

Company Registration No. 00480214 (England and Wales)

CASTLE HOWARD ESTATE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016

TUESDAY



A5ICF7VS

A14

25/10/2016

#270

COMPANIES HOUSE

CASTLE HOWARD ESTATE LIMITED

COMPANY INFORMATION

Directors	The Hon. N P G Howard Mr G F G Howard The Hon. P C W Howard Mrs V Barnsley
Secretary	Mr AL Nixon
Company number	00480214
Registered office	The Estate Office Castle Howard York YO60 7DA
Auditor	BHP, Chartered Accountants Bathurst House 86 Micklegate York YO1 6LQ
Bankers	Coutts & Co 8 Park Square East Leeds LS1 2LH
Solicitors	Forsters LLP 31 Hill Street London W1J 5LS Lupton Fawcett Denison Till Stamford House Piccadilly York YO1 1PP

CASTLE HOWARD ESTATE LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 29

CASTLE HOWARD ESTATE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

The directors present the strategic report for the year ended 31 January 2016.

Review of the business

The gain on ordinary activities for the year amounted to £1,080,424 to be added to the accumulated gains brought forward. This includes £1,522,719 of upwards property revaluation on the company's investment property portfolio. Accumulated gains carried forward at 31st January 2016 are £22,785,122.

The business continued to make progress in its objective to conserve and restore the historic buildings and landscape of the Castle Howard Estate, which was the resulting factor in the current year's operating loss.

The estate continues to investigate opportunities for redevelopment of redundant building stock and opportunities in the leisure and tourism sector.

Turnover saw a modest increase of 1.2% in the year throughout most departments, however ongoing property repairs during the year to conserve, restore and maintain the historic buildings were a contributing factor towards the operating loss of £643,532.

Principal risks and uncertainties

The Company is financed by cash flow and by variable rate term debt. Interest rate exposure is considered to be low, so no hedging is undertaken.

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The company takes out a mixture of fixed and variable rate loans as a means to managed interest rate risk.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its obligations of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Development and performance

Looking into the 2016/17 year, the trading budget indicates a similar turnover to 2015/16. Cost of sales and administrative expenses are once again expected to be challenging, together with continued ongoing property repairs to conserve, restore and maintain the historic buildings. A significant proportion of property repairs and other exceptional items were delayed until 2016/17 producing an operating loss budgeted at a slightly higher level than 2015/16, but 2015/16 came in significantly under budget.

The directors have secured appropriate funding to fulfill budgeted expenditure for the coming year.

CASTLE HOWARD ESTATE LIMITED

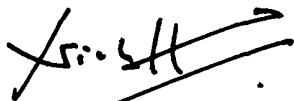
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

Key performance indicators

The Company does not have any specific key performance indicators, other than those that can be calculated from the financial statements.

On behalf of the board

A handwritten signature in black ink, appearing to read 'N.P.G. Howard', with a long horizontal stroke extending to the right.

The Hon. N P G Howard

Director

20 October 2016

CASTLE HOWARD ESTATE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

The directors present their annual report and financial statements for the year ended 31 January 2016.

Principal activities

The principal activity of the company are those of an Estate Company carrying on activities relating to land ownership.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

The Hon. N P G Howard

The Hon. S B G Howard

(Resigned 29 April 2016)

Mr G F G Howard

The Hon. P C W Howard

Mrs V Barnsley

Results and dividends

The results for the year are set out on page 7.

The profit for the year, after taxation, amounted to £1,080,424. The directors have not recommended a dividend.

No preference dividends were paid.

Future developments

The company continues to explore new and existing business opportunities to enable it to continue to maintain the historic buildings and landscape of the Castle Howard Estate.

Auditor

The auditor, BHP, Chartered Accountants, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CASTLE HOWARD ESTATE LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



The Hon. N P G Howard

Director

20 October 2016

CASTLE HOWARD ESTATE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CASTLE HOWARD ESTATE LIMITED

We have audited the financial statements of Castle Howard Estate Limited for the year ended 31 January 2016 set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2016 and of its profit 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.

