

heritage
foundation
Letchworth Garden City

REPORT AND ACCOUNTS

to 31 December 2015

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

£8,339,000
reinvested
into
charitable
activities



Change to year end

In 2015, we changed our year end from 30 September to 31 December to bring our accounts in line with the calendar year. This means that these accounts are for the 15 months ended 31 December 2015 and the comparatives reflect the 12 months ended 30 September 2014. All future annual accounts reports will be based on the calendar year.

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.

2015 Review

Once again our charitable commitments were the driving force behind everything we did. Our commercial activity, new initiatives and ongoing support of existing projects are all designed to advance our contribution to the town.

We are entirely self-funding and this year, through the careful management of our assets and income, we reinvested £8,339,000 into charitable activities.

To ensure the Foundation continues to enhance life in the town, we began 2015 by working with our Governors to create our new Five Year Plan for 2016 to 2020. The Governors identified three key themes – unique, vibrant and social – that will frame the work we do over the plan period.

For the first time we held a town-wide conversation with the community about these themes and the activities they would like to see. Our staff also had the opportunity to share their ideas about how the themes could be delivered.

The key role Governors play in the life of the town was demonstrated in the summer when a record number of local people stood in the 2015 Governor Elections, which take place every five years. Twenty five residents put themselves forward with six being elected on 1 October.

As the world's first Garden City, Letchworth's international reputation grew to new heights in 2015. In July the International Garden Cities Institute was formally launched. This important international research resource showcases the Garden City movement and is supported by a host of prestigious partners.

The Heritage Grants were reintroduced to help homeowners reinstate front gardens, hedges and trees to make the most of the special character of Letchworth Garden City. Small grants, for works that make an instant impact on the street scene, were also introduced.

The aesthetics of the town were further enriched with the second year of our partnership with the Royal Horticultural Society (RHS). The RHS Wynd Community Gardens, designed in partnership with local schools and Arch community group, focused on creating an inspiring sustainable garden.

For the second year running, Broadway Cinema received a huge accolade when it was named the top performing independent cinema in Britain in terms of admission figures for live screenings of Royal Opera House productions. Outdoor Cinema made a return in August with hundreds turning out for screenings over three nights.

In October 2014, we took over the running of the Letchworth Arts Centre from an independent charity. In August 2015 we announced plans to further invest in Letchworth's arts offer by bringing all our arts venues under the umbrella of the Broadway name, including a new theatre. The first phase of the Building Broadway project began in September 2015 with a major refurbishment of Letchworth Arts Centre to create the new Broadway Studio & Gallery.

This work was supported with the appointment of a Visual Arts Curator and a Creative Programmer to boost the cultural life of the town.

We also opened a new Community Museum in The Arcade to host professional and community exhibitions, including the popular Herts at War exhibition which attracted more than 10,000 visitors.

Charitable services were once again at the heart of the Foundation's work. During the 2014/15 financial period, our Grants Committee and the Committee of the Foundation's subsidiary Letchworth Cottages and Buildings Limited awarded grants totalling £420,000 to local groups in support of a broad range of projects and activities.

Our Charitable Services Development Team worked closely with local headteachers and schools to support them in delivering excellent learning opportunities. A community

association helped 89 young children in Letchworth Garden City improve their social, language and communication skills. A further 2,000 students from local primary schools enjoyed screenings at the Broadway Cinema as part of the Into Film Festival.

Our Ernest Gardiner Treatment Centre was given excellent results in an independent survey of patients, family members, fellow professionals and staff. Almost all said staff were responsive (97%) and caring (96%). In September the League of Friends donated a specially adapted minibus to carry patients to and from the centre.

In November the national media spotlight fell on Letchworth when the Royal Town Planning Institute named it one of the best places to live in England alongside the Peak District, King's Cross in London, Bath and Liverpool Waterfront.

Supporting such a range and breadth of activity has been made possible due to the revenue generated by the management of our investment property portfolio. With the economy continuing to improve, 2015 saw an uplift in lease renewals and new lettings.

Two established Letchworth businesses, Tyco and Titan Logistics Limited, moved into new headquarters following the £5m construction of a new industrial estate by leading regeneration specialist St Modwen. Cleanup work was carried out at a contaminated site in Works Road to accommodate the planned expansion of leading manufacturer FB Chain.

There were also 38 new lettings and 48 lease renewals across our commercial portfolio.

Planning consent was granted for a proposed new hotel on Station Road. Premier Inn is set to develop a 57 bed hotel and their investment will create employment opportunities as well as supporting the local economy.

£420,000
of
grants
awarded to
local groups



“The first phase of the Building Broadway Project began in September 2015 with a major refurbishment of Letchworth Arts Centre to create the new Broadway Studio and Gallery.”



Broadway Studio & Gallery

“...Letchworth was named one of the best places to live in England by the Royal Town Planning Institute.”

world leading
archives
 on Garden Cities
 with more than
300,000 items



Spring at Standalone Farm

i The Tourist
 Information
 Centre
 welcomes
 more than
30,000
 visitors a year



The League of Friends presented the Ernest Gardiner Treatment Centre with a new minibus

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. In 2016 it will include a new theatre.

Broadway Studio & Gallery

The Studio is a flexible space supporting visual and performing arts while the Gallery is an exhibition space displaying art, crafts and design by internationally acclaimed practitioners as well as emerging local talent.

Standalone Farm

A working farm with recreation and educational events and activities aimed at young families, school groups and animal lovers.

The Spirella Ballroom

This historic ballroom is available for commercial, private and community hire.

Local and Tourist Information Centre

The Centre guides residents and visitors on how to make the most of the Garden City. Welcoming more than 30,000 visitors a year, the centre also provides information on other UK destinations.

Community Hub

Providing a free community meeting space for groups, clubs and societies.

Heritage Advisory Team

Our dedicated Heritage Advisory Team provides a free pre-application advice service to guide homeowners through our Scheme of Management if they wish to make alterations to their properties. The Scheme of Management and Leasehold Covenants help to preserve the special character of Letchworth Garden City's residential streets.

The Garden City Collection

One of the world's leading archives on Garden Cities with more than 300,000 items, now open for pre-booked visits and tours.

The Garden City Greenway

A 13.6 mile circular route that surrounds the Garden City estate, giving the community and visitors access to the countryside. Throughout the year, the Greenway hosts a variety of regional and national sporting events.

Community Museum

The Community Museum opened in 2015 as a space to display temporary exhibitions from a variety of local clubs, groups, schools and organisations, as well as our own programme of professional exhibitions.

The International Garden Cities Institute

The Institute brings together partners from around the world to share knowledge and experience, and celebrate the heritage of Garden Cities, and places inspired by them. Also home to an exhibition charting the influence of the Garden City movement across the world.

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.

Minibus Service

Providing free transport to local groups and individuals, connecting them to services and events in the community.

Shopmobility Service

Free use of motorised scooters or manual wheelchairs to those needing assistance to get around the town centre.

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

Community Benefit

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.

Our grants programme operates across all six commitments making net awards totalling £420,000 which support a broad range of organisations as well as individual talent.

These grants ranged from £136 to £48,000 addressing needs and activities as diverse as support for the Citizens Advice to employ a Welfare Rights Worker and First Level Money Advice Administrator, to small awards to fund equipment, training and tuition for talented sports stars and musicians.

