set within a new September event of Design Month, reflecting many of the design themes of the Castle.
- Focus was given to maximising the popular Christmas season, with a new Christmas Lights Trail in partnership with Raymond Gubbay Limited and Culture Creative, which ran from the end of November to early January, turning a small profit in Year 1 with over 66,000 attendees. This will continue in 2023 with 80% new light installations.
- Investment was made into the Christmas Castle Day Visitor offer to re-create a glamorous Christmas for Lady Baillie's house guests. This received excellent feedback from those who attended, but numbers were lower than budgeted, perhaps due to the limited offer for the family audience, which will be addressed for 2023.
- Work commenced with an external catering consultant to decide on the way forward for our catering contract. This has resulted in a tender process, which will conclude in Spring 2023, with a new catering contractor likely to be in position by Summer 2023.

3) Nurture & Care (for land, buildings, collection, staff, volunteers, visitors, wildlife)

A number of initiatives and projects were completed during the year, to care for our assets and people;

- Successful completion of two further phases of Castle stonework repairs, covering the South West aspect and part of the East side of the Castle façade. While this project ran behind schedule, due to the persistently late supply of Kentish ragstone from the quarry, the work was completed to a very high standard and was financially supported by the Cultural Recovery Fund.
- Work to make repairs on the Causeway and to repair the Castle Ivory Tower were also completed and supported by the Cultural Recovery Fund.
- A series of Castle Roof Repairs were completed to deal with cyclical deterioration.
- First stage of a 5 year programme of work to repair and renew deteriorating roadways was completed.
- Twenty First Line Managers attended multiple modules of a Management Development Training Programme, developed for Leeds Castle and delivered over a six month period by an external facilitator.

4) Grow & Develop (finances, new business streams, experiences, environmental sustainability, audiences, reputation, charitable support).

A number of initiatives to grow and develop the charity's activities were undertaken during the year.

- Battel Hall Cottage on the edge of the estate became free for repurposing into a holiday cottage. After refurbishment, this went on the market in September 2022.
- Initial work on a replacement accommodation solution for Glamping, that could operate year round, was put on hold due to the likely high cost & complexity of infrastructure installation. This will be revisited during 2023 and an off grid solution considered. Work progressed instead on development and installation of Lakeside Lodges, situated by the Great Water out of view of the Castle. This project will be brought to conclusion and launched in late 2023.
- With arrival of new Fundraising Manager in January 2023, work was completed on Case for Support, Fundraising Strategy and initial list of grant application prospects, which will be actioned during 2023/24 financial year.
- With the 450% increase in energy bills negatively affecting the financial position, a number of immediate actions were taken to reduce usage, including adjusting control settings, turning off decorative Castle lights and replacement of some boilers. Further work will be done to install Building Management Systems & other energy reducing measures during 2023/24.

Plans for the future

The 10-year vision for Leeds Castle Foundation is:

'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).

In Year 2 of the strategy, activities that will deliver these objectives will include:

Welcome & Engage

- Work will commence on a consultant review of access provision (in all its forms) at Leeds Castle, to establish how the place can better welcome people of all abilities. Projects will then be embedded in fundraising bids.
- Work will continue to scope out programme, costs and best construction methods for multi year car parks project, with ground surveys being completed in year.

Surprise & Delight

- In response to audience evaluation carried out in Autumn 2022, Year 2 of the programme to Bring the Castle to Life will include further development of showrooms to enhance the 1930's theming, the introduction of a UV Torch children's trail in the Castle and the introduction of a multi-media Castle guide telling the 900 year history of the Castle in 8 languages.
- New Souvenir Guidebook with new photography and storytelling was launched Easter 2023.
- New Pricing Strategy designed to drive online sales & maximise value for customers in a difficult year was launched Easter 2023.
- Three new slides will be installed in Knight's Stronghold Playground, launched end May 2023.
- A pop up Beach installed in early summer 2023 and accompanied by Punch and Judy, Sand Sculpture and Jazz on the Beach events.
- Catering contract tender completed late spring 2023, with new catering contractor in place July 2023. A refurbishment of Castle View Restaurant is likely to be completed during winter 2023/24
- Further development of the September Design Month will include a new 3-day Artisan and Food Fair, as well as a major expansion of the free specialist talks & tours in month.
- Work will continue on the Lakeside Lodges with expected launch December 2023.
- A more family-friendly Christmas day visitor offer will be implemented, with The Lion, the Witch and the Wardrobe taking over the Castle from late November to early January.
- Year two of the Christmas Lights Trail will take place from late November to early January, with 80% new light installations. Customers will be able to buy a joint ticket for both experiences.
- Work with a specialist hospitality consultant will get underway in early 2024, to evaluate ways of driving new approaches to this crucial business stream, in partnership with new caterer and events catering supplier list.
- Work will progress on a year round accommodation solution to replace Glamping, with off-grid solutions being considered, due to the high cost of infrastructure.
- Year 1 of Snowdrop Experience will roll out during January/February 2024, further to the planting of 5000 new snowdrop plants in spring 2023.