Opinion on other matters prescribed by the Companies Act 2006

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

CASTLE HOWARD ESTATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CASTLE HOWARD ESTATE LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Daniel Sowden (Senior Statutory Auditor)
for and on behalf of BHP, Chartered Accountants

20 October 2016

Chartered Accountants
Statutory Auditor

Bathurst House
86 Micklegate
York
YO1 6LQ

CASTLE HOWARD ESTATE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	2015 £
Turnover	3	8,287,863	8,190,732
Cost of sales		(7,466,994)	(7,621,917)
Gross profit		820,869	568,815
Administrative expenses		(1,512,929)	(1,134,095)
Profit/(loss) on disposal of fixed assets		48,528	39,000
Operating loss	4	(643,532)	(526,280)
Interest receivable and similar income	7	3,152	840
Interest payable and similar charges	8	(62,968)	(32,397)
Amounts written off investments	9	1,522,719	2,775,032
Profit before taxation		819,371	2,217,195
Taxation	10	261,053	(842,856)
Profit for the financial year	25	1,080,424	1,374,339

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CASTLE HOWARD ESTATE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2016

	2016 £	2015 £
Profit for the year	1,080,424	1,374,339
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,080,424</u>	<u>1,374,339</u>

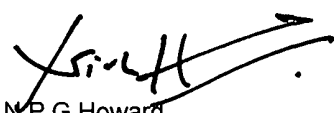
CASTLE HOWARD ESTATE LIMITED


BALANCE SHEET

AS AT 31 JANUARY 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11	25,376,321		25,405,820	
Investment properties	12	47,493,356		46,552,637	
		<u>72,869,677</u>		<u>71,958,457</u>	
Current assets					
Stocks	14	1,135,855		937,572	
Debtors	15	463,782		470,318	
Investments	16	11,048		10,437	
Cash at bank and in hand		986,554		354,594	
		<u>2,597,239</u>		<u>1,772,921</u>	
Creditors: amounts falling due within one year	17	(1,480,363)		(1,461,663)	
Net current assets		<u>1,116,876</u>		<u>311,258</u>	
Total assets less current liabilities		<u>73,986,553</u>		<u>72,269,715</u>	
Creditors: amounts falling due after more than one year	18	(2,567,426)		(1,669,959)	
Provisions for liabilities	21	(7,654,779)		(7,915,832)	
Net assets		<u>63,764,348</u>		<u>62,683,924</u>	
Capital and reserves					
Called up share capital	24	90,000		90,000	
Share premium account	23	448,100		448,100	
Other reserves		40,441,126		39,295,970	
Profit and loss reserves	25	22,785,122		22,849,854	
Total equity		<u>63,764,348</u>		<u>62,683,924</u>	

The financial statements were approved by the board of directors and authorised for issue on 20 October 2016 and are signed on its behalf by:


The Hon. N P G Howard
Director


Mrs V Barnsley
Director

Company Registration No. 00480214

CASTLE HOWARD ESTATE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 February 2014		90,000	448,100	-	(577,766)	(39,666)
Effect of transition to FRS 102		-	-	37,449,042	23,900,209	61,349,251
As restated		90,000	448,100	37,449,042	23,322,443	61,309,585
Year ended 31 January 2015:						
Profit and total comprehensive income for the year		-	-	-	1,374,339	1,374,339
Transfers out		-	-	-	(1,846,928)	(1,846,928)
Transfers in		-	-	1,846,928	-	1,846,928
Balance at 31 January 2015		90,000	448,100	39,295,970	22,849,854	62,683,924
Year ended 31 January 2016:						
Profit and total comprehensive income for the year		-	-	-	1,080,424	1,080,424
Transfers out		-	-	-	(1,145,156)	(1,145,156)
Transfers in		-	-	1,145,156	-	1,145,156
Balance at 31 January 2016		90,000	448,100	40,441,126	22,785,122	63,764,348

CASTLE HOWARD ESTATE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash absorbed by operations	30	(853,852)		(120,510)	
Interest paid		(62,968)		(32,397)	
Income taxes refunded/(paid)		37,732		-	
Net cash outflow from operating activities		(879,088)		(152,907)	
Investing activities					
Purchase of tangible fixed assets		(134,386)		(204,052)	
Proceeds on disposal of tangible fixed assets		55,529		-	
Proceeds on disposal of investment property		575,010		39,000	
Proceeds on disposal of fixed asset investments		(611)		(840)	
Proceeds from other investments and loans		(5,571)		-	
Interest received		3,152		840	
Net cash generated from/(used in) investing activities		493,123		(165,052)	
Financing activities					
Repayment of borrowings		12,458		(281,978)	
Repayment of bank loans		1,005,467		823,036	
Net cash generated from financing activities		1,017,925		541,058	
Net increase in cash and cash equivalents		631,960		223,099	
Cash and cash equivalents at beginning of year		354,594		131,495	
Cash and cash equivalents at end of year		986,554		354,594	