See note 4 to the accounts for a list of all institutional grants over £1,000.

Grant awards are also listed at www.letchworth.com/heritage-foundation

Public Benefit

The Board of Trustees refers to the guidance of 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 property which this period returned a total property income of £11,011,000.

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 December 2015, 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 to create the best possible premises for current and potential tenants.

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. Combined, these services generated £316,000.

Our subsidiary Garden City Technologies Limited trades for profit, with all surpluses transferred to the Foundation via a qualifying charitable donation, this period amounting to £44,000.

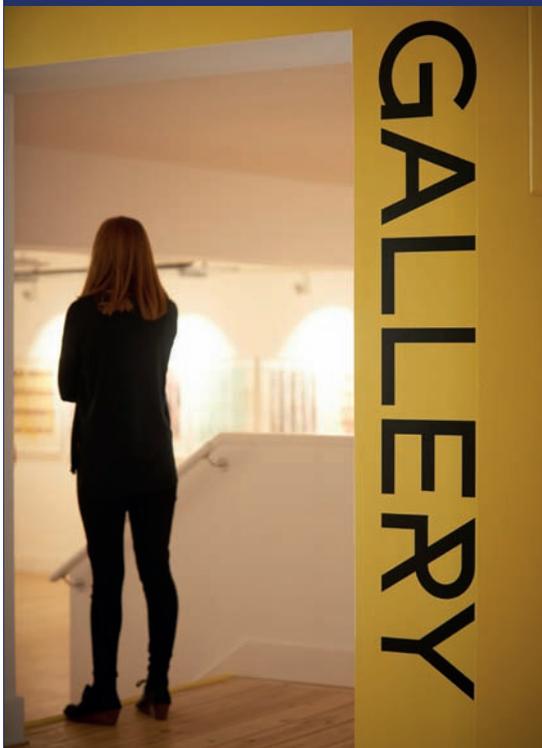
Letchworth Cottages and Buildings Limited (LCB) continues to retain its £6.4 million investment in the Schroder Charity Multi-Asset Fund. This generated a return of £335,000 in line with expectations.



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



“These new venues are a key part of our ambition to make Letchworth Garden City an exciting place to live, work and visit, bringing new creative jobs and visitors to our town centre.”



“The redevelopment of St Michael’s House will get underway creating much-needed new homes. A short distance away, a Premier Inn hotel on Station Road is scheduled to open.”

Looking Ahead

Our activity in 2016 will bring to life the values and priorities outlined in the new Five Year Plan covering 2016 to 2020.

In 2016 achieving these aims will be demonstrated most excitingly with the opening of the new Broadway Studio & Gallery along with a new performance space, Broadway Theatre.

These new venues are a key part of our ambition to make Letchworth Garden City an exciting place to live, work and visit, bringing new creative jobs and visitors to our town centre.

Standalone Farm will again host a packed calendar of activities with a new season of special events. The highlight is set to be the new Garden City Garden, celebrating the diverse countries that Garden City principles have influenced. This project is part of the ongoing partnership between Heritage Foundation and the The Royal Horticultural Society.

To ensure we continue to meet the changing needs of the town’s residents, we will review the work of the Ernest Gardiner Treatment Centre.

Working with businesses we will also conduct an Accessibility Audit of the town centre with specialist company, DisabledGo.

The Local Plan is likely to be published in July outlining how the town and region is to meet the growing need for housing, particularly among young people and families.

The redevelopment of St Michael’s House will get underway creating much-needed new homes. A short distance away, a Premier Inn hotel on Station Road is scheduled to open.

To recapture the town’s tradition of sustainability we will start our

Eco Home project. Working with local partners we are adapting an early Garden City cottage with cutting-edge energy saving measures, to demonstrate how residents can conserve energy and cut their bills.

In line with our Five Year Plan, we will work with the community to understand any issues with the Scheme of Management process and to make improvements where needed.

To meet our commitments and maintain our long-term reinvestment model, we have streamlined the organisation to deliver services in the most efficient and cost-effective way.

Keeping pace with developments in technology and being able to embrace and adapt to change will support our ambition to drive further efficiencies.

We aim to grow our income over the next five years to enable us to deliver better services and meet the aspirations of the plan. By the end of the plan period we intend that our venues will be self-funding.

The Board of Trustees

The Board of Trustees has nine members who are all charity trustees as defined by section 177 of the Charities Act 2011.

The Board of Trustees is made up of:

- seven Governors who hold office for a term of three years from the date of their election. They can stand again for re-election for a second term of three years. All Governors, except the local authority Governors, are eligible to seek election to the Board and all Governors are entitled to vote for Trustees.
- one nominee from each of the two local authorities who hold office for a term of one year from the date of their nomination can be re-nominated for one or more further terms of one year.

The Board elects the Chairman and the Vice Chairman of the Foundation annually from its own number.

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 remuneration.

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

On appointment, all new Trustees are given a full induction to help them understand their roles and responsibilities. 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.

Grant Making Policies

While retaining overall authority, the Board of Trustees 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.

Where a grant application is from an organisation in which a Trustee or member of the Grants Committee holds a position, this interest is declared at the Committee meeting and the individual does not vote. Grants awarded to such related parties are disclosed in the notes to the accounts.

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 set 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. These procedures also ensure 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, reviews 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 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.”

William Pond





Norton Common

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 latest report to the Board, the Letchworth Commissioner stated that he had received one property related complaint which was outside his remit.

The current Letchworth Commissioner is:

Mr Paul Davies

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

The Board of Trustees

C Chatfield
(Chairman)

I C Cotterill
(Vice Chairman)

W G Armitage

C Hamilton

T Hone*

L A Needham**

D A Poynter
(Retired 30 September 2015)

R Riggall
(Appointed 21 December 2015)

T Saunders
(Appointed 21 December 2015)

M J Underwood

D Walker
(Retired 30 September 2015)

* Deputy for Hertfordshire County Council

** Deputy for North Hertfordshire District Council

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



The historic Arcade

Officers and Registered Office

Chief Executive

J M Lewis

Secretary

J Kaur

Foundation House
Icknield Way
LETCWORTH GARDEN CITY
SG6 1GD

Registered Office

Letchworth Garden City Heritage Foundation

Foundation House
Icknield Way
LETCWORTH GARDEN CITY
SG6 1GD

T: 01462 476007

E: response@letchworth.com

W: letchworth.com/heritage-foundation

Advisers

Auditors

BDO LLP

2nd Floor, 2 City Place
Beehive Ring Road
GATWICK
RH6 OPA

Bankers

Clydesdale Bank

2nd Floor
35 Regent Street
Piccadilly Circus
LONDON
SW1Y 4ND

National Westminster Bank

Station Place
LETCWORTH GARDEN CITY
SG6 3AL

Santander UK plc

2 Triton Square
Regent's Place
LONDON
NW1 3AN

Investment Managers

Schroder & Co Limited

100 Wood Street
LONDON
EC2V 7ER

Commercial Property Managers

Rapleys LLP

Falcon Road
Hinchingsbrooke Business Park
HUNTINGDON
PE29 6FG

Property Valuers

Bidwells LLP

Trumpington Road
CAMBRIDGE
CB2 2LD

Solicitors

Brignalls Balderston Warren

Broadway Chambers
LETCWORTH GARDEN CITY
SG6 3AD

Mills & Reeve

Francis House
112 Hills Road
CAMBRIDGE
CB2 1PH

Hempsons Solicitors

Hempsons House
40 Villiers Street
LONDON
WC2N 6NJ

Howard Park and Gardens



Financial Performance

(Statement of Financial Activities)

During 2015, the group changed its accounting reference date from 30 September to 31 December to align with the calendar. This means that these accounts reflect the 15 months ended 31 December 2015 and the comparatives reflect the 12 months ended 30 September 2014.

