

### **3. COUNCIL CHARITABLE LAND – AMENDED ANNUAL OPERATIONAL REPORT**

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#### **1.0 BACKGROUND INFORMATION**

- 1.1 At the Charity Trustees meeting of the 25th July 2012, an Annual Operational Report on the activities of the Charities was submitted and approved. However, due to a technical error in that report, some of the reported figures have since been amended. These amendments only affect two charitable sites being Beech Hurst Gardens Haywards Heath and Richard Worsley Recreation Ground Cuckfield. It is therefore necessary to call a special meeting of the Members of the Council to sit as the Charity Trustees to consider and approve these amended accounts.
- 1.2 Both of the Charities mentioned in Section 2 of this report are unincorporated associations and their principal office is Mid Sussex District Council, Oaklands, Oaklands Road, Haywards Heath, West Sussex RH16 1SS.
- 1.3 This report provides a review of the operational activities of these two Charities managed by the Council and a statement of each charity's financial affairs for the period 1st April 2011 to 31st March 2012. A copy of the Accounts for both Beech Hurst Gardens Haywards Heath and Richard Worsley Recreation Ground Cuckfield is annexed to this report.

#### **2.0 CHARITIES AMENDED OPERATIONAL REPORT**

##### **2.1 General**

- 2.1.1 The Project work on these two sites have been directed at maintaining the quality of these facilities, and securing their income generating capacity, to offset the costs of providing these publicly accessible open spaces and their facilities.

##### **2.2 Beech Hurst Gardens, Haywards Heath – Charity No: 305202**

- 2.2.1 The Charity was constituted by a Declaration of Trust dated 2<sup>nd</sup> March 1950 when Gardens were gifted to the Council's predecessor, the Urban District Council of Cuckfield, by the trustees of the late William Johnson Yapp to be administered by the Council upon charitable trust.
- 2.2.2 The object of the Charity is the provision of a public park and recreation ground for the benefit of the inhabitants of Haywards Heath. The trustees powers of management are very restrictive and are limited to providing facilities for the use and enjoyment of the inhabitants of Haywards Heath for educational, scientific, cultural or recreational purposes, and for any of the charitable purposes set out in Section 4 of the Physical Training and Recreation Act 1937, and not for any purposes that are not charitable. By virtue of a Scheme made by the Charity Commissioners on 1st March 1996, the Council now has the power, subject to complying with charity law and the prior written consent of the Charity Commissioners, to sell or let part of the Charity's property provided that this will not unduly interfere with the objects of the Charity.

- 2.2.3 These gardens represent a major park for the town of Haywards Heath, while attracting visitors from outside the district. Regular maintenance has provided a high quality facility. A User Group is now well established and a small friends group that was established in 2010/11 is now suffering from lack of numbers. It is hoped to possibly subsume the group within the wider Haywards Heath in Bloom group. The site received another 'Green Flag' award in July 2011 through a 'mystery shopping' inspection.
- 2.2.4 The seventh year's trading figures for the Family Restaurant were again very good this year and a supplementary rent, (based on turnover), of some £26k was received in addition to the £30k base rent. This represents the best years trading since the restaurant opened which reflects the recent investment in internal upgrades and improved site signage etc.
- 2.2.5 The restaurant complex at Beech Hurst leased to Whitbread PLC on 6th October 2003 was assigned to Mitchells and Butlers Retail Ltd on 4th January 2007. This followed a resolution made at the annual Charity Trustees meeting held on 27th September 2006.
- 2.2.6 Following a request from Mitchells and Butlers Retail Ltd to re-brand the Restaurant Complex the Charity Trustees considered a report on 27th February 2008 when they authorised the Solicitor of the Council to grant landlord's consent to minor alterations including the erection of new signage necessary to complete the re-branding exercise. These works were satisfactorily carried out.
- 2.2.7 The income generated and expenditure incurred at this site is split between restricted and unrestricted funds the former relates to the cottages, and restaurant facility, with the sporting facilities being unrestricted funds. Total income generated from petanque, events, tennis, rent from the cottages, leases, and licences (including the restaurant), on the site totalled £113k. This sum includes supplementary rental income as detailed in paragraph 2.2.4 of this report. Overall running costs excluding depreciation amounted to £72k of which £69k related to buildings and ground maintenance costs with the rest being utilities expenditure. This therefore produced a surplus in 2011/12 of £41k at this site which has been transferred to a separate Beech Hurst Charity account.
- 2.2.8 The cottages at Beech Hurst are let on Assured Shorthold Tenancy Agreements. Four cottages are currently let, and one recently vacated cottage is currently being marketed. This has given the opportunity to subsume this last garden back into the park. Under the terms of the Assured Shorthold Tenancy Agreement, the Council is responsible for the maintenance/repair of the structure, and interior of the premises, as well as any installations provided for space, heating and sanitation, and for the supply of water, gas, and electricity. The tenant is responsible for keeping the garden and interior of the premises in a good and tidy condition. In 2011/12 income generated from these cottages amounted to £47k with maintenance costs of only £3k being incurred. Maintenance fees were lower in 2011/12 due to the considerable works that were undertaken in 2010/11.
- 2.2.9 The Council continued to investigate a possible mini-golf facility on the site, however, late in the year the potential supplier turned down the offer of working with the Council on this project. Options to maximise potential