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

Company information

Castle Howard Estate Limited is a company limited by shares incorporated in England and Wales. The registered office is The Estate Office, Castle Howard, York, YO60 7DA.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The directors have secured appropriate funding to fulfil budgeted expenditure for the following year. In light of this, the directors consider that it is appropriate to prepare the financial statements on a going concern basis which assumes that the company will continue on operational existence for the foreseeable future.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

These financial statements for the year ended 31 January 2016 are the first financial statements of Castle Howard Estate Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 February 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 31.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the amount of entrance fees received, rents receivable and goods and produce sold (stated net of value added tax).

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Castle Howard is known as one of England's finest historic houses, on which work began in about 1699. The Estate is situated within the Howardian Hills, an Area of Outstanding Natural Beauty, and comprises over 115 listed buildings, monuments, follies, land, ancient woodland and collections.

Freehold land and buildings includes:

- the House
- estate buildings, parkland and other historic assets, monuments and follies (Heritage Assets)
- farmland, farm buildings and other buildings located on the estate.

These are included at deemed cost, being the fair value on 1 February 2014. The fair value of the freehold land and buildings has been arrived at on the basis of a valuation carried out at 31 January 2016 by Savills (UK) Limited Chartered Surveyors, who are not connected with the company.

Exhibits:

Included in the above are purchased and donated exhibits of a mixed and varied nature. These are included at cost when this can be established and nil when this is not known, in line with FRS102, section 34. These assets are not depreciated as the directors believe they have indeterminate lives.

Preservation Costs:

Expenditure which in the Directors' view is required to restore or conserve individual items, including preservation work on Castle Howard House, other listed buildings, scheduled monuments etc., is recognised in the Profit and Loss Account when it is incurred.

Further information on heritage assets is given in note 28 to the accounts.

All other fixed assets are initially recorded at cost.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land/ buildings	None/ 50 years
Plant and machinery	4-5 years
Exhibits	None

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Farm livestock, produce, stores and workings in land is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of farm livestock, produce, stores and workings in land.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
The sale of goods	6,358,469	6,215,797
Rental income	1,597,407	1,594,299
Commission	14,659	12,891
Other	317,328	367,745
	<u>8,287,863</u>	<u>8,190,732</u>
 Other significant revenue		
Interest income	<u>3,152</u>	<u>840</u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £	2015 £
UK	8,287,863	8,190,732

4 Operating loss

	2016 £	2015 £
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for non audit services	27,000	27,000
Fees payable to the company's auditors for the audit of the company's financial statements	8,000	8,000
Depreciation of owned tangible fixed assets	163,874	162,682
Cost of stocks recognised as an expense	7,466,994	7,621,917
Operating lease charges	13,121	17,057

5 Employees

The average monthly number of persons (excluding directors) employed by the company during the year was:

	2016 Number	2015 Number
Full time (excluding directors)	65	65
Part time employees (excluding directors)	141	142
	206	207

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,943,475	2,819,206
Social security costs	204,340	202,907
Pension costs	198,931	177,277
	3,346,746	3,199,390

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	326,667	210,698

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	137,500	122,907
--------------------------------------	---------	---------

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	3,152	840

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3,152	840
--	-------	-----

8 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	62,968	32,397

9 Amounts written off investments

	2016 £	2015 £
Changes in the fair value of investment properties	1,522,719	2,775,032

10 Taxation

	2016 £	2015 £
Current tax		
Adjustments in respect of prior periods	-	(38,623)
Deferred tax		
Origination and reversal of timing differences	(261,053)	881,479
Total tax charge	(261,053)	842,856

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

10 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	819,371	2,217,195
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	163,874	443,439
Tax effect of expenses that are not deductible in determining taxable profit	10,042	(4,048)
Unutilised tax losses carried forward	59,116	127,067
Change in unrecognised deferred tax assets	(15,895)	(16,047)
Adjustments in respect of prior years	-	(38,623)
Other permanent differences	(478,190)	331,068
Tax expense for the year	(261,053)	842,856