The financial results for the 15 months report an overall 'Net Movement in Funds' of £14,416,000, increasing the Fund Balances carried forward to £144,893,000. The results benefitted from the additional three months in the accounting period but also from increased activities. A brief summary is as follows:

Total Incoming Resources increased by £4,601,000 to £14,342,000.

- Property income increased by £3,333,000.
- Non property income increased by £31,000.
- Investment income increased by £136,000.
- Income from activities in the furtherance of the charity's objects increased:
 - Cinema income increased by £745,000 with significant blockbuster film releases and an increasing amount of live content being screened.
 - Educational farm income increased by £206,000 following the prior year refurbishment and bringing inhouse the provision of Greenway Café.
 - Other incoming charitable resources increased by £148,000 mainly due to the addition of the Arts Centre and the donation of a new minibus for the treatment centre.

Total Resources Expended increased by £3,982,000 to £16,372,000.

- Property and related costs increased by £1,209,000 due to the longer accounting period, with expenditure broadly in line with the previous year when annualised. Property impairment losses were slightly lower than last year and significantly lower than previous years reflecting the improving market.
- Non property costs increased by £127,000 primarily reflecting the longer accounting period.
- Charitable activities costs increased by £2,734,000 with around half reflecting the longer accounting period and the remainder due to new activities such as the Arts Centre (now Broadway Studio & Gallery) and initial costs on the cinema conversion to Broadway Cinema & Theatre, and increased activity at the cinema, environmental improvements and grants payable as analysed in note 3.
- Governance costs were in line with the prior year.

Net Outgoing Resources before Other Recognised Gains and Losses decreased by £619,000 to £2,030,000.

Other Recognised Gains and Losses

- The net surplus from the sale of investment properties was £2,822,000.
- The revaluation of investment properties reflects the overall uplift in the market value of the property portfolio generating a net uplift of £11,283,000 (9.5%).
- The revaluation of non-property assets reflects a decrease of £134,000 in the value of investments held by Letchworth Cottages and Buildings Limited due to the global markets.

- The actuarial gain on the pension scheme of £2,475,000 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 group's investment property portfolio overall increased from £119,280,000 to £129,105,000.

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 period after making a qualifying charitable donation to the Foundation of £44,000.

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 £183,000.

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 31 December 2015 the balance on the fund was £727,000 compared to an opening deficit balance of £(1,381,000). At 31 December 2015 the balance on the fund included £325,000 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 31 December 2015 the balance on the fund was £128,829,000 compared to an opening balance of £117,954,000. At 31 December 2015 the balance on the fund included £55,956,000 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

“The value of the group's investment property portfolio overall increased from £119,280,000 to £129,105,000.”





The Greenway

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 31 December 2015 the balance was £15,337,000, an increase of £1,433,000 for the period. This balance included £7,657,000 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 31 December 2015 was £3.609m, down from the £6.294m at 30 September 2014. Currently the deficit equates to only 2.5% of Total Funds and the current level of deficit has little impact upon the resources available.

Investment Policy

The Foundation's balanced, well managed and diverse property portfolio is the primary source of income that facilitates the charitable spend each year benefiting existing residents and tenants, but also providing the appropriate property offerings to attract new residents and commercial businesses to the area. 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 gifted by a qualifying donation to the Foundation.

The property management team proactively 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 by management in terms of consistency with the Foundation's objectives, priorities and cash flow implications. Only when management are satisfied with the proposals are they submitted to the Board of Trustees.

Letchworth Cottages and Buildings Limited appointed external advisers during the prior year 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.



Hartington Place

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

The Board of Trustees 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 Trustees:

- 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 Trustees 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 Trustees 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

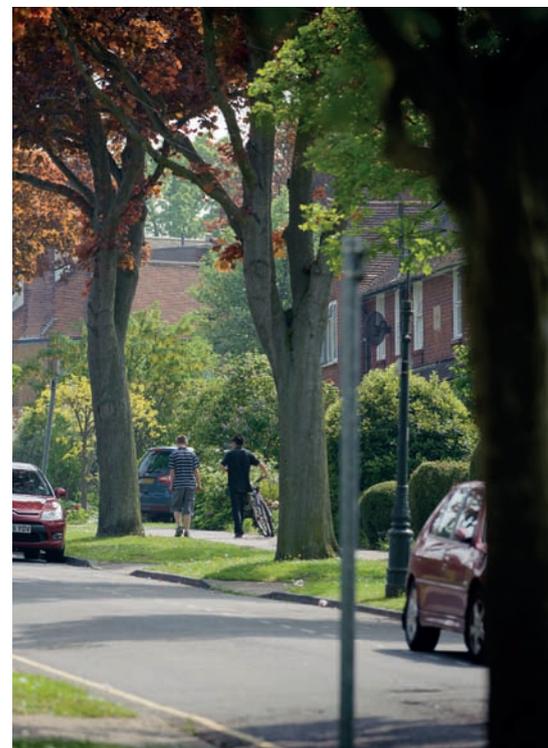
As far as each person who was a member of the Board of Trustees at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Board of Trustees members and the Foundation's auditor, each member of the Board of Trustees 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 Trustees

10 May 2016



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 15 month period ended 31 December 2015 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 Trustees 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 31 December 2015 and of the Group and Foundation's surplus for the 15 month period 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 Trustees for the financial period 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 May 2016

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

Consolidated Statement of Financial Activities

for the 15 months ended 31 December 2015

		Unrestricted funds	Endowment funds	Restricted funds	15 months ended 31 December 2015	12 months ended 30 September 2014
Notes	£'000	£'000	£'000	£'000	As restated £'000	
Incoming Resources						
Activities for generating funds:						
		10,866	–	145	11,011	7,678
		316	–	–	316	285
Investment income and interest	9	41	–	335	376	240
Profit on disposal of operating assets		3	–	–	3	1
Activities in furtherance of the charity's objects:						
		1,897	–	–	1,897	1,152
		506	–	–	506	300
		233	–	–	233	85
Total Incoming Resources		13,862	–	480	14,342	9,741
Resources Expended						
Costs of generating funds:						
		5,591	–	149	5,740	4,531
Impairment losses	7	–	1,456	–	1,456	1,599
Impairment of assets in the course of construction	7	–	190	–	190	136
Non property costs		407	–	–	407	280
		5,998	1,646	149	7,793	6,546
Charitable Activities	3	8,191	–	148	8,339	5,605
Governance Costs	3	240	–	–	240	239
Total Resources Expended	3	14,429	1,646	297	16,372	12,390
Net Incoming/(Outgoing) Resources Before Other Recognised Gains & Losses		(567)	(1,646)	183	(2,030)	(2,649)
Other Recognised Gains and Losses						
Surplus on sale and leasing of investment properties		–	2,822	–	2,822	185
Revaluation of investment properties	12	75	9,824	1,384	11,283	6,747
Revaluation of non property assets	15	–	–	(134)	(134)	23
Actuarial gain/(loss) on pension scheme	21	2,475	–	–	2,475	(1,841)
		2,550	12,646	1,250	16,446	5,114
Net Movement In Funds		1,983	11,000	1,433	14,416	2,465
Transfers Between Funds		125	(125)	–	–	–
Net Movement After Transfers		2,108	10,875	1,433	14,416	2,465
Fund Balances Brought Forward	22	(1,381)	117,954	13,904	130,477	128,012
Fund Balances Carried Forward	22	727	128,829	15,337	144,893	130,477

The comparatives for the year ended 30 September 2014 have been restated as explained in note 3.