income generation from the on-site kiosk, and associated land are currently being investigated and will be reported on in due course.

## **2.3 Richard Worsley Recreation Ground, Cuckfield (known as Cuckfield Recreation Ground) – Charity No: 206789**

- 2.3.1 The Charity was constituted by Conveyance dated 1st July 1920 when the Park was gifted to the Council's predecessor, the Urban District Council of Cuckfield, by Frances Pendleburg Worsley to be administered by the Council upon charitable trust.
- 2.3.2 The object of the Charity is the provision of a Public Recreation Ground for the use, and benefit of, the inhabitants of the former Urban District of Cuckfield, and the Parish of Cuckfield Rural, and as a perpetual memorial to her late husband, who died on the 9th November 1916, and as a memorial to those who gave their lives in the Great War 1914-18. The Council's powers of management are restricted to using the property for charitable purposes. By virtue of a Scheme made by the Charity Commissioners on 15th May 2000, the Council now has limited power, subject to complying with charity law and the prior written consent of the Charity Commissioners, to let part of the Charity's property provided that this will not unduly interfere with the objects of the Charity.
- 2.3.3 The grounds to this popular and well used venue were regularly maintained and include pitches, tennis courts, pavilion, playgrounds and a paddling pool. During 2011 a modest café facility was operated within the pavilion building which helped the income stream to this recreation ground. In total income of £7k was generated in 2011/12 from hire of the pitch and tennis courts, rental of the tennis pavilion, special events, and the hire of the pavilion to run a modest café facility during the summer months. This income helped offset total expenditure of £29k, being the cost of grounds maintenance and general upkeep of the facilities.
- 2.3.4 There has been approach from the tennis club who wish to take on a lease of the courts. A further report will be provided to trustees in due course on this issue.

## **3.0 CHARITIES ACCOUNTS**

- 3.1 The returns to the Charity Commission will be completed on the basis of these figures. In line with recommended practice the Trust Fund Assets are no longer consolidated within the balance sheet in the Council's Statement of Accounts.
- 3.2 Members should note that in the case of any charity where the charity's expenditure exceeds its income the shortfall is met from the Council's own resources. Where the charity's income exceeds the expenditure the surplus is moved to a separate account for future use at that individual site.
- 3.3 With regard to interest on any surplus, this currently is not allocated to individual charity accounts, however due to the recent increase in value of surplus on the Beech Hurst Charity site this will be changed for 2012/13.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 All income and expenditure shown in the 2011/12 Charity Accounts for Beech Hurst Gardens Haywards Heath and Richard Worsley Recreation Ground Cuckfield were accommodated within the 2011/2012 Revenue Budget.