Nurture and Care

- Work will be completed to rebuild the Wishing Bridge in the Princess Alexandra Gardens and to repair the cobbles in the Grotto at the centre of the Maze

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- A major project to renew pipes on Castle Island and safeguard water supply for the future will be carried out during winter 2024.
- Sluice refurbishments will be completed during Winter 2023/24.
- Second phase of Management Training will roll out, encompassing new line managers plus members of the Middle Management cohort who do not line manage currently.

Grow and Develop

- £250,000 bid to National Lottery Heritage Fund Resilience Funding was made in summer 2023, covering monies for additional resources to work up major projects that we will be seeking external funding for (Castle Repairs/Internal Conservation Works and Kitchen Garden), as well as consultancy work on audience development, access & sustainability.
- New Buildings Management System and Sub Metering installed to help manage energy usage for winter 2023/24.
- Mechanical and Electrical Engineer consultant's report to establish how we can drive down energy usage further and what options there are for renewable energy installation.
- Review Options for potential Final Salary Pension Scheme buy out.

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 post pandemic period and the substantial 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 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 review input of staff representatives to the Staff Consultation Forum. A cyclical 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. The Chief Executive shares a monthly blog, which is complemented by a staff newsletter produced by the HR Department.

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 local and industry 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 and is committed to an open and inclusive formal application/interview process for all vacancies. This usually involves external headhunters to broaden the pool of potential applicants. There is a Nominations Committee chaired by the Foundation Chair, supported by two other Trustees. After interviews with this sub-committee, a recommendation is made to the full Board.

At the end of 2022, Niall Dickson, CBE stepped down from his role of Foundation Chairman after two successful terms of office as Chair and 15 years total service on the Leeds Castle Board. The Trustees thank Mr Dickson for his dedication, commitment and excellent leadership over the past ten years, not least since he stepped into the vacancy on the untimely passing of previous chair, Sir Brandon Gough.

His tenure has been marked by considerable development of the Leeds Castle offer and his clear and decisive leadership during the COVID pandemic period was very much valued. This considered approach allowed the Foundation to survive the pandemic with reserves largely intact, while providing a safe environment for visitors to enjoy as restrictions were eased.

An open recruitment exercise was carried out for a replacement Chair, with Ms Ros Kerslake CBE appointed. Ms Kerslake brings excellent skills and experience in heritage, regeneration, commercial and audience development to the Board, having previously been Chief Executive for the Prince's Regeneration Trust and the National Lottery Heritage Fund. She took over the Chair role in January 2023.

Three other Trustees will also complete their terms of office during 2023 and recruitment is underway for replacements, who will start with the Foundation in summer 2023. All new Trustees are provided with a comprehensive induction ahead of joining the Board.

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

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

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

Two Trustee nominated individuals 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 team of senior managers, including the Finance Director, who is also company secretary.

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. Some of this is repetition of earlier text on p12 about employee engagement.

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 and grant givers and this principle sits at the heart of all fundraising activities.

Governance

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

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:

LEEDS CASTLE FOUNDATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

- 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 15th December 2023 and signed on their behalf by:



Ms Ros Kerslake CBE
Chair of Trustees

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

Opinion

We have audited the financial statements of Leeds Castle Foundation for the year ended 31 March 2023 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 2023 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.

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

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.

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

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 2023**

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

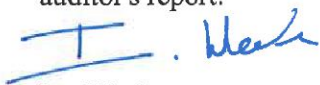
- reviewed the design and implementation of controls over significant audit risks; and
- we reviewed the revenue recognition policy and considered whether this was being applied correctly for a sample of transactions.