Consolidated Summary Income and Expenditure Account

for the 15 months ended 31 December 2015

		15 months ended 31 December 2015	12 months ended 30 September 2014 As restated
	Notes	£'000	£'000
Income			
Gross income from continuing operations		13,966	9,501
Interest receivable	9	376	240
Gross Income		14,342	9,741
Expenditure			
Expenditure on continuing operations		14,726	10,655
Gross Expenditure		14,726	10,655
Deficit for the Period			
		(384)	(914)
Taxation		–	–
Retained Deficit for the Period	6	(384)	(914)

Balance Sheets

as at 31 December 2015

	Notes	Group		Foundation	
		15 months 31 December 2015 £'000	12 months 30 September 2014 £'000	15 months 31 December 2015 £'000	12 months 30 September 2014 £'000
Fixed Assets					
Tangible assets:					
Investment properties	12	129,105	119,280	120,607	112,175
Operational assets	13	3,747	3,915	3,747	3,915
		132,852	123,195	124,354	116,090
Tangible assets in course of construction	14	194	1,283	194	1,283
Other investments	15	6,391	6,452	815	815
		139,437	130,930	125,363	118,188
Current Assets					
Stocks	16	24	27	24	27
Debtors	17	2,816	3,543	3,006	3,669
Loans due within one year	18	46	24	46	24
Loans due after one year	18	305	352	305	352
Cash at bank and in hand		10,595	6,778	9,117	5,478
		13,786	10,724	12,498	9,550
Creditors					
Amounts falling due within one year	19	(4,721)	(4,763)	(4,711)	(4,766)
Net Current Assets		9,065	5,961	7,787	4,784
Total Assets Less Current Liabilities		148,502	136,891	133,150	122,972
Provisions for liabilities and charges	20	–	(120)	–	(120)
Net Assets Before Pension Scheme Deficit		148,502	136,771	133,150	122,852
Pension scheme deficit	21	(3,609)	(6,294)	(3,609)	(6,294)
Net Assets After Pension Scheme Deficit		144,893	130,477	129,541	116,558
Capital Funds					
Unrestricted fund	22	727	(1,381)	712	(1,396)
Endowment fund	22	128,829	117,954	128,829	117,954
Restricted fund	22	15,337	13,904	–	–
	22	144,893	130,477	129,541	116,558

C Chatfield
Chairman

I C Cotterill
Vice Chairman

J M Lewis
Chief Executive Officer

J Kaur
Company Secretary

10 May 2016

Consolidated Cash Flow Statement

for the 15 months ended 31 December 2015

	15 months ended 31 December 2015	12 months ended 30 September 2014	
Notes	£'000	£'000	
Net Cash Inflow/(Outflow) from Operating Activities	26	179	(993)
Returns on Investments and Servicing of Finance			
Interest received		43	49
Dividends received		324	133
Net Cash Inflow from Returns on Investments and Servicing of Finance		367	182
Capital Expenditure and Financial Investment			
Purchase of operational assets		(284)	(492)
Sales of operational assets		5	8
Loans to, less repayments from, staff, businesses and local organisations		25	(7)
Investment in stocks and shares		(73)	(3,196)
Net Cash Outflow from Capital Expenditure and Financial Investment		(327)	(3,687)
Net Cash Outflow before Use of Liquid Resources and Financing		219	(4,498)
Financing			
Sales of endowment fund investment properties		3,953	953
Additions to endowment fund investment properties		(252)	–
Expenditure on endowment fund assets in course of construction		(103)	(592)
Net Cash Inflow from Financing		3,598	361
Increase/(decrease) in Cash	27	3,817	(4,137)

Notes to the Accounts

for the 15 months ended 31 December 2015

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.

Change of accounting reference date

The accounting reference date for the group was changed from 30 September to 31 December so the accounts reflect the 15 months ended 31 December 2015 and the comparatives reflect the 12 months ended 30 September 2014. The change was made to align the year end with the calendar.

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 31 December (prior to 2015: 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, tourist information centre souvenir sales, telephone and IT services.
Cinema income	Comprises primarily admissions ticket sales, concession sales and advertising revenue.
Studio & gallery (formerly arts centre)	Grants income, room hire fees and sales commissions.
Educational farm income	Income sourced from public admission, souvenirs and refreshments at Greenway Café, rents from stabling and grazing, and livestock sales.
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, treatment centre minibus donations, external minibus income, former Arts Centre's ticket sales, room hire charges, café income and grants receivable.

Notes to the Accounts

for the 15 months ended 31 December 2015

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.
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 and cultural events	Include film rentals, concession purchases, advertising, depreciation and maintenance of equipment, hire of equipment for outdoor events, payments to artists and performers.
Studio & gallery (formerly arts centre)	Comprises property running costs, maintenance, café and bar costs, artists and performers fees.
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 and Greenway Café.
Treatment centre	Include office costs, legal fees, computer consumables, property maintenance, equipment hire and depreciation.
Heritage collection and exhibitions	Include office costs, legal fees, property maintenance, equipment hire, exhibit costs, reproduction costs, archive maintenance and display costs, and research costs associated with the Institute.
Minibus service	Include vehicle maintenance and running 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 15 months ended 31 December 2015

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 Trustees 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 15 months ended 31 December 2015

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

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.

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 31 December (previously 30 September) the pension fund is valued and accounted for under FRS17.

Notes to the Accounts

for the 15 months ended 31 December 2015

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	
	15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000	15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000
Turnover	217	202	145	103
Profit before qualifying charitable donation and tax	44	63	183	171
Qualifying charitable donation (calculated based on taxable profits)	(44)	(63)	–	–
Corporation tax charge	–	–	–	–
Net incoming resources	–	–	183	171
Gross assets	1,045	1,055	15,407	13,908
Gross liabilities	(215)	(225)	(70)	(4)
Net assets	830	830	15,337	13,904

Letchworth Cottages and Buildings Ltd has a revaluation surplus arising in the period of £1,250,000 (2014: £820,000 surplus). Garden City Technologies Ltd has no recognised gains or losses other than the surplus before tax.