#### **5.0 RISK ANALYSIS**

- 5.1 By compiling detailed annual operational and financial reports the Trustees are minimising their risks of not complying with current legislation and Charity Commission requirements. This report will form part of the Annual Returns for each Charity referred to in the report.

#### **6.0 CONCLUSION**

- 6.1 The trust property has been held and maintained satisfactorily during the period 1st April 2011 to 31st March 2012.

#### **7.0 RECOMMENDATIONS**

***The Charity Trustees are recommended to:***

- 7.1 ***Note and agree the contents of this report; ratify the actions taken and approve the Amended Charities' Accounts for 2011/2012 for Beech Hurst Gardens Haywards Heath and Richard Worsley Recreation Ground Cuckfield***

#### **BACKGROUND PAPERS:**

Leisure and Sustainability, Property, Legal and Finance files  
Charity Trustees Report 25th July 2012

#### **ENVIRONMENTAL IMPLICATIONS STATEMENT:**

This report raised no environmental implications.

#### **LIASON WITH LOCAL COUNCILS:**

No Town or Parish consultation has taken place for the purposes of this report; however consultation takes place for all major works and new initiatives.

#### **COMPLIANCE WITH CODE OF PRACTICE ON COMMITMENTS:**

All costs and income relating to charitable land were accommodated within the 2011/2012 Revenue Budget

# Charity Accounts for the Year Ended 31st March 2012

**Amended for 19th December 2012**

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**Beech Hurst Gardens - Registration Number 305202**  
**Statement of Financial Activities for the year ended 31<sup>st</sup> March 2012**

	Unrestricted Funds £	Restricted Income Funds £	Endowment Funds £	2011/12 £	2010/11 £
<b><i>Incoming Resources</i></b>					
Incoming Resources from Donors (MSDC)		0		0	0
Income from Charitable Trading	8,238	104,791		113,029	102,135
<b><i>Total incoming resources</i></b>	<b>8,238</b>	<b>104,791</b>	<b>0</b>	<b>113,029</b>	<b>102,135</b>
Less cost of generating funds				0	319
<b><i>Net incoming resources available for charitable application</i></b>	<b>8,238</b>	<b>104,791</b>	<b>0</b>	<b>113,029</b>	<b>101,816</b>
<b><i>Expenditure</i></b>					
Charitable Expenditure:					
Maintenance and Insurance		69,344		69,344	87,423
Utilities	1,595			1,595	2,029
NNDR	455			455	58
Management and Administration:					
Legal Costs				0	0
Audit Fees	400			400	400
Depreciation charge for year			42,798	42,798	41,827
Impairment Charge				0	0
Provision for Bad Debt	202			202	0
<b><i>Total expenditure</i></b>	<b>2,652</b>	<b>69,344</b>	<b>42,798</b>	<b>114,794</b>	<b>131,737</b>
Transfer Between Funds	(5,586)	5,586	0	0	0
<b><i>Net Incoming/(Outgoing) Resources</i></b>	<b>0</b>	<b>41,033</b>	<b>(42,798)</b>	<b>(1,765)</b>	<b>(29,921)</b>
<b><i>Unrealised Gains/(Losses) on Tangible Fixed Assets:</i></b>					
Assets Revalued			183,900	183,900	(109,500)
Write Back of Depreciation on Revaluation			25,761	25,761	45,920
Disposal				0	0
Write Back of Depreciation on Disposal				0	0
<b><i>Net Movement in Funds</i></b>	<b>0</b>	<b>41,033</b>	<b>166,863</b>	<b>207,896</b>	<b>(93,501)</b>
<b><i>Fund Balances Brought Forward</i></b>	<b>0</b>	<b>29,377</b>	<b>1,642,015</b>	<b>1,671,392</b>	<b>1,764,893</b>
<b><i>Fund Balances Carried Forward</i></b>	<b>0</b>	<b>70,410</b>	<b>1,808,878</b>	<b>1,879,288</b>	<b>1,671,392</b>