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: 19th December 2023

LEEDS CASTLE FOUNDATION

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD ENDED 31 MARCH 2023**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income and endowments from donations and legacies	6	15	5	20	655
Other trading activities	7	5,829	-	5,829	4,597
Investments	8	100	-	100	111
Charitable activities	9	4,973	-	4,973	4,248
Total income and endowments		10,917	5	10,922	9,611
Expenditure on					
Raising funds	7	(5,196)	-	(5,196)	(4,328)
Charitable activities	9	(5,555)	(5)	(5,560)	(5,690)
Total expenditure		(10,751)	(5)	(10,756)	(10,018)
Net (losses)/gains on investments	22	(185)	-	(185)	489
Net income/(expenditure)		(19)	-	(19)	82
Exceptional items	10	-	-	-	202
Other recognised gains/(losses)					
Gains/(losses) on revaluation of					
Fixed assets and investment properties	21	680	-	680	940
Actuarial gains/(losses) on defined benefit pension scheme (net of deferred tax)	30	(173)	-	(173)	431
Net movement in funds		488	-	488	1,655
Reconciliation of funds					
Total funds brought forward		22,245	11	22,256	20,601
Total funds carried forward	29	22,733	11	22,744	22,256

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 2023**

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	18		3,556		3,945
Heritage assets	19		-		-
			3,556		3,945
Investments:					
Properties	21	9,597		8,917	
Listed investments	22	8,379		8,280	
Cash held as an investment	22	49		389	
			18,025		17,586
			21,581		21,531
Current assets					
Stocks	23	170		146	
Debtors	24	1,288		972	
Cash at bank and in hand	25	2,113		2,310	
		3,571		3,428	
Creditors: amounts falling due within one year	26	(2,274)		(2,702)	
Net current assets			1,297		726
Creditors: amounts falling due within more than one year	27		(134)		(1)
Total assets less current liabilities			22,744		22,256
Funds					
Expendable endowment fund	29		2,740		2,740
Restricted income fund	29		78		78
Total restricted funds			2,818		2,818
Unrestricted general fund	29		14,178		15,288
Unrestricted designated fund	29		5,748		4,150
Unrestricted pension reserve	29&30		-		-
Total charity funds			22,744		22,256

The notes on pages 24 to 50 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and Directors on 15th December 2023 and were signed on its behalf by:



Ms Ros Kerslake, CBE

Chair of Trustees

Company number: 1172263

LEEDS CASTLE FOUNDATION
FOUNDATION BALANCE SHEET
AS AT 31 MARCH 2023

		2023	2022
	Notes	£'000	£'000
Fixed assets			
Tangible assets	18	3,549	3,930
Heritage assets	19	-	-
		3,549	3,930
Investments:			
Subsidiary company	20	866	866
Properties	21	9,597	8,917
Listed investments	22	8,379	8,280
Cash held as an investment	22	49	389
		18,891	18,452
		22,440	22,382
Current assets			
Stocks	23	-	-
Debtors	24	591	273
Cash at bank and in hand	25	835	1,592
		1,426	1,865
Creditors: amounts falling due within one year	26	(2,058)	(3,269)
Net current assets		(632)	(1,404)
Total assets less current liabilities		21,808	20,978
Funds			
Expendable endowment fund	29	2,740	2,740
Restricted income fund	29	78	78
Total restricted funds		2,818	2,818
Unrestricted general fund	29	13,242	14,010
Unrestricted designated fund	29	5,748	4,150
Total charity funds		21,808	20,978

The profit for the financial year dealt with in the financial statements of the parent Company was £579,000 – (2022: £373,000).