Notes to the Accounts

for the 15 months ended 31 December 2015

3 Analysis of Total Resources Expended

	Direct Costs £'000	Support Costs £'000	15 months ended 31 December 2015	12 months ended 30 September 2014 As restated
			£'000	£'000
Costs of Generating Funds:				
Property and related costs	4,331	1,409	5,740	4,531
Impairment losses (note 7)	1,646	–	1,646	1,735
Cost of business services and retail activities	306	101	407	280
Total resources expended	6,283	1,510	7,793	6,546

	15 months ended 31 December 2015	12 months ended 30 September 2014 As restated
	£'000	£'000
Analysis of Charitable Activities		
Cost of activities in furtherance of the charity's objects:		
Provision of cinema and cultural events	1,889	1,249
Provision of cinema conversion to theatre	402	–
Provision of studio & gallery (formerly arts centre)	351	–
Provision of educational farm	664	513
Provision of heritage collection, exhibitions and Institute	434	361
Provision of heritage advice	334	242
Provision of environmental improvements and town support	633	432
Provision of treatment centre	362	284
Provision of minibus service	236	166
Provision of community information	172	183
Miscellaneous charitable expenditure	77	49
Grants payable	420	276
Support costs	2,365	1,850
	8,339	5,605

Analysis of Governance Costs

Legal and company secretarial	24	17
Internal audit	35	55
Publication of Foundation's annual report and accounts	1	1
External audit of the Foundation	51	48
Support costs	129	118
	240	239

Notes to the Accounts

for the 15 months ended 31 December 2015

3 Analysis of Total Resources Expended *(continued)*

Prior year restatement

In previous years the 'provision of educational farm' was included within 'Costs of Generating Funds'. The primary purpose of Standalone Farm is for the educational and recreational benefit of residents and visitors to the Garden City. 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 2014 have been adjusted to remove direct costs of £513,000 and support costs of £266,000 from the Costs of Generating Funds and include these amounts within the analysis of Charitable Activities. The farm's income was previously included within 'non property income' on the face of the Consolidated Statement of Financial Activities and so the comparatives for the year ended 30 September 2014 have been adjusted to exclude the £300,000 from there and show it as a separate line of income under 'activities in furtherance of the charity's objects'.

4 Grants Payable

	15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000
The commitments made in the period comprise:		
Institutional grants:		
Grants greater than £1,000: 46 (2014: 35)	341,730	250,494
Smaller grants	31,619	19,731
Total institutional grants	373,349	270,225
Individual grants:		
Community grants - grants over £1,000 to 29 [^] individuals (2014: 6 individuals)	40,038	6,000
Small community grants to individuals	6,422	6,454
Total individual grants	46,460	12,454
[^] 18 (2014: nil) paid under object (i) and 11 (2014: 6) paid under object (iii)		
Total commitments made in the period	419,809	282,679
Grants cancelled or recovered	–	(6,406)
Total grants payable	419,809	276,273
Reconciliation of grants payable:		
Commitments at 1 October 2014	30,933	102,728
Total grants payable	419,809	276,273
Grants payable	450,742	379,001
Grants paid during the period	(420,377)	(348,068)
Commitments at 31 December 2015	30,365	30,933

Commitments at 30 September 2014 and 31 December 2015 are payable within one year and included in creditors (note 19).

Notes to the Accounts

for the 15 months ended 31 December 2015

4 Grants Payable (continued)

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

Object	15 months ended 31 December 2015		12 months ended 30 September 2014	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(a) Providing, facilitating and encouraging housing and any associated amenities	9	146,500	6	72,314
(i) Preservation of buildings and other environmental features	1	2,500	1	2,567
(ii) Assisting in the provision of facilities for recreation	9	41,500	6	44,740
(iii) Advancement of education and learning	14	94,035	13	47,425
(iv) Relief of poverty and sickness	6	43,195	7	71,848
(v) Supporting Garden City charitable organisations	1	1,000	–	–
(vi) Supporting other charitable purposes	2	13,000	2	11,600
	42	341,730	35	250,494

Grants made under object (a) are made by Letchworth Cottages and Buildings Limited under its own objects 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

Chestnut Tree Children's Centre Pre School Learning Alliance *	1	1,000	–	–
Herts Young Homeless *	2	44,500	1	40,000
Herts Young Homeless	–	–	1	1,500
Home-Start North Hertfordshire *	2	17,000	–	–
Home-Start North Hertfordshire	–	–	1	1,500
Howard Cottage Housing Association *	2	31,000	1	22,314
Howard Cottage Housing Association	–	–	1	3,500
North Herts Citizen's Advice Bureau *	1	48,000	–	–
North Herts Homes Ltd. *	1	5,000	–	–
North Herts Homes Ltd.	–	–	1	3,500
	9	146,500	6	72,314

*grants made by Letchworth Cottages and Buildings Limited under its own objects

(i) Preservation of buildings and other environmental features

Letchworth Parish (St Michael's with St Mary's)	1	2,500	–	–
Transition Town Letchworth	–	–	1	2,567
	1	2,500	1	2,567

Notes to the Accounts

for the 15 months ended 31 December 2015

4 Grants Payable (continued)

	15 months ended 31 December 2015		12 months ended 30 September 2014	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(ii) Assisting in the provision of facilities for recreation				
Howard Cottage Cougars	1	1,000	–	–
Jackmans Community Association	1	7,000	–	–
Jackmans Community Funday Group	–	–	1	1,000
Letchworth Arcadians	1	1,000	–	–
Letchworth Arts Centre	–	–	1	32,600
Letchworth Festival Steering Group	–	–	1	5,000
Letchworth Garden City Eagles Football Club	1	10,000	–	–
Letchworth Garden City Rugby Club	1	10,000	–	–
Letchworth Sports & Tennis Club	–	–	1	3,700
North Herts Bowls Club	1	7,000	–	–
North Herts Irish Association	–	–	1	1,440
Royal British Legion	–	–	1	1,000
St Thomas Church	1	3,500	–	–
The Wednesday Drop In Club	1	1,000	–	–
Whitethorn Wanderers Football Club	1	1,000	–	–
	9	41,500	6	44,740
(iii) Advancement of education and learning				
ARCH Community Group	–	–	1	4,900
Digswell Arts Trust	–	–	1	3,000
5th Letchworth Scouting Group	1	10,000	–	–
Growing People	–	–	1	7,500
Home-Start North Hertfordshire	1	2,950	–	–
Jackie's Drop In Centre	1	10,000	1	1,000
Learn IT	2	20,560	1	8,525
Letchworth Amateur Swimming Club	–	–	1	1,000
Letchworth Arts Centre	–	–	1	2,000
Letchworth Baptist Church	1	1,275	–	–
Letchworth Civic Trust	1	15,000	–	–
Letchworth Corner Sports Club Weightlifters	2	15,000	–	–
Letchworth Garden City Festival Steering Committee	1	8,000	–	–
Letchworth Parish	–	–	1	5,000
Norton Methodist Community Centre	1	3,750	1	3,000
Pixmore School	1	1,000	–	–
Ravidassai Community Centre	–	–	1	1,000
Rhapsode	1	5,000	1	5,000
St Thomas of Canterbury Church, Wilbury	–	–	1	1,500
T'COHCHA Streetdance Crew	1	1,500	–	–
Willian Village Hall	–	–	1	4,000
	14	94,035	13	47,425