**Beech Hurst Gardens - Registration Number 305202**  
**Balance Sheet as at 31<sup>st</sup> March 2012**

	Notes	2011/12 £	2010/11 £
<b>Fixed Assets</b>			
Tangible Assets		1,808,878	1,642,015
<b>Total Fixed Assets</b>	3	1,808,878	1,642,015
<b>Current Assets</b>			
Debtors	4	70,410	29,377
Creditors Prepayment (receipts in advance)	5	3,425	15,500
<b>Total Current Asset</b>		73,835	44,877
Short Term Creditors	5	(3,425)	(15,500)
<b>Net Current Assets/(Liabilities)</b>		70,410	29,377
<b>Total Assets Less Current Liabilities</b>		1,879,288	1,671,392
<b>Endowment Funds</b>		1,808,878	1,642,015
<b>Restricted Income Funds</b>		70,410	29,377
<b>Unrestricted Income Funds</b>		0	0
<b>Total Funds</b>		1,879,288	1,671,392

# Beech Hurst Gardens - Registration Number 305202

## Notes to the Accounts

### 1. Basis of Accounting

These accounts have been prepared in the accruals format in accordance with the Charities SORP.

### 2. Endowment and Restricted Funds

The land and buildings of the Charity represent the permanent endowment of the Charity. The deeds of the Charity state that the income from the rents of the properties are to be used for maintenance and insurance, therefore this has been treated as a restricted fund.

### 3. Details of Movements on Assets

	<i>Freehold Land &amp; Buildings 2011/12 £</i>	<i>Freehold Land &amp; Buildings 2010/11 £</i>
<b><i>Asset Cost or Valuation</i></b>		
Balance brought forward	1,683,842	1,793,342
Additions		
Revaluations	183,900	(109,500)
Disposals		
Balance carried forward	1,867,742	1,683,842
<b><i>Accumulated Depreciation</i></b>		
Balance brought forward	41,827	45,920
Disposals		
Revaluation	(25,761)	(45,920)
Charge for year	42,798	41,827
Balance carried forward	58,864	41,827
<b><i>Net Book Value Brought forward</i></b>	1,642,015	1,747,422
<b><i>Net Book Value Carried forward</i></b>	1,808,878	1,642,015

- Depreciation basis is straight line for Buildings.
- Depreciation rate is 22-30 years for Beech Hurst Cottages, 44 years for Booking Office, and 5 years for Tennis Shelter.
- The asset revaluation, as at 1<sup>st</sup> April 2011 was carried out by Mr D Waite, FRICS, Property Manager for Mid Sussex District Council. The Restaurant Site and Quadrangle have a combined valuation of £630,000.



# Beech Hurst Gardens - Registration Number 305202

## Notes to the Accounts

### 4. Debtors and Prepayments

	<i>Amounts falling due within one year 2011/12 £</i>	<i>Amounts falling due within one year 2010/11 £</i>
<b><i>Analysis of Debtors</i></b>		
Trade Debtors	<b>202</b>	
Amounts due to subsidiary and associated undertakings		
Other Debtors	<b>70,208</b>	29,377
Prepayments (receipts in advance)	<b>3,425</b>	15,500
Accrued Income		
<b><i>Total</i></b>	<b><u>73,835</u></b>	<b><u>44,877</u></b>

- MSDC fund any deficits or future liabilities (see creditors accruals below) This is treated as a receipt in advance in the balance sheet.
- Other Debtors show the surplus of trading income in year held by MSDC.