11 Tangible fixed assets

	Freehold land/ buildings £	Plant and machinery £	Exhibits £	Total £
Cost				
At 1 February 2015	24,606,000	2,999,557	464,880	28,070,437
Additions	-	134,386	-	134,386
Disposals	-	(95,639)	-	(95,639)
At 31 January 2016	24,606,000	3,038,304	464,880	28,109,184
Depreciation and impairment				
At 1 February 2015	22,972	2,641,645	-	2,664,617
Depreciation charged in the year	22,972	140,902	-	163,874
Eliminated in respect of disposals	-	(95,628)	-	(95,628)
At 31 January 2016	45,944	2,686,919	-	2,732,863
Carrying amount				
At 31 January 2016	24,560,056	351,385	464,880	25,376,321
At 31 January 2015	24,583,028	357,912	464,880	25,405,820

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

12 Investment property

	2016 £
Fair value	
At 1 February 2015	46,552,637
Disposals	(582,000)
Net gains or losses through fair value adjustments	1,522,719
At 31 January 2016	<u>47,493,356</u>

Investment property comprises rental properties and tenanted farmland. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 January 2016 by Savills (UK) Limited Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

13 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	48,636	108,610
Equity instruments measured at cost less impairment	11,048	10,437
Carrying amount of financial liabilities		
Measured at amortised cost	3,959,794	3,010,972

14 Stocks

	2016 £	2015 £
Raw materials and consumables	16,297	17,013
Work in progress	717,903	557,036
Finished goods and goods for resale	401,655	363,523
	<u>1,135,855</u>	<u>937,572</u>

15 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	41,374	106,308
Corporation tax recoverable	-	37,732
Other debtors	7,262	2,302
Prepayments and accrued income	415,146	323,976
	<u>463,782</u>	<u>470,318</u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

16 Current asset investments

	2016 £	2015 £
Unlisted investments	11,048	10,437

17 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	19	310,900	202,900
Other borrowings	19	37,275	24,817
Trade creditors		409,821	213,294
Other taxation and social security		87,995	120,650
Other creditors		153,544	289,197
Accruals and deferred income		480,828	610,805
		1,480,363	1,461,663

18 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Loans and overdrafts	19	2,567,426	1,669,959

Amounts included above which fall due after five years are as follows:

Payable by instalments	1,325,376	858,359
------------------------	-----------	---------

19 Loans and overdrafts

	2016 £	2015 £
Bank loans	2,878,326	1,872,859
Other loans	37,275	24,817
	2,915,601	1,897,676
Payable within one year	348,175	227,717
Payable after one year	2,567,426	1,669,959

The bank loans with The Agricultural Mortgage Corporation PLC are secured on certain land and properties owned by the company.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

19 Loans and overdrafts (Continued)

The interest rate on the loans varies between 0.85% and 2.40% above AMC base rate. The maturity of the loans varies between 5 years and 9 years 9 months.

20 Provisions for liabilities

		2016 £	2015 £
Deferred tax liabilities	21	7,654,779	7,915,832
		<u>7,654,779</u>	<u>7,915,832</u>

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Investment property	7,052,230	7,256,667
Freehold	602,549	659,165
	<u>7,654,779</u>	<u>7,915,832</u>
Movements in the year:		2016 £
Liability at 1 February 2015		7,915,832
Credit to profit and loss		(56,616)
Credit to equity		(204,437)
Liability at 31 January 2016		<u>7,654,779</u>

Deferred tax has been provided on the revaluation of investment properties to fair value and the revaluation of freehold properties on the transition to FRS 102.

22 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £198,931 (2015 - £177,277).

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

23 Share premium account

	2016 £	2015 £
At beginning and end of year	448,100	448,100

24 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
Preference share capital		
Issued and fully paid		
80,000 10% Non-cumulative preference shares of £1 each	80,000	80,000

25 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	22,849,854	23,322,443
Profit for the year	1,080,424	1,374,339
Transfer to reserves	(1,145,156)	(1,846,928)
At the end of the year	22,785,122	22,849,854

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	5,996	8,140
Between two and five years	13,491	19,487
	19,487	27,627

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

27 Capital commitments

	2016 £	2015 £
At 31 January 2016 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	60,000	7,460

28 Related party transactions

At the Balance Sheet date, amounts owed to the company from The Hon. S B G Howard (a director) totalled £5,590 (2015: £9,318 in credit). The maximum amount owed to the company during the year was £7,238.

