



heritage
foundation

Letchworth Garden City

Letchworth Garden City Heritage Foundation
Report and Accounts to 30 September 2014

About Us

We are here to help maintain and enhance the world’s first Garden City for the enjoyment of everyone who lives, works and plays here. We support, fund and promote activities and projects in order to deliver our charitable commitments for the benefit of the local communities.

We manage our assets to generate income to provide a financially secure and efficient organisation, which invests in the physical, economic and social environment of Letchworth Garden City.

Our purpose was defined by the 1995 Letchworth Garden City Heritage Foundation Act, which transferred the assets, role and responsibilities of the former Letchworth Garden City Corporation, a public sector body, to us. We are a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R.

Charitable Commitments

Everything we do is driven by our charitable commitments or ‘objects’, these were set out in the 1995 Act and its governing document, the ‘Rules of Letchworth Garden City Heritage Foundation’: The objects of the Foundation shall be to carry on for the benefit of the local community of Letchworth Garden City the industry, business or trade of:

Environment and Heritage

Promoting the preservation of buildings and other environmental features of beauty or historic interest within Letchworth Garden City.

Recreation and Leisure

Providing or assisting in the provision of facilities for the recreation or other leisure activity of the local community in the interests of social welfare with the object of improving their conditions of life.

Education and Learning

Promoting the advancement of education and learning within Letchworth Garden City.

Health and Wellbeing

Promoting the relief of poverty and sickness within Letchworth Garden City.

Charities

Supporting any charitable organisation having an office or branch in Letchworth Garden City.

Charitable Activities

Promoting any other charitable purposes for the benefit of the local community.



2014 Review

Our charitable commitments are at the heart of everything we do. Whether it's commercial activity or supporting new projects, they are all motivated by our desire to further our contribution to the town.

We are entirely self-funding and this year through the careful management of our assets and income we re-invested £4,826,000 into charitable activities.

In 2014 we launched a number of major projects designed to enhance and enrich residents' experience of life in Letchworth.

At the forefront of this is our on-going commitment to creating a world-class arts and cultural programme. This saw international violist Maxim Rysanov become the town's first ever artist-in-residence, staging concerts and holding workshops for local young musicians.

We commissioned 20 local, national and international artists and worked with four local partners as well as supporting free art workshops for families and adults to create a vibrant cultural offering. In the spring an exhibition of 11 new works by contemporary artists was installed at key sites around the town drawing visitors from across the region.

As part of us realising this ambitious project, planning permission was granted to adapt Screen One of Broadway Cinema so it can also be used as a performance space. This will attract an even greater variety of artists and productions to the town.

The cinema staged 39 live screenings and eight encores, selling a total of 13,106 tickets, and was number one in the UK for attendances for The British Museum's Vikings exhibition and The Royal Opera House's Sleeping Beauty, this led to it being named More2Screen's independent cinema of the year.

Our summer showing of Grease at Broadway Gardens 'sold out' within a week and was attended by 600 people.

As part of our new relationship with the Royal Horticultural Society (RHS), the RHS Wynd Community Garden was opened to inspire local gardeners and continued the rejuvenation of this part of the town.

Standalone Farm became the new home of a spectacular show garden, relocated there from the RHS Hampton Court Flower Show.

Standalone also underwent a major refurbishment with the opening of the new Greenway Café and a programme of special family friendly activities. The farm attracted a total of 55,944 visitors, a 16% increase on 2013.

The Garden City Collection was given a complete overhaul, transforming the former stores of the First Garden City Heritage Museum into a study centre where the collection can be viewed in its entirety for the first time.

Monthly tours, showing the many fascinating exhibits that tell the story of the evolution of Letchworth, were also introduced as well as a new website allowing the collection to be viewed online, another first.

Our Garden City Grants programme continued to fund a diverse range of causes important to the town. These included a grant of £16,700 to Headway Hertfordshire to fund a volunteer and support co-ordinator and £1,000 to the Wheelchair Dance Sport Association to help the charity run a series of sessions locally.

With the long-term prosperity of Letchworth in mind, we allowed land with the potential for 1,000 homes to be considered for inclusion in the Local Plan process. Later in the year North Hertfordshire District Council confirmed this would form part of its Local Plan, which is now subject to public consultation.

On the commercial front, we attracted new investment in the town and supported plans such as the redevelopment of the Garden Square Shopping Centre and the creation of a new industrial estate.

New retailers and food outlets were brought in to help broaden the appeal of the town centre. The two-storey Prezzo Italian restaurant opened on Arena Parade, followed later in the year by the Cultivo Lounge from award-winning café-bar company Loungers.

These new additions were part of our commitment to meet the changing needs of the town.

We are constantly looking to support the community through our investments and charitable activities, which are at the forefront of our work in the world's first Garden City.

Charitable Activities

Our charitable commitments are fulfilled by a combination of directly operated charitable services, managed projects and grant funding to external organisations and individuals.

Our directly managed charitable services are:

- **Broadway Cinema**
A four-screen digital cinema located in an Art Deco building in the heart of the town centre.
- **Community Hub**
Providing free community meeting space and information on the work of the Foundation.
- **Ernest Gardiner Treatment Centre**
A treatment centre offering physiotherapy and nursing care for local residents. The centre receives no NHS funding, but is supported by the League of Friends, an independent charity (registered number 289018) which raises funds to purchase equipment.
- **The International Garden Cities Exhibition**
An exhibition charting the influence of the Garden City movement across the world. Located in the former drawing offices of Barry Parker, one of the Garden City's master planners, the exhibition examines the early days of Letchworth, celebrates the history of the building and takes the story across the continents.
- **The Garden City Collection**
One of the world's leading archives on Garden Cities, now open for pre-booked visits and tours.
- **Local and Tourist Information Centre**
The Local and Tourist Information Centre guides residents and visitors on how to make the most of the Garden City. Receiving over 30,000 visitors a year, the centre also provides information on other UK destinations.
- **Heritage Advisory Team**
A free pre-application advice service to guide home owners through our Scheme of Management should they wish to make changes to their homes.
- **Minibus Service**
Providing free transport to local groups.
- **Standalone Farm**
A recreation and educational farm and family attraction.
- **Shopmobility Service**
Free use of motorised scooters or manual wheelchairs to those needing assistance to get around the town centre.
- **The Spirella Ballroom**
Available for commercial, private and community hire.

These services offer benefits to the community across all six of our charitable commitments (as outlined on page 2).

We also directly fund and deliver a number of projects that offer community benefit, this is particularly so within our Environment commitment where we fund the Garden City Greenway and other environmental improvements.

The Scheme of Management and Leasehold Covenants help to preserve the special character of Letchworth Garden City's residential streets. A dedicated Heritage Advisory Team provides advice and manages applications from residents wishing to make external changes to their home.

Our grants programme operates across all six commitments making net awards totalling £276,273. These grants ranged from £70 to £47,000 addressing needs and activities as diverse as support for the Citizens Advice Bureau to employ a Welfare Rights Supervisor and First Level Money Advice Administrator, to small awards to fund equipment, training and tuition for talented sports stars and musicians.

See page 26 for a list of all grants over £1,000. Grant awards are also listed at www.letchworth.com/heritage-foundation

Public Benefit

The Board of Management refer to the guidance on Public Benefit produced by the Charity Commission as updated in 2013, when reviewing our charitable commitments and when planning future activities and grant making, and are satisfied that these commitments meet the appropriate charitable purposes as defined by the Charities Act 2011.

Property

Without our commercial assets and other income generating operations we would not be able to fund our charitable activities. The largest income contribution continues to come from our portfolio of commercial property which this year returned an annual rent of £7,678,000.

The portfolio consists of around 762,000 square feet of commercial floor space. This is made up of shops (16%), offices (24%) and industrial units (60%), in addition we let out more than 100 residential properties, lock-up garages and caravan storage. At the end of September 2014, around 90% of the commercial portfolio was let.

The long-term performance of this portfolio is critical to our success as a charitable organisation so it is essential we manage it as effectively and efficiently as possible.

This means as well as seeking to retain and secure long-term income we have also supported new, expanding or relocating businesses by offering flexible lease terms.

Recent industry surveys suggest the recovery in the commercial property market is continuing and this has been reflected in increased activity across our portfolio.

To meet this demand and in line with our five year commercial property strategy, we have continued to enhance our portfolio aiming to create the best possible premises for current and potential tenants.

We have also worked with property developer St Modwen who have begun to redevelop the former power station on Works Road, to create an additional 90,000 square feet of employment floorspace.

We have continued to forge ahead with the town centre strategy; the new Prezzo restaurant opened this year followed just a few months later by the Cultivo Lounge on Leys Avenue.

Non-Property Income

Beyond property, some of our income is generated by our charitable services, subsidiary companies and investments.

The Local and Tourist Information Centre sells souvenirs, supporting the experience of visiting the world's first Garden City. The Spirella Ballroom is available for commercial and charitable hire. The expanded shop and introduction of the new Greenway Café at Standalone Farm also helped to increase admissions. Combined, these services generated £585,000.

The continued success of Broadway Cinema's extended range of content with live screenings of ballets, operas and major plays has enabled us to reach new customers and secure an income of £1,152,000, despite a recognised poor year for film.

Our subsidiary Garden City Technologies Limited trades for profit, with all surpluses transferred to the Foundation via a qualifying charitable donation, this year amounting to £63,000.

During the year, Letchworth Cottages & Buildings Limited (LCB) placed a further £3 million cash investment with Schroder's taking it to a £6 million investment portfolio. This generated a return of £191,000 in line with expectations.

Looking Ahead

As we look forward to 2015 our core objectives remain the same:

1. Proactively managing assets and income

The successful management of our property portfolio is critical to our success and the level of funds we reinvest in the town.

After a tough few years there are indications that the commercial property market is now recovering.

In line with our five-year strategy, 2015 will be the second year of our large-scale property maintenance programme with more investment planned to further enhance the portfolio. This will help us to proactively attract new tenants to Letchworth.

Our 2014 focus on the town centre bore fruit with new businesses moving in and this will continue to be a key priority in 2015.