Notes to the Accounts

for the 15 months ended 31 December 2015

4 Grants Payable (continued)

	15 months ended 31 December 2015		12 months ended 30 September 2014	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(iv) Relief of poverty and sickness				
Angels Support Group Hitchin	1	5,095	–	–
British Red Cross	–	–	1	3,850
Headway Hertfordshire	1	8,100	1	16,709
Howard Garden Social & Day Care Centre	2	24,000	–	–
Letchworth & Baldock Lions	1	1,000	1	1,000
North Herts & District Citizens Advice Bureau	–	–	1	43,394
North Herts Leisure Centre	–	–	1	4,895
North Herts Road Runners	–	–	1	1,000
Stand By Me	1	5,000	–	–
The Wheelchair Dance Sport Association	–	–	1	1,000
	6	43,195	7	71,848
(v) Supporting Garden City charitable organisations				
Royal British Legion	1	1,000	–	–
	1	1,000	–	–
(vi) Supporting other charitable purposes				
Furniture Link (North Herts CVS)	–	–	1	3,000
Herts Community Meals	–	–	1	8,600
Relate Central & Northern Hertfordshire	1	5,000	–	–
Tilehouse Counselling	1	8,000	–	–
	2	13,000	2	11,600

Notes to the Accounts

for the 15 months ended 31 December 2015

5 Support Costs

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

These costs were allocated to the following activity cost categories:

Property and related costs
 Cost of business services and retail activities
 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	Headcount
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.

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

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	15 months ended 31 December 2015	12 months ended 30 September 2014
Property and related costs	85	353	71	193	40	386	281	1,409	1,366
Cost of business services and retail activities	6	26	5	14	14	28	8	101	89
Charitable activities	403	481	97	263	221	525	375	2,365	1,850
Governance costs	85	9	2	5	3	10	15	129	118
Total costs allocated	579	869	175	475	278	949	679	4,004	3,423

Notes to the Accounts

for the 15 months ended 31 December 2015

6 Retained deficit for the Period

This is stated after charging:

Depreciation of tangible fixed assets	
On owned assets	
Auditors' remuneration and expenses:	
- audit of the Foundation financial statements	
- audit of the subsidiary financial statements	
- VAT	
- tax compliance	
- advisory	
Operating lease rentals:	
Land and buildings	

15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000
575	436
41	38
10	8
2	1
2	5
–	5
183	152

7 Exceptional items

Included in costs of generating funds and within property and related costs:

During the period the following exceptional items were incurred:

Impairment losses on investment properties	
Impairment losses on assets in course of construction	

15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000
1,456	1,599
190	136
1,646	1,735
402	–
–	142

Included in the costs of charitable activities:

Initial costs of converting Broadway Cinema to include Theatre

Allocated within support costs across charitable activities are:	
Redundancy costs	

During the period £1,456,000 (year ended 30 September 2014: £1,599,000) 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 £190,000 (30 September 2014: £136,000). The project to convert the cinema to the Broadway Cinema & Theatre began during the year. The costs incurred on the project are expensed to the Consolidated Statement of Financial Activities as a charitable activity and shown separately in note 3. This is because the expenditure enhances facilities in the town but is not expected to increase the value of the property.

Notes to the Accounts

for the 15 months ended 31 December 2015

8 Employees

Staff costs for the Group during the period amounted to:

	15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000
Wages and salaries	3,758	2,719
Social security costs	283	223
Other pension costs	481	331
Agency staff costs	144	91
Redundancy costs	–	142
	4,666	3,506

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

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

	15 months ended 31 December 2015 Number	12 months ended 30 September 2014 Number
Charitable activities	76	71
Property management and maintenance	14	13
Administration	20	22
Communications	6	4
	116	110

Members of the defined benefits pension scheme

Active members	78	76
Deferred pensioners (includes undecided leavers and frozen refunds)	113	109
Pensioners	89	89
	280	274

The number of employees whose emoluments (including benefits in kind) amounted to over £60,000 in the 15 months were as follows:

£60,001 - £90,000	4	2
£100,001 - £110,000	1	1
£130,001 - £140,000	1	–
£170,001 - £180,000	–	1
£230,001 - £240,000	1	–
	7	4

Board of Trustees

Members of the Board of Trustees, who are the trustees of the charity, neither received nor waived any emoluments during the period (year ended 30 September 2014: £nil). The Chairman was reimbursed out of pocket expenses to a value less than £75.

Notes to the Accounts

for the 15 months ended 31 December 2015

9 Investment Income and Interest

Bank Interest
Money market deposit interest
Dividends receivable

	15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000
Bank Interest	43	17
Money market deposit interest	–	32
Dividends receivable	333	191
	376	240

10 Taxation

The entity is a charity within the meaning of Paragraph 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 Garden City Technologies Limited makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation. No corporation tax liability arises in the accounts.

11 Surplus/Deficit Attributable to Letchworth Garden City Heritage Foundation

The surplus for the period after surplus on sale of properties, but before property revaluation surpluses and actuarial gains and losses, dealt within the accounts of the Foundation amounted to £610,000 (year ended 30 September 2014: deficit £2,698,000). The total incoming resources for the Foundation for the period was £13,715,000 (year ended 30 September 2014: £9,250,000).

Notes to the Accounts

for the 15 months ended 31 December 2015

12 Tangible Assets - Investment Properties

Group

	Freehold property £'000	Long Leasehold property £'000	Total £'000
At 30 September 2014 – at valuation	117,595	1,685	119,280
Transfers from assets in course of construction	1,317	–	1,317
Additions	252	–	252
Disposals	(1,131)	–	(1,131)
Transfers to operational assets	(125)	–	(125)
Transfers to assets in course of construction	(315)	–	(315)
Impairment losses	(1,456)	–	(1,456)
Revaluation	11,283	–	11,283
Net book value:			
At 31 December 2015	127,420	1,685	129,105
At 30 September 2014	117,595	1,685	119,280

Foundation

At 30 September 2014 – at valuation	110,490	1,685	112,175
Transfers from assets in course of construction	1,317	–	1,317
Additions	244	–	244
Disposals	(1,131)	–	(1,131)
Transfers to operational assets	(125)	–	(125)
Transfers to assets in course of construction	(315)	–	(315)
Impairment losses	(1,456)	–	(1,456)
Revaluation	9,898	–	9,898
Net book value:			
At 31 December 2015	118,922	1,685	120,607
At 30 September 2014	110,490	1,685	112,175

Notes to the Accounts

for the 15 months ended 31 December 2015

12 Tangible Assets - Investment Properties *(continued)*

The investment properties were valued at 31 December 2015 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 £129,105,000 and Foundation £120,607,000 (30 September 2014: Group £119,280,000 and Foundation £112,175,000).

Over the five year period to 31 December 2015, 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 £31,506,000 (30 September 2014: £30,280,000) 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 £2,910,000 (30 September 2014: £3,510,000).

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 31 December 2015 was Group £65,167,000 and Foundation £64,326,000 (30 September 2014: Group £64,324,000 and Foundation £63,492,000).