At the Balance Sheet date amounts due to The Hon. N P G Howard (a director) totalled £105,008 (2015: £225,230).

During the year there were sales of £10,812 to Castle Howard Arboretum Trust, a charity that both The Hon. S B G Howard and The Hon. N P G Howard are trustees. There were also sales of £3,729 to The Arboretum Trust Trading Company, which is a wholly owned trading subsidiary of Castle Howard Arboretum Trust. There was £427 owed to Castle Howard Arboretum Trust at the year end.

During the year grants of £102,105 were received from The Historic Buildings and Monuments Commission for England (trading as English Heritage and then Historic England) and payments of £300 were made to The Historic Buildings and Monuments Commission for England. Mrs V Barnsley was a commissioner of The Historic Buildings and Monuments Commission until 28/2/15. There were no balances outstanding at the year end.

During the year income of £54,214 was received from Historic Houses Association, a company which The Hon. S B G Howard is a director. There were no balances outstanding at the year end.

During the year key management personnel compensation of £350,834 (2015 - £210,698) was paid.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

29 Heritage assets

The world famous Grade I listed mansion house and designed landscape (which is itself a Grade I Registered Park and Garden) are an enormously popular heritage attraction, welcoming over 200,000 visitors each year. The mansion house is made instantly recognisable by its splendid dome, designed by Sir John Vanbrugh. Thanks to a successful television dramatisation, the majestic view across the Great Lake to the North façade has become strongly associated in many people's minds with Evelyn Waugh's classic novel *Brideshead Revisited*.

In addition the estate comprises an outstanding combination of listed buildings and scheduled monuments. Several nationally important collections are contained within the Estate: horticultural, buildings, statuary and follies as well as many works of art. There is an exceptional archive of historic maps and estate papers relating to the development of the designed landscape and the English Landscape Movement, as well as a rare archive of botanical surveys

The Company occasionally makes items from the collections available on loan to museums and other institutions for public display. It also accepts collections of paintings, furniture, statuary etc. on loan from other owners, for display in and around the House. At any one time the greater part of the collections is on display, while the remaining items are in storage or in rooms not open to the public, awaiting restoration or rotation as appropriate. Access to exhibits is permitted to scholars and others for research purposes, subject to agreement by the Directors.

Preservation and Management

The collections are managed by a Curator, who reports to the Directors in accordance with policies approved by the Directors.

The Curatorial Department is responsible for managing and safeguarding the collections at Castle Howard, including the archives, facilitating research projects and disseminating information about Castle Howard and its history.

The Estate Office and the Curatorial Department keep registers of the heritage assets for which they are respectively responsible.

Over the last five decades more than £9m has been committed to conservation and essential repairs of Castle Howard's heritage assets; this is in addition to regular spending on maintenance and management. It is estimated that at least £24m is required to improve, restore or conserve listed buildings, and another £15m to bring them back to economical use. Additional expenditure is also required on the ancient trees and woodlands that give the Estate its character.

In 2008 a Conservation Management Plan was drawn up. An executive summary can be found at www.castlehoward.co.uk, or the full plan can be obtained by writing to The Estate Office, Castle Howard, York YO60 7DA.

Five year financial summary of heritage asset transactions:

There have been no additions or disposals of the House, estate buildings, parkland and other historic assets, monuments and follies, in the last five years.

There have been no disposals of exhibits in the past five years.