Lettings to restaurant groups Prezzo and Loungers, plus the introduction of a Royal Horticultural Society (RHS) garden at The Wynd and the Da Vinci School of Creative Enterprise opening adjacent to Broadway Gardens have all added to the vibrancy of the centre.

We are building long-term relationships with potential investors and advisers and working hard to make Letchworth an even more attractive destination for both businesses and retailers.

This will be enhanced by Premier Inn's proposal to submit plans to North Hertfordshire District Council to build a new hotel in Station Road.

Beyond property, we will continue to pursue our alternative investment strategy allowing us to maximise the income from our reserves. The investment portfolio has been developed to offer gains whilst limiting risk.

2. Driving organisational efficiencies

2014 saw the completion of 'Project 2014' - a three-stage plan designed to find efficiencies within our day-to-day activities and functions.

Every pound we save on internal costs means we can invest even more into our charitable commitments and improve our property portfolio to help generate greater income.

Driving efficiency is now embedded into our daily working practices. This outlook and attention to detail is reinforced by our organisational values where emphasis is placed upon professionalism, listening, teamwork and appreciation.

3. Building positive relationships with communities

We gauge our success as an organisation by the way we interact with the various communities within the town.

This is not just simply a question of allocating money to community groups, it is about building and maintaining positive relationships with residents about the issues that impact them and the fabric of the Garden City.

We are constantly reviewing how we communicate with the different groups and audiences in the town, using traditional media and digital technologies to inform the community of our plans and activities and how they can be involved.

This has led to the introduction of our new Foundation newsletter in July 2014. The newsletter was very well received and will now be published on a regular basis.

In line with our continued efforts to deliver a high quality arts and cultural programme, we are exploring the best way to develop a cultural loyalty or membership scheme. The scheme will aim to proactively engage audiences interested in the arts, seeking their opinions about future programmes and rewarding them for their continued support.

To ensure we listen to the views of residents we will continue to hold open sessions at the Hub, extend our involvement in community events and increase our engagement via online forums and social media.

In 2013 we created an online community panel to carry out research into the impact of the many activities we are involved in. This panel also conducted a perception survey to share views about us as the Foundation and Letchworth Garden City. We pledged to revisit this survey every two years and so it will be carried out again in late Spring 2015.

4. Contributing to the maintenance and enhancement of the physical, economic and social environment of Letchworth Garden City

We actively deliver projects that are designed to enhance the town's physical, economic and social environment to help ensure the long-term sustainability of the Garden City.

Following the success of our arts and cultural programme in 2014, we ended the first year with a review to help us judge which elements worked most effectively and to help us develop the programme for 2015 and beyond.

Our aim is to shape an arts programme that meets the cultural needs of residents and also draws new visitors to the town from across the region.

Key to this is the integration, from October 2014,

of Letchworth Arts Centre into our charitable services portfolio securing the future of this important community facility and supporting our wider goal of delivering a high quality arts offer for the town.

After successfully gaining planning permission to convert Broadway Cinema's Screen One into a multi-use venue, we are now working on plans to bring forward the new theatre.

The proposed conversion will provide the facilities to offer a wide range of live theatre, music and screenings, as well as the popular film offering of blockbuster and critically acclaimed films. Subject to final costings, the project should be underway in 2015 with a programme of live theatre officially launching in 2016.

Our ongoing partnership with the Royal Horticultural Society (RHS) will see two new gardens blooming in the town in summer 2015.

With the help of ARCH Community Group and a team of volunteers recruited locally, new garden spaces in the Wynd are in development which feature ornamental plants, fruit and vegetables encouraging wildlife and sustainable organic, pesticide and herbicide-free gardening.

As well as the physical upgrades to Standalone Farm, 2014 also saw the introduction of a comprehensive activity and events programme. We will be speaking to customers to find out what type of activities they would like to see at the Farm as we look to extend the programme in 2015.

To help us better understand the needs of the local community and direct our charitable spend we have recruited a Research & Information Manager to our Charitable Services Development Team.

2015 will also see the reintroduction of the Architectural Heritage Awards. These awards recognise the great lengths homeowners take to make changes that are sympathetic to the original character of their property as well as celebrating the heritage of the town.

We will also be developing Design Principles to ensure external alterations to shops and commercial premises are in keeping with the town's special character.

Letchworth's unique heritage and influence will be further recognised when we launch the International Garden Cities Institute in 2015.

Based at the International Garden Cities Exhibition, the Institute will share our knowledge and experience of Garden Cities and be an important resource for planners and academics from around the world.

Every five years Letchworth Garden City residents are invited to take part in a public ballot to appoint six of our

Governors. The next vote will take place in October 2015.

In order to maximise local involvement with the process we will launch an awareness campaign in late Spring. We want to actively encourage as many residents as possible to take part in the process whether by standing as a candidate or voting.

Our full corporate plan can be read and downloaded from www.letchworth.com/heritage-foundation

The Board of Management

The Board of Management is the Foundation's main decision making body.

Nine Governors serve on the Board as Trustees. One third of the Governor Board members retire, by rotation, at each Annual General Meeting. However, each is permitted to seek re-election. All Governors are eligible to seek election to the Board and all those attending the Annual General Meeting vote in a secret ballot held at the meeting.

Two of the nine places on the Board are permanently reserved for the nominees of North Hertfordshire District Council and Hertfordshire County Council.

The Board elects the Chairman and the Vice Chairman of the Foundation from its own number at its first Board meeting after the Annual General Meeting. The Board's role is to establish policy and strategy, take decisions on reports and recommendations drafted by the Executive and to direct the administration of the Foundation through the Executive. Trustees are not paid.

At the strategic level, the Board of Management considers and approves policy matters, which enable the Foundation to expedite its mission, vision and objectives.

On appointment, all new Trustees are invited to attend a briefing meeting with the Chairman and Chief Executive as part of their induction programme to understand their responsibilities and roles. This is supplemented by regular briefings on aspects of the Foundation's role and responsibilities.

The Board formally delegates the management of the Foundation and its subsidiary businesses to the Chief Executive. Policies and procedures are prepared and maintained by the Chief Executive.

New rules of the Foundation which amend certain of the Governor and Trustee appointments were approved and registered with the Financial Conduct Authority on 10 November 2014.

Grant Making Policies

Whilst retaining overall authority, the Board of Management has delegated to the Grants Committee the day to day responsibilities relating to the grants policies, procedures and awarding of grants. The Grants Committee can award grants of up to £15,000 and the final decision to award grants over £15,000 is taken by the Board. The Grants Committee consists of six Governors, two of whom are Board members and one of these is appointed by the Board to Chair the Committee.

Risk Management

The Foundation undertakes continued and comprehensive risk management analysis. This covers discrete but interrelated areas such as governance, financial reporting, cash, IT, property, health and safety, environmental, human resources and reputation.

Risks are regularly reviewed against our corporate objectives and sets out a control strategy for each significant risk. Procedures have been put in place for verifying that aspects of risk management and internal control are regularly reviewed and reported and that risk management has been incorporated into the corporate planning and decision making processes of the organisation.

A Corporate Risk Register is in place to ensure risks that can impact on the corporate objectives have been identified and considered.

The Risk Register is regularly reviewed and the current status presented to the Board of Management in the form of a risk analysis table.

The Chief Executive, with the assistance of the Compliance and Resource Manager, review the risk analysis table and risk register on a quarterly basis. This review ensures there are effective processes and controls in place. Risk management is discussed at regular management meetings, with managers attending awareness workshops.

The Letchworth Commissioner

In accordance with the Letchworth Garden City Heritage Foundation Act 1995, a Letchworth Commissioner is appointed by the President of the Law Society for the purpose of conducting independent investigations into complaints of alleged maladministration.

In his October 2013 to September 2014 report, the Letchworth Commissioner stated that he had received no complaints.

The current Letchworth Commissioner is:

Mr Paul Davies
The Letchworth Commissioner
Hamilton Davies
28 High Street
STEVENAGE
SG1 3HF

The Board of Management

C Chatfield (Chairman)

W G Armitage

I C Cotterill (Vice Chairman)

H Edwards-Hedley (Resigned 27 March 2014)

C Hamilton (Appointed 27 March 2014)

T Hone*

L A Needham**

D A Poynter

M J Underwood

D Walker

* Deputy for Hertfordshire County Council

** Deputy for North Hertfordshire District Council

The Board re-appointed C Chatfield as Foundation Chairman and re-appointed I C Cotterill as Vice Chairman at its meeting on 8 April 2014.

Full details of our Board of Management and Governors are available online at www.letchworth.com/heritage-foundation

Officers and Registered Office

Chief Executive

J M Lewis

Secretary

J Kaur
J M Lewis, Deputy
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Financial Performance (Statement of Financial Activities)

The financial results for the year report an overall "Net Movement in Funds" of £2,465,000, increasing the Fund Balances carried forward to £130,477,000. A brief summary of the activities follows:

Total Incoming Resources decreased by £146,000 to £9,741,000.

- Property income increased by £88,000.
- Non property income decreased £120,000 mainly reflecting the outsourcing of Café Spirella.
- Investment income and other incoming charitable resources were broadly consistent.
- Cinema income decreased due to the lack of a significant number of blockbuster film releases but this was offset by an increasing amount of live content and live screenings.

Total Resources Expended decreased by £1,299,000 to £12,390,000.

- Property and related costs increased by just £74,000 reflecting efficiencies achieved in the related support costs while a programme of planned preventative maintenance was started. Property impairment losses were significantly lower this year reflecting the improving market.
- Non property costs increased with expenditure on the refurbishment on Standalone Farm, offset by cost efficiencies in other areas.
- Charitable activity costs increased by £458,000 primarily due to the cultural events programme initiated this year and a full year of the new grants programme.
- Governance costs were in line with the prior year.

Net Outgoing Resources before Other Recognised Gains and Losses decreased by £1,153,000 to £2,649,000.