The notes on pages 24 to 40 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and Directors on 15th December 2023 and were signed on its behalf by:



Ms Ros Kerslake, CBE
Chair of Trustees

Company number: 1172263

LEEDS CASTLE FOUNDATION

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	31	(305)	1,376
Cash flows from investing activities:			
Dividends, interest and rents from investments	8	100	111
Purchase of fixed assets		(48)	(23)
Purchase of investment property		-	(625)
Proceeds from sale of investments		4,099	2,846
Purchase of investments		(4,383)	(2,785)
Net cash provided by/(used in) investing activities		(232)	(476)
Change in cash and cash equivalents in the reporting period		(537)	900
Cash and cash equivalents at the beginning of the reporting period		2,699	1,799
Cash and cash equivalents at the end of the reporting period		2,162	2,699
Reconciliation of cash and cash equivalents			
	Note	2023 £'000	2022 £'000
Cash in hand	25	2,113	2,310
Cash held as an investment	22	49	389
Total cash and cash equivalents		2,162	2,699
Analysis of changes in net debt			
	At 1 April 2022 £'000	Cash flow £'000	At 31 March 2022 £'000
Cash at bank	2,310	(197)	2,113

The notes on pages 24 to 50 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

1.1 **Company information**

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

2.1 **Accounting policies**

2.1 **Basis of preparation of financial statements**

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

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

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

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

The Trustees have assessed the consequences of the current Covid-19 pandemic and recognise that, whilst this will impact the operating climate, the Foundation's reserves are such that it expects to maintain positive cash flows and reserves for at least one year from the date of approval of these financial statements and, as such, the Trustees are confident that the Foundation will continue to operate as a going concern.

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

2.2 **Basis of consolidation**

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

2.3 **Stocks**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

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.

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.

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 2023

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:

	2023	2022
	£'000	£'000
Turnover	5,788	4,550
Costs of trading activities and administrative expenses	(4,639)	(3,921)
Operating profit	1,149	629
Interest receivable	86	203
Interest payable to Leeds Castle Foundation on long term loan	-	-
Other finance income/(costs)	-	145
Profit/(loss) before donation and taxation	1,235	977
Taxation	(2)	108
Retained profit for the period	1,233	1,085
Actuarial gain/(loss) related to pension scheme, net of deferred tax	(173)	323
Total recognised losses for the period	1,060	1,408
Distribution – gift aid	(1,409)	(124)
Retained profit brought forward	1,284	1,284
Profit retained in subsidiary	935	1,284

The net current assets of Leeds Castle Enterprises Limited are £1,928,000 as at 31 March 2023 (2022: net assets £2,150,000).

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

6 Income from donations and legacies

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	£'000	£'000	2023	2022
	£'000	£'000	£'000	£'000
Grants	-	-	-	650
Other donations and voluntary income	15	5	20	5
	15	5	20	655

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

7 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income				
Concerts and other special events	464	-	464	389
Functions	2,547	-	2,547	1,871
Shops	771	-	771	588
Golf	335	-	335	299
Holiday lettings	1,329	-	1,329	1,155
Ancillary services	231	-	231	199
Other sundry income	152	-	152	96
	<u>5,829</u>	<u>-</u>	<u>5,829</u>	<u>4,597</u>
Expenditure on raising funds				
Cost of sales	2,175	-	2,175	1,455
Staff costs (see note 14)	1,720	-	1,720	1,755
Property and equipment costs	382	-	382	345
Administration costs	158	-	158	161
Marketing and fundraising costs	109	-	109	61
Finance costs	383	-	383	289
Investment management costs	54	-	54	51
Proportion of support costs (see note 11)	215	-	215	211
	<u>5,196</u>	<u>-</u>	<u>5,196</u>	<u>4,328</u>
Net income from activities for generating funds	<u>633</u>	<u>-</u>	<u>633</u>	<u>269</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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

8 Income from investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income from investment properties	54	-	54	54
Income from listed investments	57	-	57	57
	<u>100</u>	<u>-</u>	<u>100</u>	<u>111</u>

9 Charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income from Charitable activities				
Day visitor admissions	4,958	-	4,958	4,238
Other sundry income	15	-	15	10
	<u>4,973</u>	<u>-</u>	<u>4,973</u>	<u>4,248</u>
Expenditure on Charitable activities				
Cost of sales	368	-	368	283
Staff costs: visitor team, estate and Castle maintenance (see note 14)	1,387	-	1,387	1,302
Estate and equipment costs	1,945	5	1,950	1,960
Marketing costs	449	-	449	278
Finance costs	79	-	79	88
Preservation and security of heritage assets	217	-	216	689
Proportion of support costs (see note 11)	1,110	-	1,110	1,090
	<u>5,555</u>	<u>5</u>	<u>5,560</u>	<u>5,690</u>
Net resources expended from charitable activities	<u>(582)</u>	<u>(5)</u>	<u>(587)</u>	<u>(1,442)</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 2023**