Notes to the Accounts

for the 15 months ended 31 December 2015

13 Tangible Assets - Operational Assets

Group and Foundation

Cost:

At 30 September 2014

Additions

Transfers from investment properties

Disposals

At 31 December 2015

Depreciation:

At 30 September 2014

Charge for the period

Disposals

At 31 December 2015

Net book value:

At 31 December 2015

At 30 September 2014

	Freehold property £'000	Plant and equipment £'000	Total £'000
At 30 September 2014	5,100	4,914	10,014
Additions	–	284	284
Transfers from investment properties	125	–	125
Disposals	(8)	(86)	(94)
At 31 December 2015	5,217	5,112	10,329
At 30 September 2014	2,252	3,847	6,099
Charge for the period	47	528	575
Disposals	(8)	(84)	(92)
At 31 December 2015	2,291	4,291	6,582
At 31 December 2015	2,926	821	3,747
At 30 September 2014	2,848	1,067	3,915

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

14 Assets in Course of Construction

Group and Foundation

At 30 September 2014

Additions

Transfers from investment properties

Transfers to investment properties

Impairment

At 31 December 2015

	31 December 2015 £'000	30 September 2014 £'000
At 30 September 2014	1,283	3,856
Additions	103	592
Transfers from investment properties	315	–
Transfers to investment properties	(1,317)	(3,029)
Impairment	(190)	(136)
At 31 December 2015	194	1,283

Assets in course of construction relate to costs of ongoing property projects. Impairments are recognised on developments where the total costs of development exceed the anticipated market value at the completion of the construction.

Notes to the Accounts

for the 15 months ended 31 December 2015

15 Other Investments

	Listed Investments £'000
Group	
Market value at 1 October 2014	6,452
Additions	199
(Decrease) in cash invested	(126)
Deficit on revaluation	(134)
Market value at 31 December 2015	6,391
Historical cost at 31 December 2015	6,309

The investments comprise 12,897,651 units (31 December 2014 – 12,867,398 units) held in Global equities in the Schroders Charity Multi-Asset Fund plus £nil (2014 – £123,000) of cash held in that fund awaiting investment in further units. Up to May 2015 dividends receivable were reinvested in further units in the Schroders Fund. From June 2015 Schroders have been instructed to pay dividends received on the units to the Association so that the income is available for the grant programme.

	Subsidiary undertakings £'000
Foundation	
Cost and net book value: At 30 September 2014 and 31 December 2015	815

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 15 months ended 31 December 2015

16 Stocks

	Group		Foundation	
	31 December 2015 £'000	30 September 2014 £'000	31 December 2015 £'000	30 September 2014 £'000
Retail stocks	24	27	24	27

17 Debtors

	Group		Foundation	
	31 December 2015 £'000	30 September 2014 £'000	31 December 2015 £'000	30 September 2014 £'000
Deposits with Herts County Council	500	500	500	500
Trade debtors	761	1,370	744	1,338
Amounts owed by subsidiary undertakings	–	–	275	216
Other debtors	171	306	171	306
Prepayments and accrued income	1,384	1,367	1,316	1,309
	2,816	3,543	3,006	3,669

Amounts deposited with Herts County Council relate to the Street Scene development and are repayable between 2019 and 2031.

18 Loans

	Group		Foundation	
	31 December 2015 £'000	30 September 2014 £'000	31 December 2015 £'000	30 September 2014 £'000
Due within one year:				
Loans to staff	30	18	30	18
Loans to individuals and local organisations	16	6	16	6
	46	24	46	24
Due after one year:				
Loans to staff	30	67	30	67
Loans to individuals and local organisations	11	13	11	13
Loans relating to leasehold enfranchisement	264	272	264	272
	305	352	305	352

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 15 months ended 31 December 2015

19 Creditors

Amounts falling due within one year:

Trade creditors	741	888
Amounts owed to subsidiary undertakings	–	–
Taxes and social security	259	273
Other creditors	799	517
Accruals and deferred income	2,892	3,054
Grants payable	30	31

Group		Foundation	
31 December 2015 £'000	30 September 2014 £'000	31 December 2015 £'000	30 September 2014 £'000
741	888	741	888
–	–	–	16
259	273	259	273
799	517	799	517
2,892	3,054	2,882	3,041
30	31	30	31
4,721	4,763	4,711	4,766

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.

Deferred income at 30 September 2014	1,211	1,355
Net transferred (to)/from Consolidated Statement of Financial Activities	(8)	(144)
Deferred income at 31 December 2015	1,203	1,211

Group		Foundation	
31 December 2015 £'000	30 September 2014 £'000	31 December 2015 £'000	30 September 2014 £'000
1,211	1,355	1,211	1,349
(8)	(144)	(8)	(138)
1,203	1,211	1,203	1,211

20 Provisions for Liabilities

Group and Foundation

At 1 October 2014	120
Utilised during the period	(120)
At 31 December 2015	–

£'000

120

(120)

–

The provision related to the estimated environmental restoration and remediation costs for the property at 621 Works Road. The remediation was carried out during the period and the provision was fully utilised.

Notes to the Accounts

for the 15 months ended 31 December 2015

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 31 December 2015 on a basis appropriate to FRS17. The major assumptions used by the Actuary for the FRS17 calculations were as follows:

	31 December 2015	30 September 2014	30 September 2013
Salary increase rate	3.8% per annum	4.0% per annum	5.0% per annum
Pension increase rate	2.4% per annum	2.7% per annum	2.7% per annum
Expected return on assets	3.9% per annum	5.3% per annum	5.8% per annum
Discount rate	3.9% per annum	3.8% per annum	4.5% 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 31 December 2015 £'000	Expected rate of return for period starting 31 December 2015 % per annum	Value at 30 September 2014 £'000	Expected rate of return for year starting 30 September 2014 % per annum
Equities	13,760	3.9	13,447	6.2
Bonds	5,678	3.9	4,616	3.4
Property	1,747	3.9	1,405	4.3
Cash	655	3.9	602	3.1
Total	21,840		20,070	

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 31 December 2015 and 30 September 2014:

	31 December 2015 £'000	30 September 2014 £'000
Present value of scheme liabilities	(25,449)	(26,364)
Market value of scheme assets	21,840	20,070
Deficit in the scheme	(3,609)	(6,294)

Analysis of the amounts charged to net incoming resources for the 15 months period to 31 December 2015 and year to 30 September 2014:

	2015 £'000	2014 £'000
Current service cost	728	468
Interest on scheme liabilities	1,256	1,011
Expected return on scheme assets	(1,340)	(1,040)
Losses on curtailments	5	60
	649	499

Notes to the Accounts

for the 15 months ended 31 December 2015

21 Defined Benefit Pension *(continued)*

Changes in the present value of the scheme liabilities for the 15 months period to 31 December 2015 and year to 30 September 2014:

	2015 £'000	2014 £'000
Present value of scheme liabilities at beginning of the period/year	26,364	22,530
Service cost	728	468
Employee contributions	193	135
Interest cost	1,256	1,011
Actuarial (gains)/losses	(2,092)	2,933
Losses on curtailments	5	60
Benefits paid	(1,005)	(773)
Present value of scheme liabilities at end of the period/year	25,449	26,364

Changes in the fair value of the scheme assets for the 15 months period to 31 December 2015 and year to 30 September 2014:

	2015 £'000	2014 £'000
Market value of scheme assets at beginning of the period/year	20,070	17,699
Expected return	1,340	1,040
Actuarial (gains)/losses	383	1,092
Benefits paid	(1,005)	(773)
Contributions paid by the Foundation	859	877
Employee contributions	193	135
Market value of scheme assets at end of the period/year	21,840	20,070

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 period to 31 December 2015. Estimated contributions for the year ended 31 December 2016 are £1,000,000 which includes an agreed contribution of £306,000 towards the triennial deficit of the fund.