Other Recognised Gains and Losses

- The net surplus from the sale of investment properties was at a similar level to the previous year.
- The revaluation of investment properties reflects the overall uplift in the market value of the property portfolio generating a net uplift of £6,747,000 (5.9%).
- The revaluation of non-property assets reflects the increase in the value of investments held by Letchworth Cottages and Buildings Limited.
- The actuarial loss on the pension scheme was derived from the annual FRS17 pension valuation carried out by independent actuaries on behalf of the fund and primarily reflects a change in discount rates applied to the liabilities.

Property Portfolio

The value of the Foundation's investment property portfolio overall increased from £112,273,000 in 2013 to £119,280,000 in 2014.

Subsidiary company results

As a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, the Foundation cannot trade commercially for profit. Accordingly, it operates a subsidiary company, Garden City Technologies Limited, which can make qualifying charitable donations from its relevant profits to the Foundation.

Garden City Technologies Limited reported a break even result for the year after making a qualifying charitable donation to the Foundation of £63,000. In the prior year the company made a profit of £104,000 which was retained in the company as group tax relief meant that no tax was payable.

Letchworth Cottages and Buildings Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, reported a surplus of £171,000 (2013: £77,000).

Funds Policy

Unrestricted Fund: This represents the statutory reserves of the Foundation other than the Endowment Fund plus the reserves of its wholly owned subsidiary Garden City Technologies Ltd. The Fund is maintained for the day to day operating activities of the Foundation in order to meet the objectives of the organisation. At least annually the Trustees review the level of the fund to ensure that it is sufficient for the anticipated net result for the year ahead. The 'available funds' element is assessed by excluding those assets and liabilities which are held for the long term namely operational properties, an investment property and the pension fund deficit. At 30 September 2014 the balance on the fund was £(1,381,000) compared to an opening balance of £(857,000) but the 'available funds' balance was £498,000 compared to an opening balance of £470,000. At 30 September 2014 the balance on the fund included £250,000 of unrealised gains arising on the revaluation of the investment property.

Endowment Fund: This represents the funds endowed to the Foundation on 1 October 1995. On that date investment properties were vested to the Foundation as an expendable endowment. The fund increases due to valuation surpluses and surpluses on disposals, and decreases where properties fall in value or are impaired and for deficits on disposals. Where an investment property is disposed of the trustees may retain the proceeds for reinvestment in other investment properties to maintain the endowment fund or may decide to transfer them to the Unrestricted Fund to spend on other charitable objects. The Endowment Fund is represented by investment properties, assets in the course of construction and bank balances relating to the proceeds of investment property disposals yet to be reinvested. At 30 September 2014 the balance on the fund was £117,954,000 compared to an opening balance of £115,956,000. At 30 September 2014 the balance on the fund included £48,433,000 of unrealised gains arising on the revaluation of investment properties.

Restricted Fund: This fund represents the reserves of Letchworth Cottages and Buildings Limited (LCB), a registered charity with restrictions on its ability to utilise its reserves. The fund exists in order to undertake new developments in Letchworth which meet current and future identifiable social housing needs. The Committee of Management having considered the level of funds available do not envisage any disruption in the foreseeable future to the services provided by LCB and have not established a particular target figure for the balance in view of the other sources of support that are available. At 30 September 2014 the balance

was £13,904,000, an increase of £991,000 for the year. This balance included £6,273,000 of unrealised gains arising from the revaluation of the investment properties and other investments.

Defined Benefit Pension Scheme

The Foundation is a member of the Small Admitted Bodies pool of the Hertfordshire County Council Pension Fund. This scheme provides benefits based on pensionable earnings near retirement and during the year was amended to a career-average basis. The assets of the scheme are held separately from those of the Foundation. The most recent valuation was carried out as at 31 March 2013 using the projected unit method. The scheme's assets were taken into account at their full market value at the valuation date. This valuation revealed a shortfall of assets compared to the past service liabilities. This shortfall under FRS17 at the year end was £6.294m after several years of remaining at a similar level since 2011 (£5.097m), 2012 (£4.968m) and 2013 (£4.831m). Currently the deficit equates to only 4.8% of Total Funds and the current level of deficit has little impact upon the resources available.

Investment Policy

The Foundation has a well managed and diverse property portfolio. It provides the primary source of income for its annual charitable spend for the benefit of the community as well as providing appropriate properties for residents and businesses. The income being received is derived from its freehold property estate, from long leasehold interests, and rack-rented properties in the industrial, commercial, retail and residential sectors. Additional income is received from the Foundation's trading subsidiary, where relevant profits can be gift-aided to the Foundation.

The property management team manages the estate bringing forward proposals for estate improvements in order to maximise income and minimise costs. In terms of new developments, rental assumptions are benchmarked against local and regional marketplaces and realistic void assumptions included. For rack-rented properties, rental evidence is sought, through both internal staff and property consultants. This is also the case when rent reviews are undertaken under provisions in leases.

All proposals are option tested, including robust financial appraisals, and are then scrutinised against the Foundation's priorities and cash flow implications.

Letchworth Cottages and Buildings Limited appointed external advisers during 2012 to commence a managed diversification of its investment portfolio, with the establishment of an agreed Investment Policy covering: Powers of Investment, Investment Objectives, Return Objectives and Risk Tolerance.

Responsibilities of the Board of Management in respect of the Accounts of the Foundation

The Board of Management of the Foundation is required to prepare accounts for each financial year which comply with the Co-operative and Community Benefit Societies Act 2014, the Letchworth Garden City Heritage Foundation Act 1995 and Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005). In preparing these accounts the Board of Management:

- selects suitable accounting policies and then applies them consistently;
- makes judgments and estimates that are reasonable and prudent;
- states whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepares the accounts on the going concern basis unless it is inappropriate to presume that the activities of the Foundation will continue.

The Board of Management is responsible for keeping proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Foundation and enable it to ensure that the accounts comply with appropriate legislation and recommendations. The Board of Management is also responsible for safeguarding the assets of the Foundation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

As far as each person who was a member of the Board of Management at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Board of Management members and the Foundation's auditor, each member of the Board of Management has taken all the steps that he or she is obliged to take in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

C Chatfield

Chairman

By order of the Board of Management

10 February 2015

Independent Auditors' Report

To the members of Letchworth Garden City Heritage Foundation

We have audited the financial statements of Letchworth Garden City Heritage Foundation for the year ended 30 September 2014 which comprise the Consolidated Statement of Financial Activities, the consolidated and Foundation balance sheets, the consolidated cash flow statement, and the related notes. 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).

This report is made solely to the Foundation's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Foundation'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board members and auditors

As explained more fully in the statement of Board of Management responsibilities, the Board members 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 Financial Reporting Council's (FRC'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 Group and Foundation's affairs as at 30 September 2014 and of its surplus 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 Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board of Management for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP, Statutory Auditor
Gatwick
United Kingdom
10 February 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities

for the year ended 30 September 2014

	Notes	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total 2014 £'000	Total 2013 As restated £'000
Incoming Resources						
Activities for generating funds:						
Property income		7,575	-	103	7,678	7,590
Non property income		585	-	-	585	705
Investment income and interest	9	32	-	208	240	227
Profit on disposal of operating assets		1	-	-	1	12
Activities in furtherance of the charity's objects:						
Other incoming charitable resources		85	-	-	85	108
Cinema income		1,152	-	-	1,152	1,245
Total Incoming Resources		<u>9,430</u>	<u>-</u>	<u>311</u>	<u>9,741</u>	<u>9,887</u>
Resources Expended						
Costs of generating funds:						
Property and related costs		4,453	-	78	4,531	4,457
Impairment of investment properties	7	-	1,599	-	1,599	2,444
Impairment of assets in the course of construction	7	-	136	-	136	1,120
Non property costs		1,059	-	-	1,059	1,003
		<u>5,512</u>	<u>1,735</u>	<u>78</u>	<u>7,325</u>	<u>9,024</u>
Charitable Activities	3	4,764	-	62	4,826	4,368
Governance Costs	3	239	-	-	239	297
Total Resources Expended	3	<u>10,515</u>	<u>1,735</u>	<u>140</u>	<u>12,390</u>	<u>13,689</u>
Net Incoming/(Outgoing) Resources Before Other Recognised Gains & Losses		(1,085)	(1,735)	171	(2,649)	(3,802)
Other Recognised Gains and Losses						
Surplus on sale and leasing of investment properties		-	185	-	185	144
Revaluation of investment properties	12	-	5,950	797	6,747	3,384
Revaluation of non property assets		-	-	23	23	157
Actuarial gain/(loss) on pension scheme	21	(1,841)	-	-	(1,841)	119
		<u>(1,841)</u>	<u>6,135</u>	<u>820</u>	<u>5,114</u>	<u>3,804</u>
Net Movement In Funds		(2,926)	4,400	991	2,465	2
Transfers Between Funds	22	2,402	(2,402)	-	-	-
Net Movement After Transfers		(524)	1,998	991	2,465	2
Fund Balances Brought Forward at 1 October - as restated	22	(857)	115,956	12,913	128,012	128,010
Fund Balances Carried Forward at 30 September	22	<u>(1,381)</u>	<u>117,954</u>	<u>13,904</u>	<u>130,477</u>	<u>128,012</u>

The fund balances brought forward have been restated as explained in note 22.