10 Government grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Hospitality & Leisure grant	-	-	-	100
Coronavirus Job Retention scheme income	-	-	-	102
Government grants	-	-	-	202

11 Support costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Staff costs	683	-	683	1,010
Administration costs	601	-	149	679
Corporation tax charge	2	-	2	-
Deferred tax charge (see note 15)	-	-	-	-
Governance costs (Auditors' remuneration)	39	-	39	43
	<u>1,325</u>	<u>-</u>	<u>1,325</u>	<u>1,732</u>
Allocated as follows:				
Activities for generating funds	215	-	215	1,642
Charitable activities	1,110	-	1,110	1,090
	<u>1,325</u>	<u>-</u>	<u>1,325</u>	<u>1,732</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 2023**

12 Governance costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Auditor's remuneration (see below)	39	-	39	43

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:

	2023 £'000	2022 £'000
Fees payable to the charity's auditor for the audit of the charity's annual Accounts	22	26
Fees payable to the charity's auditor for other services:		
- The audit of the charity's subsidiary	7	7
- Tax services	4	4
Fees in respect of the group pension scheme		
- audit	6	6

LEEDS CASTLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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:

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'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	15	18	7	29	-
Castle interior	-	-	21	16	56
Stonework repairs	190	629	11	18	327
Castle representation	-	-	1	58	30
Castle Roof	12	-	-	-	-

14 Staff costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Staff costs during the year were:				
Wages and salaries	3,441	-	3,441	2,841
Social security costs	262	-	262	204
Other pension costs	129	-	129	125
Redundancy	-	-	-	43
Training, recruitment and welfare	187	-	187	136
	<u>4,019</u>	<u>-</u>	<u>4,019</u>	<u>3,349</u>

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

	Group 2023 No	2022 No	Foundation 2023 No	2022 No
Full time	63	56	42	32
Part time	137	113	75	79
	<u>200</u>	<u>169</u>	<u>117</u>	<u>111</u>
This equates to a full time equivalent of	<u>110</u>	<u>98</u>		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

14 Staff costs (continued)

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

	2023		2022	
	Full	Part	Full	Part
	Time	Time	Time	Time
Admin/Support Staff	13	6	12	5
DV Ops	11	65	9	72
Golf	2	1	2	2
Retail	5	25	3	23
Hospitality	14	36	10	35
Maintenance/Security	15	4	17	4
Grounds/Gardens	3	1	3	1
Totals	63	137	56	140
		200		196

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

	Group		Foundation	
	2023	2022	2023	2022
	No	No	No	No
£60,000 to £70,000	1	-	1	-
£70,000 to £80,000	1	2	1	2
£80,000 to £90,000	2	-	2	-
£130,000 to £140,000	-	1	-	1
£150,000 to £160,000	1	-	1	-
£160,000 to £170,000	-	1	-	1
£170,000 to £180,000	1	-	1	-
	6	4	4	6

During the period the group paid contributions totalling £96,539 (2022: £74,936) in respect of the personal pension schemes of six of the above higher-paid employees (2022: four).

Pension contributions to defined contribution schemes in the period totalled £205,000 (2022 - £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 £965 (2022: £396) were reimbursed to two trustees (2022: one)

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 £655,771 (2022: £317,202).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**
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 2023 £'000	2022 £'000	Foundation 2023 £'000	2022 £'000
At 31 March 2022	11	11	-	-
Movement for the period	(2)	-	-	-
Deferred tax asset/(liability) at 31 March 2023	9	11	-	-
The deferred tax asset/(liability) is made up of the following:				
Other timing differences	9	11	-	-
	9	11	-	-

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

16 Net outgoing resources

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Net outgoing resources are stated after (crediting)/charging:				
Depreciation: owned assets	421	-	421	597
Operating lease rentals:				
Hire of plant and equipment	4	-	4	11

