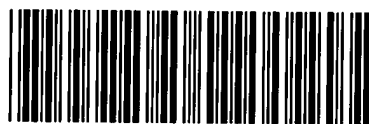


Company Registration No. 00480214 (England and Wales)

CASTLE HOWARD ESTATE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

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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 A Nixon

Company number 00480214

Registered office The Estate Office
 Castle Howard
 York
 YO60 7DA

Auditor BHP LLP
 Rievaulx House
 1 St Mary's Court
 Blossom Street
 York
 YO24 1AH

Bankers Coutts & Co
 8 Park Square East
 Leeds
 LS1 2LH

Solicitors Forsters LLP
 31 Hill Street
 London
 W1J 5LS

 Lupton Fawcett
 Stamford House
 Piccadilly
 York
 YO1 1PP

CASTLE HOWARD ESTATE LIMITED

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CASTLE HOWARD ESTATE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present the strategic report for the year ended 31 January 2018.

Review of the business

Castle Howard is one of Britain's finest stately homes and has been home to the Howard family for more than 300 years. The Castle Howard Estate, featuring over 200 listed buildings and monuments, is approximately 8,800 acres, comprising of farmland, woodland and parkland.

The objective of the company, Castle Howard Estate Ltd, which was incorporated in 1950, is to conserve and restore Castle Howard for the benefit of future generations. The company therefore carries out a diverse range of business activities associated with being a heritage destination and with land ownership.

Since incorporation millions of pounds have been committed to the conservation and essential repairs of Castle Howard's landscape, buildings and monuments. Income generated through tourism and estate businesses is supplemented where possible by grants from organisations such as Historic England and Natural England.

The business is carried out for profit but aims to invest free cashflow in essential repairs, conservation and restoration. The profit on ordinary activities for the year amounted to £1,538,306 (2017: £994,084) to be added to the accumulated profit and loss reserve. This includes £2,492,708 (2017: £1,537,593) of upwards property revaluation on the company's investment property portfolio. Accumulated gains in the profit and loss reserves carried forward at 31st January 2018 are £21,413,458 (2017: £22,627,143).

Turnover saw a decrease of 2.6% in the year. Whilst there was a 3.7% growth in estate income there was a 5.5% decrease in castle opening income. The company is committed to progressing with improving the fabric of the Estate, and expenditure during the year to conserve, restore and maintain the historic buildings was a significant contributing factor towards the operating loss of £1,025,401 (2017: £377,182).

The company continues to look at ways to help further address the conservation costs, investigating opportunities for redevelopment of redundant building stock and opportunities in the leisure and tourism sector remains a priority.

Principal risks and uncertainties

The implications of Brexit on visitors numbers are not yet fully understood. However, there are likely implications to future grant funding schemes and on recruitment of seasonal staff. Brexit could though provide an opportunity to the estate with more domestic holidays ('stay-cations') and with a shift in uk consumer demand for locally sourced and made produce.

In any one year the weather and timings of national holidays has an impact on the business, but with a diverse portfolio of income streams, it is expected that this impact, together with the averaging out of the weather conditions, can be managed over the longer term.

The Company is financed by cash flow and by variable and fixed 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 fund essential maintenance and conservation work; and
- c. for trading purposes.

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.

CASTLE HOWARD ESTATE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

Development and performance

Looking into the 2018/19 year, the trading budget indicates a 6.5% increase in turnover with tight controls on employee costs. 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.

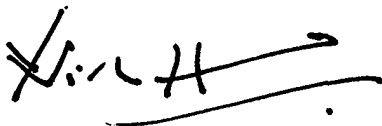
The directors have secured appropriate funding to fulfill budgeted expenditure for the coming year.

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

The Hon. N P G Howard
Director
20 August 2018



CASTLE HOWARD ESTATE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present their annual report and financial statements for the year ended 31 January 2018.