Consolidated Summary Income and Expenditure Account

for the year ended 30 September 2014

	Notes	2014 £'000	2013 £'000
Income			
Gross income from continuing operations		9,501	9,660
Interest receivable	9	240	227
Gross Income		<u>9,741</u>	<u>9,887</u>
Expenditure			
Expenditure on continuing operations		10,655	10,125
Gross Expenditure		<u>10,655</u>	<u>10,125</u>
Deficit for the Year		<u>(914)</u>	<u>(238)</u>
Taxation		-	-
Retained Deficit for the Year	6	<u>(914)</u>	<u>(238)</u>

Balance Sheets

as at 30 September 2014

	Notes	Group		Foundation	
		2014	2013	2014	2013
		£'000	As restated £'000	£'000	As restated £'000
Fixed Assets					
Tangible assets:					
Investment properties	12	119,280	112,273	112,175	105,899
Operational assets	13	3,915	3,464	3,915	3,464
		<u>123,195</u>	<u>115,737</u>	<u>116,090</u>	<u>109,363</u>
Tangible assets in course of construction	14	1,283	3,856	1,283	3,856
Other investments	15	6,452	3,233	815	815
		<u>130,930</u>	<u>122,826</u>	<u>118,188</u>	<u>114,034</u>
Current Assets					
Stocks	16	27	29	27	29
Debtors	17	3,543	4,435	3,669	4,495
Loans due within one year	18	24	27	24	27
Loans due after one year	18	352	342	352	342
Money market deposits		-	5,300	-	2,200
Cash at bank and in hand		6,778	5,615	5,478	4,390
		<u>10,724</u>	<u>15,748</u>	<u>9,550</u>	<u>11,483</u>
Creditors					
Amounts falling due within one year	19	<u>(4,763)</u>	<u>(5,611)</u>	<u>(4,766)</u>	<u>(5,482)</u>
Net Current Assets		<u>5,961</u>	<u>10,137</u>	<u>4,784</u>	<u>6,001</u>
Total Assets Less Current Liabilities		<u>136,891</u>	<u>132,963</u>	<u>122,972</u>	<u>120,035</u>
Provisions for liabilities and charges	20	<u>(120)</u>	<u>(120)</u>	<u>(120)</u>	<u>(120)</u>
Net Assets Before Pension Scheme Deficit		<u>136,771</u>	<u>132,843</u>	<u>122,852</u>	<u>119,915</u>
Pension scheme deficit	21	<u>(6,294)</u>	<u>(4,831)</u>	<u>(6,294)</u>	<u>(4,831)</u>
Net Assets After Pension Scheme Deficit		<u>130,477</u>	<u>128,012</u>	<u>116,558</u>	<u>115,084</u>
Capital Funds					
Unrestricted fund	22	(1,381)	(857)	(1,396)	(872)
Endowment fund	22	117,954	115,956	117,954	115,956
Restricted fund	22	13,904	12,913	-	-
	22	<u>130,477</u>	<u>128,012</u>	<u>116,558</u>	<u>115,084</u>

C Chatfield
Chairman

I C Cotterill
Vice Chairman

J M Lewis
Chief Executive Officer

10 February 2015

The 2013 comparatives for creditors and capital funds have been restated as explained in note 22.

Consolidated Cash Flow Statement

for the year ended 30 September 2014

	Notes	2014 £'000	2013 £'000
Net Cash (Outflow) from Operating Activities	26	<u>(993)</u>	<u>(737)</u>
Returns on Investments and Servicing of Finance			
Interest received		182	227
Net Cash Inflow from Returns on Investments and Servicing of Finance		<u>182</u>	<u>227</u>
Capital Expenditure and Financial Investment			
Purchases of operational assets		(492)	(633)
Sales of operational assets		8	15
Loans to, less repayments from, staff, businesses and local organisations		(7)	57
Investment in stocks and shares		(3,196)	(2,039)
Net Cash Outflow from Capital Expenditure and Financial Investment		<u>(3,687)</u>	<u>(2,600)</u>
Net Cash Outflow before Use of Liquid Resources and Financing		<u>(4,498)</u>	<u>(3,110)</u>
Financing			
Sales of endowment fund investment properties		953	272
Expenditure on endowment fund assets in course of construction		<u>(592)</u>	<u>(1,115)</u>
Net Cash Inflow/(Outflow) from Financing		<u>361</u>	<u>(843)</u>
Decrease in Cash	27	<u>(4,137)</u>	<u>(3,953)</u>

Notes to the Accounts

for the year ended 30 September 2014

1. Accounting Policies

Accounting convention

The accounts which are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Letchworth Garden City Heritage Foundation Act 1995 and with applicable accounting standards including the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005 2nd Edition) issued February 2005 and are prepared under the historical cost convention modified by the revaluation of investment properties.

Basis of consolidation

Consolidated accounts of the Group incorporate the accounts of Letchworth Garden City Heritage Foundation, ("the Foundation") and its subsidiary undertakings all of which are made up to 30 September. An entity Statement of Financial Activities is not presented as the charity is relying on paragraph 397 of SORP 2005.

Incoming resources

The types of income included within each category are as follows. Unless otherwise stated, all income is recognised on an accruals basis, matching it to the period in which the goods or services provided relates:

Property income	Comprises primarily rent receivable on investment properties. It excludes service charges which are recognised in the period to which they relate and are credited against the relevant expenditure.
Business services and retail sales	Income derived from ballroom lettings, souvenir sales, telephone and IT services.
Educational farm income	Income sourced from public admission, souvenirs and refreshments, sundry rents, stabling and grazing and livestock sales.
Cinema income	Comprises primarily admissions, concession sales and advertising revenue.
Investment income and interest	Income derived from the investment of excess cash, includes interest earned from cash balances and money market deposits and dividend income from share equity.
Other incoming charitable resources	Include, but are not exclusive to, museum donations, patient meals, external minibus income, and tourist information centre souvenir sales.

Notes to the Accounts

for the year ended 30 September 2014

1. Accounting Policies (continued)

Resources expended

The types of expenditure included within each category, which include an allocation of support costs, in addition to direct staff costs, are shown below. All costs are accounted for on an accruals basis:

Property and related costs	Include repairs and maintenance costs, property void costs, leasehold property rents and provision for property related income considered irrecoverable.
Cost of business services and retail activities	Include souvenirs, café bar and catering stock sales together with equipment costs, advertising, professional fees, IT support and depreciation.
Provision of educational farm	Include maintenance of plant, equipment, buildings and grounds, farm vehicle costs, purchase of livestock, animal food and care costs, costs of goods sold in farm shop.
Interest payable	Comprises any net FRS 17 notional interest payable on the pension scheme plus sundry interest charges incurred within the group.

Charitable activities

Cinema	Include film rentals, concession purchases, advertising, depreciation and maintenance of equipment.
Treatment centre	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, equipment hire and patient meals.
Heritage collection and exhibition	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, equipment hire, exhibit costs, reproduction expenses, archive maintenance and display costs.
Minibus service	Include training, recruitment, vehicle maintenance costs and equipment hire.
Environmental improvements	Include CCTV costs, landscaping and planting costs.
Provision of heritage advice	Include training, recruitment, office costs and legal fees.
Community information	Include publishing and distribution costs, the local and tourist information centre and the community hub.
Miscellaneous charitable expenditure	Include the provision of Christmas lights and shop mobility.
Grants payable	Grants payable are grants made to third parties in the furtherance of the charitable objects of the Foundation. Single or multiple grants are accounted for once the Board have agreed to the grant without condition.

Notes to the Accounts

for the year ended 30 September 2014

1. Accounting Policies (continued)

Governance costs

Governance costs include those incurred in the governance of the Foundation's assets and are primarily associated with constitutional and statutory requirements. Included within governance are the costs of Company Secretarial, internal audit, statutory accounts preparation and external audit.

Support costs

The Foundation operates a number of centralised functions that support all of its activities. The associated costs are categorised as "support costs" and are allocated across the primary cost categories detailed within the SOFA in line with SORP 2005 requirements.

Exceptional items

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the Foundation. Exceptional items are disclosed in the Statement of Financial Activities on a separate row within the activity to which they relate.

Investment Properties

Investment properties include interests in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential, any rental income being negotiated at arms length. Properties in the course of construction are transferred to investment properties on completion. These are held for long-term investment and are stated in the balance sheets at their market value at the balance sheet date.

Other properties classified as operational properties are held at cost or net realisable value. The Board of Management believes that this policy is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to the current value, are of importance rather than a calculation of systematic annual depreciation.

Changes in market value of investment properties are taken to the other recognised gains and losses section of the Statement of Financial Activities. If a deficit on an individual investment property is expected to be permanent it is charged as an impairment within the resources expended section of the Statement of Financial Activities. The cumulative unrealised gains are disclosed in the notes to the accounts.

Depreciation of tangible fixed assets

Depreciation is not provided in respect of land and investment properties other than leasehold properties with less than 25 years to run. Heavy farm equipment is depreciated at 20% per annum using the reducing balance method. The cost of other tangible fixed assets is written off by equal annual instalments over their useful life as follows:

Operational buildings	50 years
Short leasehold properties	Remaining length of lease
Plant, vehicles, machinery and equipment	3 to 10 years
Leased equipment	Life of the lease or asset category

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where assets are no longer intended for use on a continuing basis in the operation's activities, they are transferred to current assets, and classified as assets held for resale within stock.

Notes to the Accounts

for the year ended 30 September 2014

1. Accounting Policies (continued)

Investments

Investments are initially recorded at cost. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Investments are held in subsidiary companies and are reflected at the par value of the shares. Investments held in stocks and shares are valued at market rate at the financial year end.

Stocks

Farm stocks are valued at the lower of cost of production and net realisable value as appropriate. Retail stocks are included at the lower of cost and net realisable value with due allowance made for all obsolete and slow moving items.

Leases and Hire Purchase

Tangible fixed assets held under leasing or hire purchase arrangements that transfer substantially all the risks and rewards of ownership to the Foundation are identified as a specific class of asset. Such assets are subject to depreciation over the shorter of the lease term and the estimated useful life of the assets. The finance charges are charged to the Consolidated Statement of Financial Activities over the primary periods of the agreements and represent a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to the Consolidated Statement of Financial Activities on a straight line basis over the term of the lease.

Funds

Unrestricted Fund: This represents the statutory reserves of the Foundation, a registered society under the Co-operative and Community Benefit Societies Act 2014 with charitable status, other than those designated as the Endowment Fund plus the reserves of its wholly owned subsidiary Garden City Technologies Ltd. The Fund is maintained for the day to day operating activities of the Foundation in order to meet the objectives of the organisation.