	Year to	Year to	Year to	Year to	Year to
	31.01.12	31.01.13	31.01.14	31.01.15	31.01.16
Exhibits					
Opening balance b/fwd:	£405,880	£438,880	£438,880	£438,880	£464,880
Additions and improvements	£33,000	£-	£-	£26,000	£-
Closing balance c/fwd	£438,880	£438,880	£438,880	£464,880	£464,880

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

30 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	1,080,424	1,374,339
Adjustments for:		
Taxation (credited)/charged	(261,053)	842,856
Finance costs	62,968	32,397
Investment income	(3,152)	(840)
Gain on disposal of tangible fixed assets	(55,518)	-
Depreciation and impairment of tangible fixed assets	163,874	162,682
Amounts written off investments	(1,522,719)	(2,775,032)
Loss on sale of investments	6,990	(39,000)
Movements in working capital:		
(Increase) in stocks	(198,283)	(58,262)
(Increase) in debtors	(25,625)	(85,841)
(Decrease)/increase in creditors	(101,758)	426,191
Cash absorbed by operations	(853,852)	(120,510)

31 Reconciliations on adoption of FRS 102

Reconciliation of equity

	At 1 February 2014			At 31 January 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
Notes	£	£	£	£	£	£
Fixed assets						
Tangible assets	758,451	24,605,999	25,364,450	822,793	24,583,027	25,405,820
Investment properties	-	43,777,605	43,777,605	-	46,552,637	46,552,637
	<u>758,451</u>	<u>68,383,604</u>	<u>69,142,055</u>	<u>822,793</u>	<u>71,135,664</u>	<u>71,958,457</u>
Current assets						
Stocks	879,310	-	879,310	937,572	-	937,572
Debtors	346,745	-	346,745	470,318	-	470,318
Investments	9,597	-	9,597	10,437	-	10,437
Bank and cash	131,495	-	131,495	354,594	-	354,594
	<u>1,367,147</u>	<u>-</u>	<u>1,367,147</u>	<u>1,772,921</u>	<u>-</u>	<u>1,772,921</u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

31 Reconciliations on adoption of FRS 102

(Continued)

	At 1 February 2014			At 31 January 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
Notes	£	£	£	£	£	£
Creditors due within one year						
Loans and overdrafts	(173,631)	-	(173,631)	(462,266)	-	(462,266)
Taxation	(112,716)	-	(112,716)	(120,650)	-	(120,650)
Other creditors	(695,930)	-	(695,930)	(878,747)	-	(878,747)
	(982,277)	-	(982,277)	(1,461,663)	-	(1,461,663)
Net current assets	384,870	-	384,870	311,258	-	311,258
Total assets less current liabilities	1,143,321	68,383,604	69,526,925	1,134,051	71,135,664	72,269,715
Creditors due after one year						
Loans and overdrafts	(1,182,987)	-	(1,182,987)	(1,669,959)	-	(1,669,959)
Provisions for liabilities						
Deferred tax	-	(7,034,353)	(7,034,353)	-	(7,915,832)	(7,915,832)
Net assets	(39,666)	61,349,251	61,309,585	(535,908)	63,219,832	62,683,924
Capital and reserves						
Share capital	90,000	-	90,000	90,000	-	90,000
Share premium	448,100	-	448,100	448,100	-	448,100
Other reserves	-	37,449,042	37,449,042	-	39,295,970	39,295,970
Profit and loss	(577,766)	23,900,209	23,322,443	(1,074,008)	23,923,862	22,849,854
Total equity	(39,666)	61,349,251	61,309,585	(535,908)	63,219,832	62,683,924

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

31 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit or loss for the year

	Notes	Year ended 31 January 2015		
		Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover		8,190,732	-	8,190,732
Cost of sales		(7,621,917)	-	(7,621,917)
Gross profit		568,815	-	568,815
Administrative expenses		(1,111,123)	(22,972)	(1,134,095)
Exceptional items		39,000	-	39,000
Operating loss		(503,308)	(22,972)	(526,280)
Interest receivable and similar income		840	-	840
Interest payable and similar charges		(32,397)	-	(32,397)
Amounts written off investments		-	2,775,032	2,775,032
(Loss)/profit before taxation		(534,865)	2,752,060	2,217,195
Taxation		38,623	(881,479)	(842,856)
for the financial period		(496,242)	1,870,581	1,374,339

Notes to reconciliations on adoption of FRS 102

Investment properties

Upon the adoption of FRS 102, the company has used fair value for investment properties and subsequently applied the provisions of Section 16 of FRS 102. Deferred tax has been provided accordingly on the transition adjustment.

Freehold properties

Upon the adoption of FRS 102, the company has uplifted the cost of freehold properties to fair value and then carried these forward as deemed cost, and subsequently applied the provisions of section 17 of FRS 102. Deferred tax has been provided accordingly on the transition adjustment.