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

17 Consolidated statement of financial activities for the period ended 31 March 2022

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2022 £'000
Income and endowments from			
Donations and legacies	15	640	655
Other trading activities	4,597	-	4,597
Investments	111	-	111
Charitable activities	4,248	-	4,248
Total income and endowments	8,971	640	9,611
Expenditure on			
Raising funds	(4,328)	-	(4,328)
Charitable activities	(5,061)	(629)	(5,690)
Total expenditure	(9,389)	(629)	(10,018)
Net gains/(losses) on investments	489	-	489
Net income/(expenditure)	71	11	82
Exceptional items	202	-	202
Other recognised gains/(losses)			
Gains/(losses) on revaluation of			
Fixed assets and investment properties	940	-	940
Actuarial losses on defined benefit pension scheme (net of deferred tax)	431	-	431
Net movement in funds	1,644	-	1,644
Reconciliation of funds			
Total funds brought forward	20,601	-	20,601
Total funds carried forward	22,245	11	22,256

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

18 Tangible fixed assets

a) Group

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2022	7,287	2,551	9,838
Additions	-	48	48
Disposals	-	(63)	(63)
At 31 March 2023	7,287	2,536	9,823
Depreciation			
At 31 March 2022	3,764	2,129	5,893
Charge for the period	319	102	421
Disposals	-	(47)	(47)
At 31 March 2023	4,083	2,184	6,267
Net book value			
At 31 March 2023	3,204	352	3,556
At 31 March 2022	3,523	422	3,945

b) Foundation

	Freehold Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 March 2022	7,287	1,713	9,000
Additions	-	48	48
Disposals	-	(63)	(63)
At 31 March 2023	7,287	1,713	9,000
Depreciation			
At 31 March 2022	3,764	1,306	5,070
Charge for the period	319	94	413
Disposals	-	(51)	(51)
At 31 March 2023	4,083	1,349	5,432
Net book value			
At 31 March 2023	3,204	345	3,549
At 31 March 2022	3,523	407	3,930

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

	2023 £'000	2022 £'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)

	2023 £'000	2022 £'000
Market value of properties at 31 March 2022	8,917	7,352
Purchase	-	625
Revaluation	680	940
Market value of properties at 31 March 2023	<u>9,597</u>	<u>8,917</u>
Historical cost value of assets	<u>2,073</u>	<u>2,073</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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

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 2023 £'000	2022 £'000	Foundation 2023 £'000	2022 £'000
Rent received:				
Within one year	41	41	41	41
Between two and five years	23	64	23	64
Between six and ten years	-	-	-	-
	<u>105</u>	<u>105</u>	<u>105</u>	<u>105</u>

22 Listed investments (Group and Foundation)

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

	2023 £'000	2022 £'000
Market value of listed investment at 31 March 2022	8,280	7,852
Acquisitions at cost	4,383	2,785
Disposal proceeds	(4,099)	(2,846)
(Losses)/gains for the year	<u>(185)</u>	<u>489</u>
Market value at 31 March 2023	8,379	8,280
Cash holdings at 31 March 2023	<u>49</u>	<u>389</u>
Total value of fixed asset investments	8,428	8,669
Historical cost value of assets	<u>7,911</u>	<u>7,465</u>

As at 31 March 2023 the market value of the investments split between UK investment assets and overseas assets was as follows:

	2023 £'000	2022 £'000
UK investments	2,270	2,607
Overseas investments	<u>6,158</u>	<u>6,062</u>
	8,428	8,669

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

22 **Listed investments (Group and Foundation) (continued)**

The portfolio at 31 March 2023 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:

	2023		2022	
	£'000	%	£'000	%
Sarasin Climate Active Endowments Fund	3,582	42.7	3,726	45.0
UK 0.125% Treasury Stock 2068	145	1.7	264	3.2
Ruffer Illiquid Multi Strategies Fund	422	5.0	417	5.0
Ruffer SICAV Fixed Income Z GBP Cap	1,299	15.5	727	8.8
Ruffer Protection Strategies	362	4.3	274	3.3
Ruffer SICAV UK Mid & Smaller Cos	162	1.9	233	2.8
Wisdom Tree Brent	275	3.3	-	-
	<u>6,247</u>	<u>74.4</u>	<u>5,641</u>	<u>68.1</u>
Other investments (all less than 3%)	2,132	25.6	2,639	31.9
	<u>8,280</u>	<u>100.0</u>	<u>8,280</u>	<u>100.0</u>