Analysis of the amounts recognised as other recognised gains and losses in the Consolidated Statement of Financial Activities for the 15 months period to 31 December 2015 and year to 30 September 2014:

	2015 £'000	2014 £'000
Actuarial gains/(losses) on scheme assets	383	1,092
Changes in assumptions underlying present value of scheme liabilities	2,092	(2,933)
Actuarial gain/(loss) recognised in statement of recognised gains and losses	2,475	(1,841)

Cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Financial Activities for the 15 months period to 31 December 2015 and year to 30 September 2014:

	2015 £'000	2014 £'000
Cumulative actuarial loss at beginning of the period/year	(5,017)	(3,176)
Recognised during the period/year	2,475	(1,841)
Cumulative actuarial loss at end of the period/year	(2,542)	(5,017)

Notes to the Accounts

for the 15 months ended 31 December 2015

21 Defined Benefit Pension *(continued)*

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

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of scheme liabilities	(25,449)	(26,364)	(22,530)	(19,969)	(17,970)
Market value of scheme assets	21,840	20,070	17,699	15,001	12,873
Deficit in the scheme	(3,609)	(6,294)	(4,831)	(4,968)	(5,097)
Actual return less expected return on scheme assets	383	1,092	1,625	1,201	(464)
Experience gain/(loss) arising on scheme liabilities	248	(1,109)	(8)	(215)	(1,533)
Change in assumptions underlying present value of scheme liabilities	2,092	(2,933)	(1,506)	(1,338)	521

22 Funds

	Unrestricted Fund £'000	Endowment Fund £'000	Restricted Fund £'000	Total £'000
Group				
At 1 October 2014	(1,381)	117,954	13,904	130,477
Retained surplus/(deficit) for the period	(567)	1,176	183	792
Surplus on revaluation	75	9,824	1,250	11,149
Actuarial gain on pension scheme	2,475	–	–	2,475
Transfers between funds	125	(125)	–	–
Balance at 31 December 2015	727	128,829	15,337	144,893
Foundation				
At 1 October 2014	(1,396)	117,954	–	116,558
Retained surplus/(deficit) for the period	(567)	1,176	–	609
Surplus on revaluation	75	9,824	–	9,899
Actuarial gain on pension scheme	2,475	–	–	2,475
Transfers between funds	125	(125)	–	–
Balance at 31 December 2015	712	128,829	–	129,541

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 31 December 2015 there were 29 (30 September 2014: 27) shares in issue.

The transfer between funds during the period reflects the redesignation of certain investment properties as operational properties.

Notes to the Accounts

for the 15 months ended 31 December 2015

23 Analysis of Group Net Assets Between Funds

	Unrestricted Fund £'000	Endowment Fund £'000	Restricted Fund £'000	Total £'000
Fund balances at 31 December 2015 are represented by:				
Investment properties	575	120,032	8,498	129,105
Operational properties	3,747	–	–	3,747
Other investments	–	–	6,391	6,391
Assets in course of construction	–	194	–	194
Pension scheme deficit	(3,609)	–	–	(3,609)
	713	120,226	14,889	135,828
Net current assets less provisions	14	8,603	448	9,065
	727	128,829	15,337	144,893

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

Unrealised gains at 30 September 2014	250	48,433	6,273	54,956
Surplus on revaluation	75	9,824	1,384	11,283
Impact of impairments	–	(1,474)	–	(1,474)
Realised on disposals	–	(827)	–	(827)
Unrealised gains at 31 December 2015	325	55,956	7,657	63,938

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

Unrealised gains at 30 September 2014	–	–	216	216
Surplus/(deficit) on revaluation	–	–	(134)	(134)
Unrealised gains at 31 December 2015	–	–	82	82

Notes to the Accounts

for the 15 months ended 31 December 2015

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:

	31 December 2015 £'000	30 September 2014 £'000
Group and Foundation		
Erection, purchase and redevelopment of premises	3,065	–

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

	31 December 2015 £'000	30 September 2014 £'000
Within two to five years	1	1
In over five years	137	137
	138	138

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.	2015 Total Value of Grants (£)	No.	2014 Total Value of Grants (£)
Digswell Arts Trust	Member	William Armitage	–	–	1	3,000
Home-Start North Hertfordshire	Manager	Charmaine Rogers	3	19,950	1	1,500
Home-Start North Hertfordshire	Trustee	Pat Walker *	3	19,950	1	1,500
Letchworth Arts Centre	Chair	David Walker	–	–	2	34,600
Letchworth Arts Centre	Trustee	Denise Poynter	–	–	2	34,600
Letchworth Civic Trust	Trustee	Ian Cotterill	1	15,000	–	–
Letchworth Civic Trust	Trustee	William Armitage	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	2	15,000	–	–
Letchworth Festival Steering Group	Committee Member	William Armitage	1	8,000	1	5,000
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 15 months ended 31 December 2015

26 Reconciliation of Net Outgoing Resources to Net Cash Inflow/(Outflow) from Operating Activities

	15 months ended 31 December 2015 £'000	12 months ended 30 September 2014 £'000
Net outgoing resources for the period	(2,030)	(2,649)
Notional finance cost/(income) on pension scheme	(84)	(29)
Interest receivable and other non-property investment income	(376)	(240)
Depreciation	575	436
Profit on disposal of operational assets	(3)	(1)
Impairment losses	1,646	1,735
Decrease in stocks	3	2
Decrease in debtors	736	950
(Decrease) in creditors	(162)	(848)
Pension fund movements	(126)	(349)
Net cash inflow/(outflow) from operating activities	179	(993)

27 Analysis of Changes in Net Cash Funds

	At 1.10.14 £'000	Cash flow £'000	At 31.12.15 £'000
Cash at bank and in hand	6,778	3,817	10,595
Net cash funds	6,778	3,817	10,595

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

	31 December 2015 £'000	30 September 2014 £'000
Increase/(decrease) in cash	3,817	(4,137)
Movement in net funds in the period	3,817	(4,137)
Net cash funds at start of the period	6,778	10,915
Net cash funds at end of the period	10,595	6,778

Letchworth Garden City Heritage Foundation

Broadway Cinema

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

Broadway Studio & Gallery

2 The Arcade
LETCWORTH GARDEN CITY
SG6 3ES
01462 476110
www.broadway-gallery.com

Ernest Gardiner Treatment Centre

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

The International Garden Cities Institute

296 Norton Way South
LETCWORTH GARDEN CITY
SG6 1SU
01462 482710
www.gardencitiesinstitute.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



Everything we do is driven by our charitable commitments:

- Environment and Heritage
- Education and Learning
- Recreation and Leisure
- Health and Wellbeing
- Locally Based Charities
- Charitable Activities







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foundation
Letchworth Garden City

Letchworth Garden City
Heritage Foundation
Foundation House
Icknield Way
LETCHWORTH GARDEN CITY
SG6 1GD

01462 476007

www.letchworth.com/heritage-foundation