Endowment Fund: This represents the funds endowed to the Foundation on 1 October 1995. On that date investment properties were vested to the Foundation to be held as an expendable endowment. The fund increases due to valuation surpluses and decreases where properties fall in value or are impaired. Where an investment property is disposed of the trustees have the authority to reinvest the proceeds in further investment properties to maintain the Endowment Fund or to expend them on the charitable objects in which case the proceeds are transferred to the Unrestricted Fund. The Endowment Fund is therefore represented by investment properties, assets in the course of construction and bank balances relating to the proceeds of investment property disposals yet to be reinvested.

Restricted Fund: This represents the statutory reserves of Letchworth Cottages and Buildings Ltd (LCB), a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status. The fund exists in order to provide LCB with the ability to undertake new developments in Letchworth which meet current and future identifiable social housing needs.

Irrecoverable VAT

In view of the nature of the VAT Partial Exemption special method agreed with HMRC, the Foundation incurs irrecoverable VAT which is charged to the Statement of Financial Activities.

Provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes to the Accounts

for the year ended 30 September 2014

1. Accounting Policies (continued)

Pensions

Defined Benefit Scheme

The Foundation participates in the Hertfordshire Local Government Pension Scheme which provides benefits based on pensionable earnings near retirement. The associated pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the working lives of the employees concerned. Annually at 30 September the pension fund is valued and accounted for under FRS17.

2. Trading Results of Subsidiaries

The Foundation has one wholly owned trading subsidiary, Garden City Technologies Ltd (company number 03530307) which is incorporated in England and Wales and provides telephony services. Where appropriate, the trading subsidiary makes qualifying charitable donations to the Foundation and pays rent. In addition, Letchworth Cottages and Buildings Ltd (registered number 18750R), which is a registered society under the Co-operative and Community Benefit Societies Act 2014 is also considered to be a subsidiary by virtue of the Foundation's control over its activities. It retains its own surplus and constitutes a restricted fund within the Group accounts of the Foundation.

A summary of the results and net assets of each subsidiary is shown below.

	Garden City Technologies Ltd		Letchworth Cottages & Buildings Ltd	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Turnover	202	238	103	99
Profit before qualifying charitable donation and tax	63	56	171	77
Qualifying charitable donation (calculated based on taxable profits)	(63)	48	-	-
Corporation tax charge	-	-	-	-
Net incoming resources	-	104	171	77
Gross assets	1,055	979	13,908	13,007
Gross liabilities	(225)	(149)	(4)	(93)
Net assets	830	830	13,904	12,914

Letchworth Cottages and Buildings Ltd had a revaluation surplus arising in the year of £820,000 (2013: £728,000 surplus). Garden City Technologies Limited had no recognised gains or losses other than the surplus before tax.

Notes to the Accounts

for the year ended 30 September 2014

3. Analysis of Total Resources Expended

	Direct Costs £'000	Support Costs £'000	Total 2014 £'000	Total 2013 £'000
Costs of Generating Funds				
Property and related costs	3,165	1,366	4,531	4,457
Impairment losses (note 7)	1,735	-	1,735	3,564
Cost of business services and retail activities	191	89	280	490
Provision of an educational farm	513	266	779	513
Total resources expended	<u>5,604</u>	<u>1,721</u>	<u>7,325</u>	<u>9,024</u>

	Total 2014 £'000	Total 2013 £'000
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Analysis of Charitable Activities

Cost of activities in furtherance of the charity's objects:

Provision of treatment centre	284	312
Provision of cinema	1,249	1,058
Provision of heritage collection and exhibition	361	405
Provision of minibus service	166	177
Provision of environmental improvements	432	370
Provision of heritage advice	242	252
Provision of community information	183	174
Miscellaneous charitable expenditure	49	97
Grants payable	276	30
Support costs	<u>1,584</u>	<u>1,493</u>
	<u>4,826</u>	<u>4,368</u>

Analysis of Governance Costs

Legal and company secretarial	17	56
Internal audit	55	55
Publication of Foundation's annual report and accounts	1	1
External audit of the Foundation	48	54
Support costs	<u>118</u>	<u>131</u>
	<u>239</u>	<u>297</u>

Prior year restatement

In previous years, the 'provision of heritage advice' was included within 'property and related costs'. The advice is provided primarily in respect of the Scheme of Management which is administered by the Foundation's Heritage Advisory Team. Following the relocation of this team during the year, the trustees have reviewed the classification of this expenditure and consider that it is more appropriate to classify it as a charitable activity. As a result, the comparatives for the year ended 30 September 2013 for 'property and related costs' have been reduced by £252,000 and this amount is shown within Charitable Activities.

Notes to the Accounts

for the year ended 30 September 2014

4. Grants Payable

	2014 £	2013 £
The commitments made in the year comprise:		
Institutional grants:		
Grants greater than £1,000: 35 (2013: 34)	250,494	286,353
Smaller grants	19,731	25,389
Total institutional grants	<u>270,225</u>	<u>311,742</u>
Individual grants:		
Community grants - grants over £1,000 to 6* individuals (2013: 3 individuals)	6,000	4,650
Small community grants to individuals	6,454	1,886
Total individual grants	<u>12,454</u>	<u>6,536</u>
* Six paid under object (iii) (2013: two under (ii) and one under (iii))		
Total commitments made in the year	282,679	318,278
Grants cancelled or recovered	(6,406)	(1,035)
Grants cancelled due to change in lease terms	-	(230,719)
Total grants payable	<u>276,273</u>	<u>86,524</u>
Reconciliation of grants payable:		
Commitments at 1 October 2013	102,728	352,785
Total grants payable	<u>276,273</u>	<u>86,524</u>
Grants payable	379,001	439,309
Grants paid during the year	<u>(348,068)</u>	<u>(336,581)</u>
Commitments at 30 September 2014	<u>30,933</u>	<u>102,728</u>

Commitments at 30 September 2013 and 2014 are payable within one year and included in creditors (note 19).

Notes to the Accounts

for the year ended 30 September 2014

4. Grants Payable (continued)

Institutional grants: Grants awarded of £1,000 or more:

Object	2014		2013	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(a) Providing, facilitating and encouraging housing and any associated amenities	6	72,314	3	71,625
(i) Preservation of buildings and other environmental features	1	2,567	3	15,262
(ii) Assisting in the provision of facilities for recreation	6	44,740	10	100,446
(iii) Advancement of education and learning	13	47,425	13	44,526
(iv) Relief of poverty and sickness	7	71,848	2	45,394
(v) Supporting Garden City charitable organisations	-	-	2	7,100
(vi) Supporting other charitable purposes	2	11,600	1	2,000
	<u>35</u>	<u>250,494</u>	<u>34</u>	<u>286,353</u>

Grants made under object (a) are made by Letchworth Cottages and Buildings Limited where indicated in the table for (a) below. Grants made under the other objects are made by the Foundation.

(a) Providing, facilitating and encouraging housing and any associated amenities	2014		2013	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
Herts Young Homeless Group *	1	40,000	1	40,000
Herts Young Homeless Group	1	1,500	-	-
Home Start North Herts	1	1,500	1	12,500
Howard Cottage Housing Association *	1	22,314	1	19,125
Howard Cottage Housing Association	1	3,500	-	-
North Herts Homes Ltd.	1	3,500	-	-
* paid by Letchworth Cottages and Buildings Ltd under its own objects.	<u>6</u>	<u>72,314</u>	<u>3</u>	<u>71,625</u>

(i) Preservation of buildings and other environmental features

Norton Community Archaeology Group	-	-	1	1,762
The Settlement	-	-	1	12,000
Spring Clean Letchworth	-	-	1	1,500
Transition Town Letchworth	1	2,567	-	-
	<u>1</u>	<u>2,567</u>	<u>3</u>	<u>15,262</u>

Notes to the Accounts

for the year ended 30 September 2014

4. Grants Payable (continued)

	Number	2014 Total Value of Grants (£)	Number	2013 Total Value of Grants (£)
(ii) Assisting in the provision of facilities for recreation				
Angels Support Group	-	-	1	4,712
Cross Roads Care	-	-	1	2,590
Jackmans Community Funday Group	1	1,000	1	1,100
Khalsa Football Academy	-	-	1	4,363
Leisure Direct	-	-	1	5,000
Letchworth Arts Centre	1	32,600	2	32,337
Letchworth Corner Sports Club	-	-	1	45,000
Letchworth Festival Steering Group	1	5,000	1	4,344
Letchworth Sports & Tennis Club	1	3,700	-	-
New Youth Foundation Workshop	-	-	1	1,000
North Herts Irish Association	1	1,440	-	-
Royal British Legion	1	1,000	-	-
	<u>6</u>	<u>44,740</u>	<u>10</u>	<u>100,446</u>
(iii) Advancement of education and learning				
ARCH Community Group	1	4,900	-	-
Apna Punjabi School	-	-	1	1,000
Digswell Arts Trust	1	3,000	1	5,000
Fit4Caring	-	-	1	4,582
Groundworks Hertfordshire & Bedfordshire	-	-	1	5,000
Growing People	1	7,500	-	-
Herts at War Project	-	-	1	1,400
Hitchin Town Community Football Club	-	-	1	1,000
Home Start North Herts	-	-	1	1,200
Howard Cottage Housing Association	-	-	1	1,200
Jackie's Drop In Centre	1	1,000	-	-
Learn IT	1	8,525	1	4,000
Letchworth Amateur Swimming Club	1	1,000	-	-
Letchworth Arts Centre	1	2,000	-	-
Letchworth Baptist Church	-	-	1	1,180
Letchworth Civic Trust	-	-	1	15,000
Letchworth Local Partnership of Schools	-	-	1	2,200
Letchworth Parish	1	5,000	-	-
North Herts Education Support Centre	-	-	1	1,764
Norton Methodist Community Centre	1	3,000	-	-
Ravidassai Community Centre	1	1,000	-	-
Rhapsode	1	5,000	-	-
St Thomas of Canterbury Church, Wilbury	1	1,500	-	-
Willian Village Hall	1	4,000	-	-
	<u>13</u>	<u>47,425</u>	<u>13</u>	<u>44,526</u>

Notes to the Accounts

for the year ended 30 September 2014

4. Grants Payable (continued)

	Number	2014 Total Value of Grants (£)	Number	2013 Total Value of Grants (£)
(iv) Relief of poverty and sickness				
British Red Cross	1	3,850	-	-
Cheap as Chips	-	-	1	2,000
Headway Hertfordshire	1	16,709	-	-
Letchworth & Baldock Lions	1	1,000	-	-
North Herts & District Citizens Advice Bureau	1	43,394	1	43,394
North Herts Leisure Centre	1	4,895	-	-
North Herts Road Runners	1	1,000	-	-
The Wheelchair Dance Sport Association	1	1,000	-	-
	<u>7</u>	<u>71,848</u>	<u>2</u>	<u>45,394</u>
(v) Supporting Garden City charitable organisations				
Letchworth Garden City & Baldock Lions Club	-	-	1	2,100
Rhapsode	-	-	1	5,000
	<u>-</u>	<u>-</u>	<u>2</u>	<u>7,100</u>
(vi) Supporting other charitable purposes				
Furniture Link (North Herts CVS)	1	3,000	-	-
Herts Community Meals	1	8,600	-	-
Tilehouse Counselling	-	-	1	2,000
	<u>2</u>	<u>11,600</u>	<u>1</u>	<u>2,000</u>

Notes to the Accounts

for the year ended 30 September 2014

5. Support Costs

The support costs of the Foundation consisted of seven cost elements: Communications, Finance, Executive, Strategic Planning, Human Resources, Information Technology and Support Centre (including security costs).