23 **Stocks**

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Goods for resale	<u>170</u>	<u>146</u>	<u>-</u>	<u>-</u>

24 **Debtors**

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Trade debtors	158	-	-	-
Amounts falling due within one year:				
Trade debtors	473	471	46	47
Other debtors	17	126	10	4
Prepayments and accrued income	631	364	535	222
Deferred tax asset (see note 15)	9	11	-	-
	<u>1,288</u>	<u>972</u>	<u>591</u>	<u>273</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

25 Cash at bank and in hand

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash in hand	8	24	-	-
Cash at bank – Current accounts	965	605	281	619
Cash at bank – Deposit accounts	1,140	1,481	554	973
	<u>2,113</u>	<u>2,310</u>	<u>835</u>	<u>1,592</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 (2022: £388,566) (see note 22).

26 Creditors: Amounts falling due within one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	655	503	462	332
Other taxation and social security				
Payable	154	89	69	13
Other creditors	35	43	1	1
Amounts owed to group undertakings	-	-	1,360	2,366
Accruals	239	586	95	43
Deposits in advance	1,191	1,481	71	64
	<u>2,274</u>	<u>2,702</u>	<u>2,058</u>	<u>3,269</u>

27 Creditors: Amounts falling due after one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Deposits in advance	<u>134</u>	<u>1</u>	<u>-</u>	<u>-</u>

The company has received deposits in advance for events occurring in over one year of which £134,685 (2022: £1,654) relates to events occurring within 1-2 years and £0 (2022: £0) relates to events occurring within 2-5 years.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

28 Financial commitments

At 31 March 2023 the group had future minimum payments under non-cancellable operating leases of plant and equipment as follows:

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Payments made:				
Within one year	39	26	26	12
Between two and five years	148	-	-	-
	187	26	26	12

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

29 Group funds

	Restricted Funds		Unrestricted Funds		
	H&D Fund £'000	Chattels Fund £'000	M&D Fund £'000	General Fund £'000	Total Funds £'000
Fund balances at 31 March 2023 are represented by					
Tangible assets	2,504	-	-	1,052	3,556
Investments	225	-	5,291	2,509	18,025
Current assets	11	78	457	3,025	3,571
Liabilities	-	-	-	(2,408)	(2,408)
At 31 March 2023	2,740	78	5,748	14,178	22,744
Movement of funds during the year	As at 31 March 2022 (£)	Income (£)	Expenditure (£)	Gains/ Losses (£)	As at 31 March 2023 (£)
Restricted Funds					
Heritage and Development Fund	2,740	5	(5)	-	2,740
Chattels Fund	78	-	-	-	78
	2,818	5	(5)	-	2,818
Unrestricted Funds					
Maintenance and Development Fund	4,150	-	-	1,598	5,748
General Fund	15,288	10,917	(10,924)	(1,103)	14,178
	19,437	10,917	(10,924)	495	19,926
Total Funds	22,256	10,922	(10,929)	495	22,744

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

29 Group Funds (continued)

	Restricted Funds		Unrestricted Funds		Total Funds £'000
	Restated H&D Fund £'000	Chattels Fund £'000	M&D Fund £'000	General Fund £'000	
Fund balances at 31 March 2022 are represented by					
Tangible assets	2,504	-	-	1,441	3,945
Investments	225	-	3,693	13,688	17,586
Current assets	11	78	457	2,882	3,428
Liabilities	-	-	-	(2,703)	(2,703)
At 31 March 2022	<u>2,740</u>	<u>78</u>	<u>4,150</u>	<u>15,288</u>	<u>22,256</u>
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
	<u>2,807</u>	<u>640</u>	<u>(629)</u>	<u>-</u>	<u>2,818</u>
Unrestricted funds					
Maintenance and Development Fund	4,055	-	-	95	4,150
General Fund	13,739	9,173	(9,389)	1,765	15,288
	<u>17,794</u>	<u>9,173</u>	<u>(10,018)</u>	<u>1,860</u>	<u>19,438</u>
Total funds	<u>20,601</u>	<u>9,813</u>	<u>(10,018)</u>	<u>1,860</u>	<u>22,256</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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**
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.