### 5. Creditors and Accruals

	<i>Amounts falling due within one year 2011/12 £</i>	<i>Amounts falling due within one year 2010/11 £</i>
<b><i>Analysis of Creditors</i></b>		
Loans and overdrafts		
Trade Creditors		
Amounts due to subsidiary and associated undertakings		
Other Creditors		
Accruals	<b>(3,425)</b>	(15,500)
Deferred Income		
<b><i>Total</i></b>	<b><u>(3,425)</u></b>	<b><u>(15,500)</u></b>

### 6. Reserves Policy

The Charity's policy is to hold no reserves. The shortfall between income generated through charitable trading and its commitments is donated by the Council (MSDC).

The Council maintains the quality and income generating capacity of the facilities and the objective of the Charity is not subject to volatile external markets, therefore, the risk that the Council would not be able to meet any future losses is minimal.

**Richard Worsley (Cuckfield) Recreation Ground - Registration  
Number 206789**

**Statement of Financial Activities for the year ended 31<sup>st</sup> March 2012**

	<i>Unrestricted Funds £</i>	<i>Endowment Funds £</i>	<i>2011/12 £</i>	<i>2010/11 £</i>
<b><i>Incoming Resources</i></b>				
Incoming Resources from Donors (MSDC)	21,285		21,285	43,587
Income from Charitable Trading	7,397		7,397	6,927
<b><i>Total incoming resources</i></b>	<b>28,682</b>	<b>0</b>	<b>28,682</b>	<b>50,514</b>
Less cost of generating funds	0		0	0
<b><i>Net incoming resources available for charitable application</i></b>	<b>28,682</b>	<b>0</b>	<b>28,682</b>	<b>50,514</b>
<b><i>Expenditure</i></b>				
Charitable Expenditure:				
Maintenance and Insurance	22,112		22,112	44,759
Utilities	6,308		6,308	5,833
Management and Administration:				
Agency Management Fees	22		22	0
Legal Costs			0	0
Audit Fees	240		240	240
Depreciation charge for year		1,994	1,994	1,780
Provision for Bad Debt			0	(318)
<b><i>Total expenditure</i></b>	<b>28,682</b>	<b>1,994</b>	<b>30,676</b>	<b>52,294</b>
Transfer Between Funds	0	0	0	0
<b><i>Net Incoming/(Outgoing) Resources</i></b>	<b>0</b>	<b>(1,994)</b>	<b>(1,994)</b>	<b>(1,780)</b>
<b><i>Unrealised Gains/(Losses) on Tangible Fixed Assets:</i></b>				
Assets Revalued			0	(1,000)
Write Back of Depreciation on Revaluation		1,078	1,078	1,851
Addition			0	0
<b><i>Net Movement in Funds</i></b>	<b>0</b>	<b>(916)</b>	<b>(916)</b>	<b>(929)</b>
<b><i>Fund Balances Brought Forward</i></b>	<b>0</b>	<b>57,499</b>	<b>57,499</b>	<b>58,428</b>
<b><i>Fund Balances Carried Forward</i></b>	<b>0</b>	<b>56,583</b>	<b>56,583</b>	<b>57,499</b>

**Richard Worsley (Cuckfield) Recreation Ground - Registration  
Number 206789  
Balance Sheet as at 31<sup>st</sup> March 2012**

	Notes	2011/12 £	2010/11 £
<b><i>Fixed Assets</i></b>			
Tangible Assets		56,583	57,499
<b><i>Total Fixed Assets</i></b>	3	56,583	57,499
<b><i>Current Assets</i></b>			
Debtors	4	0	0
Creditors Prepayment (receipts in advance)	5	658	4,917
<b><i>Total Current Asset</i></b>		658	4,917
Short Term Creditors	5	(658)	(4,917)
<b><i>Net Current Assets/(Liabilities)</i></b>		0	0
<b><i>Total Assets Less Current Liabilities</i></b>		56,583	57,499
 <b><i>Endowment Funds</i></b>			
		56,583	57,499
<b><i>Unrestricted Income Funds</i></b>		0	0
<b><i>Total Funds</i></b>		56,583	57,499

# Richard Worsley (Cuckfield) Recreation Ground - Registration Number 206789

## Notes to the Accounts

### 1. Basis of Accounting

These accounts have been prepared in the accruals format in accordance with the Charities SORP.