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

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 £1,538,306. 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 LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

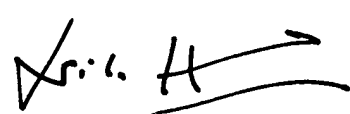
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to 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 August 2018



CASTLE HOWARD ESTATE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2018

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;
- state whether applicable UK 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 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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CASTLE HOWARD ESTATE LIMITED

Opinion

We have audited the financial statements of Castle Howard Estate Limited (the 'company') for the year ended 31 January 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 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 company's affairs as at 31 January 2018 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors 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 strategic report and the directors' report 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 have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

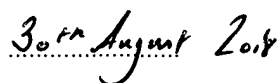
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



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



Rievaulx House
1 St Mary's Court
Blossom Street
York
YO24 1AH

CASTLE HOWARD ESTATE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	2017 £
Turnover	3	8,941,800	9,176,772
Cost of sales		(8,373,417)	(7,696,547)
Gross profit		568,383	1,480,225
Administrative expenses		(1,602,662)	(1,852,360)
Profit/(loss) on disposal of fixed assets		8,878	(5,047)
Operating loss	4	(1,025,401)	(377,182)
Interest receivable and similar income	7	780	124
Interest payable and similar expenses	8	(161,867)	(65,081)
Amounts written off investments	9	2,492,708	1,537,593
Profit before taxation		1,306,220	1,095,454
Taxation	10	232,086	(101,370)
Profit for the financial year		1,538,306	994,084

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 2018

	2018 £	2017 £
Profit for the year	1,538,306	984,084
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,538,306</u>	<u>994,084</u>



CASTLE HOWARD ESTATE LIMITED

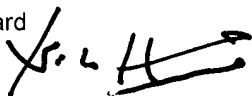
BALANCE SHEET

AS AT 31 JANUARY 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11	25,466,173		25,382,041	
Investment properties	12	51,610,860		49,013,713	
		<u>77,077,033</u>		<u>74,395,754</u>	
Current assets					
Stocks	14	1,279,388		1,105,156	
Debtors	15	761,140		422,952	
Investments	16	12,864		12,084	
Cash at bank and in hand		1,103,702		1,497,091	
		<u>3,157,094</u>		<u>3,037,283</u>	
Creditors: amounts falling due within one year	17	(1,206,064)		(1,207,106)	
Net current assets		<u>1,951,030</u>		<u>1,830,177</u>	
Total assets less current liabilities		<u>79,028,063</u>		<u>76,225,931</u>	
Creditors: amounts falling due after more than one year	18	(5,207,261)		(3,711,350)	
Provisions for liabilities	20	(7,524,064)		(7,756,149)	
Net assets		<u>66,296,738</u>		<u>64,758,432</u>	
Capital and reserves					
Called up share capital	23	90,000		90,000	
Share premium account		448,100		448,100	
Other reserves		44,345,180		41,593,189	
Profit and loss reserves		21,413,458		22,627,143	
Total equity		<u>66,296,738</u>		<u>64,758,432</u>	

The financial statements were approved by the board of directors and authorised for issue on 20 August 2018 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 2018

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 February 2016		90,000	448,100	40,441,126	22,785,122	63,764,348
Year ended 31 January 2017:						
Profit and total comprehensive income for the year		-	-	-	994,084	994,084
Transfers out		-	-	-	(1,152,063)	(1,152,063)
Transfers in		-	-	1,152,063	-	1,152,063
Balance at 31 January 2017		90,000	448,100	41,593,189	22,627,143	64,758,432
Year ended 31 January 2018:						
Profit and total comprehensive income for the year		-	-	-	1,538,306	1,538,306
Transfers out		-	-	-	(2,751,991)	(2,751,991)
Transfers in		-	-	2,751,991	-	2,751,991
Balance at 31 January 2018		90,000	448,100	44,345,180	21,413,458	66,296,738

CASTLE HOWARD ESTATE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	28	(1,373,900)		(148,561)	
Interest paid		(161,867)		(65,081)	
Income taxes refunded/(paid)		1		-	
Net cash outflow from operating activities		(1,535,766)		(213,642)	
Investing activities					
Purchase of tangible fixed assets		(298,806)		(216,815)	
Proceeds on disposal of tangible fixed assets		23,700		47,300	
Purchase of investment property		(89,739)		(150,764)	
Proceeds on disposal of investment property		-		162,953	
Proceeds on disposal of fixed asset investments		(780)		(1,036)	
Proceeds from other investments and loans		5,348		155	
Interest received		780		124	
Net cash used in investing activities		(359,497)		(158,083)	
Financing activities					
Repayment of borrowings		(35,233)		35,418	
Proceeds of new bank loans		1,500,000		3,695,985	
Repayment of bank loans		37,107		(2,849,141)	
Net cash generated from financing activities		1,501,874		882,262	
Net (decrease)/increase in cash and cash equivalents		(393,389)		510,537	
Cash and cash equivalents at beginning of year		1,497,091		986,554	
Cash and cash equivalents at end of year		1,103,702		1,497,091	

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

Company information

Castle Howard Estate Limited is a private 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 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).