These costs were allocated to the following activity cost categories:

Property and related costs
 Cost of business services and retail activities
 Provision of educational farm
 Cinema expenditure
 Charitable activities
 Governance costs

on a basis consistent with the use of resources as follows:

Communications	Percentage of the time spent
Finance, Strategic Planning, Executive and Information Technology	Work done
Human Resources	Head count
Support Centre	As set out below

Support Centre:

The total Support Centre costs, being those costs incurred in running the Foundation's Support Centre building, are allocated in the ratio of headcount for each department residing in the building: Property, Communications, Finance, Strategic Planning, Executive, Human Resources and Information Technology, and then further allocated:

Property	Allocated to Property and related costs
Communications	Allocated using percentage of the time spent
Human Resources	Allocated by Headcount
Finance, Strategic Planning, Executive and Information Technology	Allocated by Work done

This exercise produced the result detailed in the table below in respect of the total support costs to be allocated in £'000s:

	Comms	Finance	Strategic Planning	Executive	Human Resources	Information Technology	Support Centre	2014 Total	2013 Total
Property and related costs	67	417	132	181	41	383	145	1,366	1,499
Cost of business services and retail activities	4	27	8	11	11	24	4	89	181
Provision of educational farm	44	69	22	30	28	63	10	266	167
Charitable activities	274	417	132	181	137	383	60	1,584	1,493
Governance costs	67	16	5	7	2	15	6	118	131
Total costs allocated	<u>456</u>	<u>946</u>	<u>299</u>	<u>410</u>	<u>219</u>	<u>868</u>	<u>225</u>	<u>3,423</u>	<u>3,471</u>

Notes to the Accounts

for the year ended 30 September 2014

6. Retained Deficit for the Year

This is stated after charging:	2014 £'000	2013 £'000
Depreciation of tangible fixed assets		
On owned assets	436	364
Auditors' remuneration and expenses:		
- audit of the Foundation financial statements	38	38
- audit of the subsidiary financial statements	8	8
- VAT	1	-
- tax compliance	5	5
- advisory	5	6
Operating lease rentals:		
Land and buildings	<u>152</u>	<u>158</u>

7. Exceptional Items

Included in costs of generating funds and within property and related costs:	2014 £'000	2013 £'000
During the year the following exceptional items were incurred:		
Impairment losses on investment properties	1,599	2,444
Impairment losses on assets in course of construction	<u>136</u>	<u>1,120</u>
	<u>1,735</u>	<u>3,564</u>
Allocated within support costs across charitable activities are:		
Redundancy costs	<u>142</u>	<u>211</u>

During the year £1,599,000 (2013: £2,444,000) of impairment losses were incurred on investment properties to reduce the value of those properties to their recoverable amount. Amounts included in assets in course of construction were considered to be impaired by £136,000 (2013: £1,120,000).

Notes to the Accounts

for the year ended 30 September 2014

8. Employees

	2014 £'000	2013 £'000
Staff costs for the Group during the year amounted to:		
Wages and salaries	2,719	3,072
Social security costs	223	255
Other pension costs	331	348
Agency staff costs	91	9
Redundancy costs	142	211
	3,506	3,895

Areas within the organisation employed agency staff during the year to cater for specific projects and staff absence.

The average weekly number of employees of the Group during the year calculated on a full-time equivalent basis, analysed by function, was as follows:

	2014 Number	2013 Number
Charitable activities	55	57
Broadway Cinema	16	15
Property management and maintenance	13	16
Administration	22	25
Communications	4	4
	110	117

Members of the defined benefits pension scheme

Active members	76	64
Deferred pensioners (includes undecided leavers and frozen refunds)	109	103
Pensioners	89	85
	274	252

The number of employees whose emoluments (including benefits in kind) amounted to over £60,000 in the year were as follows:

£60,001 - £90,000	2	5
£100,001 - £110,000	1	-
£170,001 - £180,000	1	-
£180,001 - £190,000	-	1
£200,001 - £210,000	-	1
	4	7

Board of Management

Members of the Board of Management, who are the trustees of the charity, neither received nor waived any emoluments during the year (2013: £nil). The Chairman was reimbursed out of pocket expenses to a value less than £75.

Notes to the Accounts

for the year ended 30 September 2014

9. Investment Income and Interest

	2014 £'000	2013 £'000
Bank interest	17	51
Money market deposit interest	32	88
Dividends receivable	191	86
Other interest receivable	-	2
	<u>240</u>	<u>227</u>

10. Taxation

The entity is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the entity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary company makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation. No corporation tax liability arises in the accounts.

11. Deficit Attributable to Letchworth Garden City Heritage Foundation

The deficit for the year after surplus on sale of properties but before property revaluation surpluses dealt within the accounts of the Foundation amounted to £2,698,000 (2013: deficit £3,677,000). The total incoming resources for the Foundation for the year was £9,250,000 (2013: £9,414,000).

Notes to the Accounts

for the year ended 30 September 2014

12. Tangible Assets - Investment Properties

Group	Freehold property £'000	Long Leasehold property £'000	Total £'000
At 30 September 2013 - at valuation	110,458	1,815	112,273
Transfers from assets in course of construction	3,029	-	3,029
Disposals	(653)	(115)	(768)
Impairment losses	(1,599)	-	(1,599)
Transfers to operational assets	(402)	-	(402)
Revaluation	6,762	(15)	6,747
Net book value:			
At 30 September 2014	<u>117,595</u>	<u>1,685</u>	<u>119,280</u>
At 30 September 2013	<u>110,458</u>	<u>1,815</u>	<u>112,273</u>
Foundation			
At 30 September 2013 - at valuation	104,084	1,815	105,899
Transfers from assets in course of construction	3,029	-	3,029
Additions	66	-	66
Disposals	(653)	(115)	(768)
Impairment losses	(1,599)	-	(1,599)
Transfers to operational assets	(402)	-	(402)
Revaluation	5,965	(15)	5,950
Net book value:			
At 30 September 2014	<u>110,490</u>	<u>1,685</u>	<u>112,175</u>
At 30 September 2013	<u>104,084</u>	<u>1,815</u>	<u>105,899</u>

Notes to the Accounts

for the year ended 30 September 2014

12. Tangible Assets - Investment Properties (continued)

The investment properties were valued at 30 September 2014 by Messrs Bidwells LLP, Property Consultants and Chartered Surveyors as External Valuers in accordance with the 'RICS Valuation - Professional Standard' of the Royal Institution of Chartered Surveyors and the International Valuation Standards. The valuation of each property was on the basis of Market Value, primarily derived using comparable recent market transactions on arm's length terms.

The valuation of these properties amounted to: Group £119,280,000 and Foundation £112,175,000 (2013: Group £112,273,000 and Foundation £105,899,000).

Over the five year period to 30 September 2014, the portfolio has been valued on the basis of a rolling programme. The valuers inspect 20% of the properties each year and take account of information provided by the Foundation in order to update information they hold on the remainder of the portfolio since the last inspection so as to reach their conclusions.

The Foundation recognises that there are mixed motive properties to the value of £30,280,000 (2013: £28,153,000) held within the total Investment Property portfolio. Mixed motive properties are investments that are held partly for their investment potential and partly for furthering the aims of the Foundation.

The total value of investment properties whose valuation is primarily based on the development value of land is £3,035,000 (2013: £2,635,000).

The original 'cost' of investment properties held at valuation comprises the value at which those properties were vested to the Foundation on 1 October 1995 together with additions to those properties and the cost of properties acquired since that date. The cost of these properties at 30 September 2014 was Group £64,324,000 and Foundation £63,492,000 (2013: Group £62,330,000 and Foundation £61,485,000).

Notes to the Accounts

for the year ended 30 September 2014

13. Tangible Assets - Operational Assets

	Freehold property £'000	Plant and equipment £'000	Total £'000
Group and Foundation			
Cost:			
At 30 September 2013	4,698	4,463	9,161
Additions	-	492	492
Transfers from investment properties	402	-	402
Disposals	-	(41)	(41)
At 30 September 2014	<u>5,100</u>	<u>4,914</u>	<u>10,014</u>
Depreciation:			
At 30 September 2013	2,214	3,483	5,697
Charge for the year	38	398	436
Disposals	-	(34)	(34)
At 30 September 2014	<u>2,252</u>	<u>3,847</u>	<u>6,099</u>
Net book value:			
At 30 September 2014	<u>2,848</u>	<u>1,067</u>	<u>3,915</u>
At 30 September 2013	<u>2,484</u>	<u>980</u>	<u>3,464</u>

The category 'plant and equipment' comprises plant, equipment, machinery, vehicles and furniture.