### 2. Endowment

The land and buildings of the Charity represent the permanent endowment of the Charity.

### 3. Details of Movements on Assets

	<i>Freehold Land &amp; Buildings 2011/12</i> £	<i>Freehold Land &amp; Buildings 2010/11</i> £
<b><i>Asset Cost or Valuation</i></b>		
Balance brought forward	59,249	60,249
Enhancement		0
Revaluations		(1,000)
Disposals		
Balance carried forward	59,249	59,249
<b><i>Accumulated Depreciation</i></b>		
Balance brought forward	1,750	1,821
Disposals		
Revaluation	(1,078)	(1,851)
Charge for year	1,994	1,780
Balance carried forward	2,666	1,750
<b><i>Net Book Value Brought forward</i></b>	57,499	58,428
<b><i>Net Book Value Carried forward</i></b>	56,583	57,499

- Depreciation basis is straight line for Buildings
- Depreciation rate is 32 years for Public Conveniences and 12 years for the Pavilion.
- The asset revaluation, as at 1<sup>st</sup> April 2011 was carried out by Mr D Waite, FRICS, Property Manager for Mid Sussex District Council, which changed the life expectancy of the Pavilion from 14 years to 12 years.

# Richard Worsley (Cuckfield) Recreation Ground - Registration Number 206789

## Notes to the Accounts

### 4. Debtors and Prepayments

<i><b>Analysis of Debtors</b></i>	<i>Amounts falling due within one year 2011/12 £</i>	<i>Amounts falling due within one year 2010/11 £</i>
Trade Debtors	0	0
Amounts due to subsidiary and associated undertakings		
Other Debtors		
Prepayments (receipts in advance)	658	4,917
Accrued Income		
<b>Total</b>	<b>658</b>	<b>4,917</b>

- MSDC fund any deficits or future liabilities (see creditors accruals below) This is treated as a receipt in advance in the balance sheet.

### 5. Creditors and Accruals

<i><b>Analysis of Creditors</b></i>	<i>Amounts falling due within one year 2011/12 £</i>	<i>Amounts falling due within one year 2010/11 £</i>
Loans and overdrafts		
Trade Creditors		
Amounts due to subsidiary and associated undertakings		
Other Creditors		
Accruals *	(658)	(4,917)
Deferred Income		
<b>Total</b>	<b>(658)</b>	<b>(4,917)</b>

### 6. Reserves Policy

The Charity's policy is to hold no reserves. The shortfall between income generated through charitable trading and its commitments is donated by the Council (MSDC).

The Council maintains the quality and income generating capacity of the facilities and the objective of the Charity is not subject to volatile external markets, therefore, the risk that the Council would not be able to meet any future losses is minimal.

# **Independent Examiner's Report on the Accounts**

## **Report to:**

The trustees/members of Beech Hurst Gardens, Ashurst Wood Recreation Ground, Richard Worsley (Cuckfield) Recreation Ground, St John's Park, Fairfield Recreation Ground, Lucastes Avenue Open Space and West Common Public Walk and Pleasure Ground.

On accounts for the year ended 31<sup>st</sup> March 2012

Set out on pages 2 –9.

## **Respective Responsibilities of Trustees and Examiner**

As the charities' trustees you are responsible for the preparation of the accounts; you consider that the audit requirement of section 43(2) of the Charities Act 1993 (the Act) does not apply. It is my responsibility to state, on the basis of procedures specified in the General Directions given by the Charity Commissioners under section 43(7)(b) of the Act, whether particular matters have come to my attention.

## **Basis of Independent Examiner's Report**

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

## **Independent Examiner's Statement**

In connection with my examination, no matter has come to my attention.

- (1) which gives me reasonable cause to believe that in any material respect the requirements
- to keep accounting records in accordance with section 41 of the Act; and
  - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the Act have not been met;
- or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

**Hugh Barron PFA  
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04 July 2012**