1.2 Going concern

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

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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 and grants 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.

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

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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 at 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.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 at bank and in hand are basic financial assets and 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.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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 balance sheet 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.

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 publicly 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.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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 payments 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.

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.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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.

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.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
The sale of goods	6,763,770	7,050,718
Rental income	1,758,496	1,694,105
Commission	6,580	4,825
Other	412,954	427,124
	<u>8,941,800</u>	<u>9,176,772</u>

	2018 £	2017 £
Other significant revenue		
Interest income	780	124
	<u>780</u>	<u>124</u>

	2018 £	2017 £
Turnover analysed by geographical market		
UK	<u>8,941,800</u>	<u>9,176,772</u>

4 Operating loss

	2018 £	2017 £
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	199,852	163,795
Operating lease charges	14,764	5,807
	<u>249,616</u>	<u>203,592</u>

5 Employees

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

	2018 Number	2017 Number
Full time	75	72
Part time	135	127
	<u>210</u>	<u>199</u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

5 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,411,236	3,096,766
Social security costs	274,770	230,460
Pension costs	222,778	159,918
	<u>3,908,784</u>	<u>3,487,144</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>269,058</u>	<u>247,590</u>

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

	2018 £	2017 £
Remuneration for qualifying services	<u>158,930</u>	<u>152,250</u>

The number of directors for whom retirement benefits are accruing amounted to nil (2017: nil)

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	<u>780</u>	<u>124</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>780</u>	<u>124</u>
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8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>161,867</u>	<u>65,081</u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

**9 Amounts written off investments
fixed asset investments**

	2018	2017
	£	£
Changes in the fair value of investment properties	2,492,708	1,537,593

10 Taxation

	2018	2017
	£	£
Deferred tax		
Origination and reversal of timing differences	(232,086)	101,370

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	1,306,220	1,095,454
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	248,182	219,091
Tax effect of expenses that are not deductible in determining taxable profit	(933)	32,932
Unutilised tax losses carried forward	-	29,998
Change in unrecognised deferred tax assets	185,776	(16,235)
Effect of change in corporation tax rate	32,218	-
Other permanent differences	(697,329)	(164,416)
Taxation (credit)/charge for the year	(232,086)	101,370

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

11 Tangible fixed assets

	Freehold land/ buildings £	Plant and machinery £	Exhibits £	Total £
Cost				
At 1 February 2017	24,606,000	3,238,119	434,580	28,278,699
Additions	-	298,806	-	298,806
Disposals	-	(22,650)	-	(22,650)
Transfers	-	(14,700)	-	(14,700)
At 31 January 2018	24,606,000	3,499,575	434,580	28,540,155
Depreciation and impairment				
At 1 February 2017	68,916	2,827,742	-	2,896,658
Depreciation charged in the year	22,972	176,880	-	199,852
Eliminated in respect of disposals	-	(22,528)	-	(22,528)
At 31 January 2018	91,888	2,982,094	-	3,073,982
Carrying amount				
At 31 January 2018	24,514,112	517,481	434,580	25,466,173
At 31 January 2017	24,537,084	410,377	434,580	25,382,041

12 Investment property

	2018 £
Fair value	
At 1 February 2017	49,013,713
Additions through external acquisition	89,739
Transfers from tangible fixed assets	14,700
Net gains or losses through fair value adjustments	2,492,708
At 31 January 2018	51,610,860

Investment property comprises rental properties and tenanted farmland. The Directors have considered the fair value of the investment property and using available information and qualified internal resources have increased the value of the residential properties by 7.5% (2017: 4.3%) on the valuation carried forward in the prior years financial statements which was derived from a valuation completed at 31 January 2016 by Savills (UK) Limited Chartered Surveyors, who are not connected with the company. This is in line with the Office of National Statistics' published House Price index for Ryedale, for the 12 months ending 31 January 2018. No adjustment has been made in respect of tenanted farmland.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

13 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	296,729	83,825
Equity instruments measured at cost less impairment	12,864	12,084
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	6,276,312	4,790,318
	<u> </u>	<u> </u>

14 Stocks

	2018 £	2017 £
Raw materials and consumables	23,683	23,834
Work in progress	704,136	667,586
Finished goods and goods for resale	551,569	413,736
	<u> </u>	<u> </u>
	1,279,388	1,105,156
	<u> </u>	<u> </u>