14. Assets in Course of Construction

	2014 £'000	2013 £'000
Group and Foundation		
At 30 September 2013	3,856	6,793
Additions	592	1,115
Transfers to investment properties	(3,029)	(3,548)
Transfers from investment properties	-	616
Impairment	(136)	(1,120)
At 30 September 2014	<u>1,283</u>	<u>3,856</u>

Assets in course of construction relate to costs of on-going property projects, principally the progress to date made on the town centre regeneration schemes. Properties owned or acquired in connection with the Wynd regeneration scheme were transferred to assets in the course of construction until completion of the scheme. During 2013 an impairment of £1,086,000 was made against the Wynd regeneration scheme while other impairments during the current year amounted to £136,000 (2013: £34,000).

Notes to the Accounts

for the year ended 30 September 2014

15. Other Investments

	Listed Investments £'000
Group	
Market value at 1 October 2013	3,233
Additions	3,196
Gain on revaluation	23
Market value at 30 September 2014	<u>6,452</u>
Historical cost at 30 September 2014	<u>6,236</u>

The investments comprise 12,867,398 units (2013 – 6,690,015 units) held in Global equities in the Schroder Charity Multi-Asset Fund plus £123,000 of cash held in that fund awaiting investment in further units.

	Subsidiary undertakings £'000
Foundation	
Cost:	
At 30 September 2013	4,615
Disposals	(3,800)
At 30 September 2014	<u>815</u>
Amount provided:	
At 30 September 2013	3,800
Disposals	(3,800)
At 30 September 2014	<u>-</u>
Net book value:	
At 30 September 2013 and 2014	<u>815</u>

The disposals in the year were the three dormant subsidiaries, Letchworth Garden City Farms Limited, Letchworth Garden City Services Limited and Broadway Cinema Limited. These investments had been written down to just £2 each in prior years and all three were struck off on 2 February 2014. Details of the principal investments in which the Foundation holds more than 10% of the nominal value in any class of share capital are as follows:

Subsidiary undertakings

	Holding	Proportion of shares held	Voting rights	Nature of business
Letchworth Cottages and Buildings Ltd	Ordinary shares	10%	100%	Charitable housing association
Garden City Technologies Ltd	A Ordinary shares	100%	100%	Telephony services
	B Ordinary Shares	100%	None	

Letchworth Cottages and Buildings Ltd is a charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014.

Notes to the Accounts

for the year ended 30 September 2014

	Group		Foundation	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
16. Stocks				
Farm stocks	7	8	7	8
Retail stocks	20	21	20	21
	<u>27</u>	<u>29</u>	<u>27</u>	<u>29</u>

	Group		Foundation	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
17. Debtors				
Deposits with Herts County Council	500	998	500	998
Trade debtors	1,370	1,572	1,338	1,539
Amounts owed by subsidiary undertakings	-	-	216	113
Other debtors	306	336	306	336
Prepayments and accrued income	1,367	1,529	1,309	1,509
	<u>3,543</u>	<u>4,435</u>	<u>3,669</u>	<u>4,495</u>

Amounts deposited with Herts County Council relate to the Street Scene development.

	Group		Foundation	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
18. Loans				
Due within one year:	18	15	18	15
Loans to staff	6	12	6	12
Loans to individuals and local organisations	<u>24</u>	<u>27</u>	<u>24</u>	<u>27</u>
Due after one year:	67	51	67	51
Loans to staff	13	19	13	19
Loans to individuals and local organisations	<u>272</u>	<u>272</u>	<u>272</u>	<u>272</u>
Loans relating to leasehold enfranchisement	<u>352</u>	<u>342</u>	<u>352</u>	<u>342</u>

The loans relating to leasehold enfranchisement have been granted in accordance with a scheme to assist qualifying residential lessees to acquire the freehold interest in their property. The amounts outstanding include accrued interest and are secured by mortgage on the freehold interest concerned.

Notes to the Accounts

for the year ended 30 September 2014

	Group		Foundation	
	2014	2013	2014	2013
	£'000	As restated £'000	£'000	As restated £'000
19. Creditors				
Amounts falling due within one year:				
Trade creditors	888	196	888	196
Amounts owed to subsidiary undertakings	-	-	16	-
Taxes and social security	273	307	273	307
Other creditors	517	416	517	416
Accruals and deferred income	3,054	4,589	3,041	4,460
Grants payable	31	103	31	103
	<u>4,763</u>	<u>5,611</u>	<u>4,766</u>	<u>5,482</u>

Accruals and deferred income as at 30 September 2013 for both the Group and Foundation have been restated as explained in note 22.

Deferred Income

Deferred income balances reflect income received during the accounting period for which the Group has not supplied the service as at the end of the period and therefore cannot be recognised as income in the period.

	Group		Foundation	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Deferred income at 30 September 2013	1,355	1,395	1,349	1,389
Net transferred (to)/from Statement of Financial Activities	<u>(144)</u>	<u>(40)</u>	<u>(138)</u>	<u>(40)</u>
Deferred income at 30 September 2014	<u>1,211</u>	<u>1,355</u>	<u>1,211</u>	<u>1,349</u>

20. Provisions for Liabilities

Group and Foundation	£'000
At 1 October 2013	120
Costs incurred in the year	-
At 30 September 2014	<u>120</u>

The provision relates to the estimated environmental restoration and remediation costs for the property at 621 Works Road. The provision has been estimated based upon the survey carried out by experienced decontamination consultants. Management consider that this latest estimate is an accurate reflection of the potential outstanding costs which are expected to be incurred over the next year.

Notes to the Accounts

for the year ended 30 September 2014

21. Defined Benefit Pension

The Foundation is a member of the Small Admitted Bodies pool of the Hertfordshire County Council Pension Fund. This scheme provides benefits based on pensionable earnings near retirement. The assets of the scheme are held separately from those of the Foundation. The pension cost for the scheme is determined by a qualified actuary on the basis of periodical valuations. The cost is charged to the Consolidated Statement of Financial Activities.

The full valuation of the scheme was undertaken as at 31 March 2013 and updated by a qualified independent Actuary to 30 September 2014 on a basis appropriate to FRS17. The major assumptions used by the Actuary for the FRS17 calculations were as follows:

	30 September 2014	30 September 2013	30 September 2012
Salary increase rate	4.0% per annum	5.0% per annum	4.4% per annum
Pension increase rate	2.7% per annum	2.7% per annum	2.1% per annum
Expected return on assets	5.3% per annum	5.8% per annum	5.0% per annum
Discount rate	3.8% per annum	4.5% per annum	4.3% per annum

The underlying life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI2010 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% per annum. The assets of the whole of the Hertfordshire County Council Pension Fund are invested with a number of fund managers. The fair value of the assets held by the Hertfordshire County Council Pension Fund in respect of the Foundation and the expected rates of return assumed are as follows:

	Value at 30 September 2014 £'000	Expected rate of return for year ending 30 September 2014 % per annum	Value at 30 September 2013 £'000	Expected rate of return for year ending 30 September 2013 % per annum
Equities	13,447	6.2	12,743	6.5
Bonds	4,616	3.4	3,186	3.8
Property	1,405	4.3	1,062	4.7
Cash	602	3.1	708	3.5
Total	<u>20,070</u>		<u>17,699</u>	

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 September 2014 and 30 September 2013:

	2014 £'000	2013 £'000
Present value of scheme liabilities	(26,364)	(22,530)
Market value of scheme assets	20,070	17,699
Deficit in the scheme	<u>(6,294)</u>	<u>(4,831)</u>

Analysis of the amounts charged to net incoming resources
for the year ending 30 September 2014 and 30 September 2013:

	2014 £'000	2013 £'000
Current service cost	468	455
Interest on scheme liabilities	1,011	861
Expected return on scheme assets	(1,040)	(757)
Losses on curtailments	60	255
Total	<u>499</u>	<u>814</u>

Notes to the Accounts

for the year ended 30 September 2014

21. Defined Benefit Pension (continued)

Changes in the present value of the scheme liabilities for the year ending 30 September 2014 and 30 September 2013:

	2014 £'000	2013 £'000
Present value of scheme liabilities at beginning of the year	22,530	19,969
Service cost	468	455
Employee contributions	135	162
Interest cost	1,011	862
Actuarial losses/(gains)	2,933	1,506
Losses on curtailments	60	255
Benefits paid	(773)	(679)
Present value of scheme liabilities at end of the year	<u>26,364</u>	<u>22,530</u>

Changes in the fair value of the scheme assets for the year ending 30 September 2014 and 30 September 2013:

	2014 £'000	2013 £'000
Market value of the scheme assets at beginning of the year	17,699	15,001
Expected return	1,040	757
Actuarial gains/(losses)	1,092	1,625
Benefits paid	(773)	(679)
Contributions paid by the Foundation	877	833
Employee contributions	135	162
Market value of the scheme assets at end of the year	<u>20,070</u>	<u>17,699</u>

As a result of the actuarial valuation as at 31 March 2013 the Foundation made contributions to the scheme at the rate of 17.3% of pensionable pay for the year to 31 March 2014. Estimated contributions for the year ended 30 September 2015 are £938,000 which includes an agreed contribution of £295,000 towards the triennial deficit of the fund.