A formal actuarial valuation was carried out as at 1 April 2022. The results of that valuation have been projected to 31 March 2023 with allowance for payroll and benefit information and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

Valuation date 1 April	2022	2019
The value of the technical provisions was:	7,245,000	6,260,000
The value of the assets at that date was:	5,927,000	4,911,000

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 in 2023/24 and £81,666 in 2024/25 under the Scheme's subsequent recovery plan dated 6th July 2023.

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

	2023	2022
	£'000	£'000
Defined benefit obligation	(3,855)	(4,912)
Fair value of plan assets	4,534	6,043
Restriction on recognition of asset	(679)	(1,131)
Net defined benefit (liability)/asset	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**
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 31/03/2023 £'000	Period ended 31/03/2022 £'000
Service cost:		
Current service cost (net of employee contributions)	-	-
Administration expenses	-	46
Restriction of recognition of asset deemed irrecoverable	-	-
Net interest expense/(credit)	(33)	(13)
Charge/(credit) recognised in profit or loss	<u>(33)</u>	<u>33</u>
Re-measurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	1,523	(134)
Actuarial (gains)/losses	(898)	(297)
Charge/(credit) recorded in other recognised gains or losses	<u>625</u>	<u>(431)</u>
Total defined benefit cost/(credit)	<u><u>592</u></u>	<u><u>(398)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

30 Pension scheme (continued)

The principal actuarial assumptions used were:

	31/03/2023	31/03/2022
Liability discount rate	4.80%	2.75%
Inflation assumption - RPI	3.35%	3.80%
Inflation assumption - CPI	2.80%	3.25%
Rate of increase in salaries	n/a	n/a
Revaluation of deferred pensions: all benefits accrued	2.80%	3.25%
Increases for pensions in payment: benefits accrued prior to 6 April 1997	0.00%	0.00%
benefits accrued after 5 April 1997	2.75%	3.15%
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:	89.1	89.3
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:	90.2	90.4

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At start of period	6,043	(4,912)	1,131
Benefits paid	(290)	290	-
Administration expenses	-	-	-
Contributions from the employer	140	-	140
Interest income / (expense)	164	(131)	33
Return on assets (excluding amount included in net interest expense)	(1,523)	-	(1,523)
Actuarial gains/(losses)	-	-	-
Gain/(loss) on plan introductions and changes	-	-	-
At end of period	4,534	(3,855)	679

30 Pension scheme (continued)

The return on scheme assets was:

	31/03/2023	31/03/2022
	£'000	£'000
Interest income	164	117
Return on scheme assets (excluding amount included in net interest expense)	(1,523)	134
Total return on scheme assets	<u>(1,359)</u>	<u>251</u>

The major categories of scheme assets are as follows:

	31/03/2023	31/03/2022
	£'000	£'000
UK Equities	-	626
Overseas Equities	-	775
Gilts	1,342	910
Index Linked	3,119	2,344
Alternative Assets	-	924
Cash	73	454
Total market value of assets	<u>4,534</u>	<u>6,043</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

31 Reconciliation of cash flows from operating activities

	2023	2022
	£'000	£'000
Net income/(expenditure)	(192)	715
Net (gains)/losses on investments	185	(489)
Depreciation charges on fixed assets	421	597
(Gain)/Write off of fixed asset	(3)	16
Tax charge	2	-
Dividends, interest and rents from investments	(100)	(111)
Movements on defined benefit pension scheme	-	-
Movement in components of working capital:		
Decrease/(increase) in stocks	(24)	108
(Increase)/decrease in debtors	(299)	(102)
(Decrease)/increase in creditors	(295)	642
Net cash inflow/(outflow) from operating activities	(305)	1,376

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 2023 the Foundation and the group had no contractual commitments for development expenditure (2022: nil).

34 Related party transactions

At the year end the trading subsidiary, Leeds Castle Enterprises Limited had a net intercompany debtor balance, owing £2,769,000 by the Charity (2022: net debtor balance of £2,367,000). During the period the Charity received gift aid payments totalling £141,000 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 £2,872,000 (2022: £2,952,000) and financial liabilities at amortised cost, comprising trade creditors, other creditors and accruals of £1,029,000 (2022: £468,000). 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 £8,379,000 (2022: £8,280,000). Movements in the year through the statement of financial activities comprised income of £nil (2022: £nil) and gains of £494,000 (2022: gains of £1,429,000).