15 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	272,411	77,923
Other debtors	24,318	5,902
Prepayments and accrued income	464,411	339,127
	<u> </u>	<u> </u>
	761,140	422,952
	<u> </u>	<u> </u>

16 Current asset investments

	2018 £	2017 £
Unlisted investments	12,864	12,084
	<u> </u>	<u> </u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

17 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	19	55,016	13,820
Other borrowings	19	37,460	72,693
Trade creditors		364,504	284,995
Other taxation and social security		137,013	128,138
Other creditors		341,561	338,512
Accruals and deferred income		270,510	368,948
		<u>1,206,064</u>	<u>1,207,106</u>

18 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Loans and overdrafts	19	<u>5,207,261</u>	<u>3,711,350</u>

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

Payable other than by instalments	<u>5,195,985</u>	<u>3,695,985</u>
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19 Loans and overdrafts

	2018 £	2017 £
Bank loans	5,262,277	3,725,170
Other loans	37,460	72,693
	<u>5,299,737</u>	<u>3,797,863</u>
Payable within one year	92,476	86,513
Payable after one year	<u>5,207,261</u>	<u>3,711,350</u>

The bank loans are secured on certain land and properties owned by the company.

There are three different interest rates on the loans, 1.35% variable with a margin of 0.85% above AMC base rate, 3.96% and 4.11% fixed rate. The maturity of the loans varies between 3 years and 29 years.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

20 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	21	7,524,064	7,756,149

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 2018 £	Liabilities 2017 £
Balances:		
Investment property	7,265,681	7,269,761
Freehold	258,383	486,388
	<u>7,524,064</u>	<u>7,756,149</u>
Movements in the year:		2018 £
Liability at 1 February 2017		7,756,149
Effect of change in tax rate - profit or loss		(232,085)
Liability at 31 January 2018		<u>7,524,064</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

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>222,778</u>	<u>159,918</u>

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.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

23 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Preference share capital		
Issued and fully paid		
80,000 10% Non-cumulative preference shares of £1 each	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

24 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:

	2018 £	2017 £
Within one year	16,635	5,996
Between two and five years	36,141	7,495
	<u>52,776</u>	<u>13,491</u>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

25 Related party transactions

At the Balance Sheet date amounts due to Directors totalled £295,404 (2017: £323,143).

During the year there were sales of £7,053 (2017: £7,946) to Castle Howard Arboretum Trust, a charity that The Hon. N P G Howard and Mrs V Barnsley were trustees of during the year. There were also sales of £3,171 (2017: £3,116) to The Arboretum Trust Trading Company, which is a wholly owned trading subsidiary of Castle Howard Arboretum Trust. There was £1,690 (2017: £632) owed from Castle Howard Arboretum Trust at the year end.

During the year rental income of £43,512 (2017: £36,960) was received from and payments of £280 (2017: £nil) were made to Grange Farm (Bulmer) Limited, a company in which CHEL holds a 2.5% share.

During the year £330 (2017: £nil) was received from (2017: £250 payments made to) The English Heritage Trust, a charity that Mrs V Barnsley is a trustee of. There was no balance outstanding at the year end.

During the year key management personnel compensation amounted to £457,797 (2017: £405,710).

26 Controlling party

There is no ultimate controlling party of the company.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

27 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 £50m 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 (excluding exhibits), in the last five years.

	Year to	Year to	Year to	Year to	Year to
	31.01.14	31.01.15	31.01.16	31.01.17	31.01.18
	£	£	£	£	£
Exhibits					
Opening balance b/fwd:	438,880	438,880	464,880	464,880	434,580
Additions and improvements	-	26,000	-	17,000	-
Disposals	(-)	(-)	(-)	(28,500)	(-)
Revaluations	(-)	(-)	(-)	(18,800)	(-)
Closing balance c/fwd	438,880	464,880	464,880	434,580	434,580

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

28 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	1,538,306	994,084
Adjustments for:		
Taxation (credited)/charged	(232,086)	101,370
Finance costs	161,867	65,081
Investment income	(780)	(124)
Depreciation and impairment of tangible fixed assets	199,852	163,795
Amounts written off investments	(2,492,708)	(1,537,593)
Loss/(profit) on disposal of fixed assets and investment properties	(8,878)	5,047
Movements in working capital:		
(Increase)/decrease in stocks	(188,932)	30,699
(Increase)/decrease in debtors	(343,536)	40,675
(Decrease) in creditors	(7,005)	(11,595)
Cash absorbed by operations	<u>(1,373,900)</u>	<u>(148,561)</u>