Analysis of the amounts recognised as other recognised gains and losses in the Statement of Financial Activities for the year ending 30 September 2014 and 30 September 2013:

	2014 £'000	2013 £'000
Actuarial gains/(losses) on scheme assets	1,092	1,625
Changes in assumptions underlying present value of scheme liabilities	(2,933)	(1,506)
Actuarial gain/(loss) recognised in statement of recognised gains and losses	<u>(1,841)</u>	<u>119</u>

Cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities for the year ending 30 September 2014 and 30 September 2013:

	2014 £'000	2013 £'000
Cumulative actuarial loss at beginning of the year	(3,176)	(3,295)
Recognised during the year	(1,841)	119
Cumulative actuarial loss at end of the year	<u>(5,017)</u>	<u>(3,176)</u>

Notes to the Accounts

for the year ended 30 September 2014

21. Defined Benefit Pension (continued)

Amounts for the current and previous four accounting periods are as follows:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of scheme liabilities	(26,364)	(22,530)	(19,969)	(17,970)	(17,807)
Market value of scheme assets	20,070	17,699	15,001	12,873	12,699
Deficit in the scheme	<u>(6,294)</u>	<u>(4,831)</u>	<u>(4,968)</u>	<u>(5,097)</u>	<u>(5,108)</u>
Actual return less expected return on scheme assets	1,092	1,625	1,201	1,201	584
Experience gain/(loss) arising on scheme liabilities	(1,109)	(8)	(215)	(1,533)	-
Change in assumptions underlying present value of scheme liabilities	<u>(2,933)</u>	<u>(1,506)</u>	<u>(1,338)</u>	<u>(1,338)</u>	<u>(683)</u>

22. Funds

	Unrestricted Fund £'000	Endowment Fund £'000	Restricted Fund £'000	Total £'000
Group				
At 30 September 2013 - as previously reported	(397)	115,956	12,913	128,472
Prior year adjustment	<u>(460)</u>	-	-	<u>(460)</u>
At 1 October 2013 - as restated	(857)	115,956	12,913	128,012
Retained surplus/(deficit) for the year	(1,085)	(1,550)	171	(2,464)
Surplus on revaluation	-	5,950	820	6,770
Actuarial loss on pension scheme	(1,841)	-	-	(1,841)
Transfers between funds	2,402	<u>(2,402)</u>	-	-
Balance at 30 September 2014	<u>(1,381)</u>	<u>117,954</u>	<u>13,904</u>	<u>130,477</u>
Foundation				
At 30 September 2013 - as previously reported	(412)	115,956	-	115,544
Prior year adjustment	<u>(460)</u>	-	-	<u>(460)</u>
At 1 October 2013 - as restated	(872)	115,956	-	115,084
Retained surplus/(deficit) for the year	(1,085)	(1,550)	-	(2,635)
Surplus on revaluation	-	5,950	-	5,950
Actuarial loss on pension scheme	(1,841)	-	-	(1,841)
Transfers between funds	2,402	<u>(2,402)</u>	-	-
Balance at 30 September 2014	<u>(1,396)</u>	<u>117,954</u>	<u>-</u>	<u>116,558</u>

On appointment, Governors are required to subscribe for a £1 Ordinary Share in the Foundation which is forfeited on their retirement and the subscription is taken to income. At 30 September 2014 there were 27 (30 September 2013: 27) shares in issue.

The transfer between funds during the year reflects the redesignation of certain investment properties as operational properties and the allocation of bank balances to the unrestricted fund to ensure an appropriate level of net current assets as shown in note 23.

Notes to the Accounts

for the year ended 30 September 2014

22. Funds (continued)

Prior year adjustment

During the year it was identified that accruals and deferred income as at 30 September 2013 had been understated by £460,000. This arose on accounting for service charge expenditure in periods prior to 1 October 2012 and did not affect the reported result for the year ended 30 September 2013. Tenants had been charged correctly for expenditure incurred but the amount to be borne by the Foundation was understated in the balance sheet. As this understatement related to the balance sheet as at 1 October 2012, a prior year adjustment has been made to reduce opening funds by £460,000 as shown in the table above and in the balance sheet and Statement of Financial Activities. The comparative balance for accruals and deferred income for 2013 has been increased accordingly as shown in note 19. No adjustment of the result for the year ended 30 September 2013 reported in the Statement of Financial Activities or Income and Expenditure Account was required. The reclassification of costs related to the provision of heritage advice is outlined in note 3.

23. Analysis of Group Net Assets Between Funds

	Unrestricted Fund £'000	Endowment Fund £'000	Restricted Fund £'000	Total £'000
Fund Balances at 30 September 2014 are represented by:				
Investment properties	500	111,675	7,105	119,280
Operational properties	3,915	-	-	3,915
Other investments	-	-	6,452	6,452
Assets in course of construction	-	1,283	-	1,283
Pension scheme deficit	(6,294)	-	-	(6,294)
	<u>(1,879)</u>	<u>112,958</u>	<u>13,557</u>	<u>124,636</u>
Net current assets less provisions	498	4,996	347	5,841
	<u>(1,381)</u>	<u>117,954</u>	<u>13,904</u>	<u>130,477</u>

The above figures include unrealised gains on investment properties as follows:

Unrealised gains at 30 September 2013	250	44,162	5,529	49,941
Surplus on revaluation	-	5,950	797	6,747
Impact of impairments	-	(1,545)	(53)	(1,598)
Realised on disposals	-	(134)	-	(134)
Unrealised gains at 30 September 2014	<u>250</u>	<u>48,433</u>	<u>6,273</u>	<u>54,956</u>

The above figures include unrealised gains on other investments as follows:

Unrealised gains at 30 September 2013	-	-	193	193
Surplus on revaluation	-	-	23	23
Unrealised gains at 30 September 2014	<u>-</u>	<u>-</u>	<u>216</u>	<u>216</u>

Notes to the Accounts

for the year ended 30 September 2014

24. Financial Commitments

Authorised capital expenditure not provided for in these accounts for the Group and for the Foundation for which contracts have been placed is as follows:

	2014 £'000	2013 £'000
Group and Foundation		
Erection, purchase and redevelopment of premises	-	710

Annual commitments under non-cancellable operating leases are as follows:

Group and Foundation

Land and building leases expiring:

Within two to five years

In over five years

1	1
137	157
<u>138</u>	<u>158</u>

25. Related Parties Transactions

The following Trustees (or spouses of Trustees where indicated by *) and Governors on the Grants Committee held positions in organisations which received grants from the Foundation.

Organisation	Position Held	Name	No.	2014 Total Value of Grants (£)	No.	2013 Total Value of Grants (£)
Digswell Arts Trust	Member	William Armitage	1	3,000	1	5,000
Home-Start North Hertfordshire	Manager	Charmaine Rogers	1	1,500	1	13,700
Home-Start North Hertfordshire	Trustee	Pat Walker*	1	1,500	1	13,700
Letchworth Arts Centre	Chair	David Walker	2	34,600	2	32,337
Letchworth Arts Centre	Trustee	Denise Poynter	2	34,600	2	32,337
Letchworth Civic Trust	Trustee	Ian Cotterill	-	-	1	15,000
Letchworth Civic Trust	Trustee	William Armitage	-	-	1	15,000
Letchworth Civic Trust	Trustee	Keith Emsall	-	-	1	15,000
Letchworth Civic Trust	Trustee	Linda Needham	-	-	1	15,000
Letchworth Civic Trust	Trustee	Pat Walker*	-	-	1	15,000
Letchworth Corner Sports Club	Chair	Colin Chatfield	-	-	1	45,000
Letchworth Festival Steering Group	Committee Member	William Armitage	1	5,000	2	4,344
Transition Town Letchworth	Member	John Webb	1	2,567	-	-

Two Trustees hold long ground lease business leases with the Foundation. One has an annual rent of £22 per annum and the other has no annual rent, these transactions are at arms length.

Notes to the Accounts

for the year ended 30 September 2014

26. Reconciliation of Net Outgoing Resources to Net Cash Outflow from Operating Activities

	2014 £'000	2013 £'000
Net outgoing resources for the year	(2,649)	(3,802)
Interest payable	(29)	105
Interest receivable and other non-property investment income	(240)	(227)
Depreciation	436	364
Profit on disposal of operational assets	(1)	(12)
Impairment losses	1,735	3,564
Decrease in stocks	2	34
Decrease/(increase) in debtors	950	(419)
(Decrease) in creditors	(848)	(221)
Pension fund movements	(349)	(123)
	<u>(993)</u>	<u>(737)</u>
Net cash (outflow) from operating activities	<u>(993)</u>	<u>(737)</u>

27. Analysis of Changes in Net Cash Funds

	At 1.10.13 £'000	Cash flow £'000	At 30.09.14 £'000
Cash at bank and in hand	5,615	1,163	6,778
Money market deposits	5,300	(5,300)	-
Net cash funds	<u>10,915</u>	<u>(4,137)</u>	<u>6,778</u>

Reconciliation between the changes in cash and the change in net cash funds

	2014 £'000	2013 £'000
Decrease in cash	(4,137)	(3,953)
Movement in net funds in the year	<u>(4,137)</u>	<u>(3,953)</u>
Net cash funds at start of the year	10,915	14,868
Net cash funds at end of the year	<u>6,778</u>	<u>10,915</u>

Letchworth Garden City Heritage Foundation

Broadway Cinema

Eastcheap
LETCWORTH GARDEN CITY
SG6 3DD
01462 681300
www.broadway-cinema.com

Ernest Gardiner Treatment Centre

Pearsall Close
off Pixmore Avenue
LETCWORTH GARDEN CITY
SG6 1QX
01462 670955

The International Garden Cities Exhibition

296 Norton Way South
LETCWORTH GARDEN CITY
SG6 1SU
01462 482710
www.garden-cities-exhibition.com

Heritage Foundation Community Hub

43 Station Road
LETCWORTH GARDEN CITY
SG6 3BQ
01462 476694

Heritage Foundation

Minibus Service
Manor Farm, Willian
LETCWORTH GARDEN CITY
SG6 2AH
01462 481131

Letchworth Cottages & Buildings Ltd

Foundation House
Icknield Way
LETCWORTH GARDEN CITY
SG6 1GD
01462 476007

Letchworth Garden City

Local and Tourist Information Centre

33-35 Station Road
LETCWORTH GARDEN CITY
SG6 3BB
01462 487868
www.letchworthgc.com

Spirella Ballroom

The Spirella Building
Bridge Road
LETCWORTH GARDEN CITY
SG6 4ET
01462 476694
www.spirellaballroom.com

Standalone Farm

Wilbury Road
LETCWORTH GARDEN CITY
SG6 4JN
01462 686775
www.standalonefarm.com

Garden City Collection

Study Centre
Wilbury Hills Road
LETCWORTH GARDEN CITY
SG6 4LB
01462 476075
www.gardencitycollection.com

Notes

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**heritage
foundation**

Letchworth Garden City

**Letchworth Garden City
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