
FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY

***Annual Report and Accounts for the Year
Ended 31 March 2017***

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FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

1. INTRODUCTION

- 1.1 Folkestone & Hythe District Council, as Corporate Trustee, presents the annual report, together with the financial statements, for the year ended 31 March 2017 for the Folkestone Parks and Pleasure Grounds Charity.
- 1.2 The Charity's annual report and accounts have been prepared in accordance with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in UK and Republic of Ireland (FRS 102) issued on 16th July 2014, together with the Charity's governing document.

2. REFERENCE AND ADMINISTRATIVE INFORMATION

| | | |
|-----|---|--|
| 2.1 | Name of Charity | Folkestone Parks and Pleasure Grounds Charity |
| 2.2 | Registration Number | 1006288 |
| 2.3 | Corporate Trustee | Folkestone & Hythe District Council |
| 2.4 | Names of the Representatives of the Trustee | Cllr D Monk (Leader) Cllr Mrs J Hollingsbee (Deputy Leader) Cllr D Godfrey Cllr A Ewart-James Cllr Mrs A Berry Cllr S Peall Cllr D Pascoe Cllr M Dearden Cllr J Collier Cllr R Love |
| 2.5 | Names of Chief Officers | Head of Paid Service – Susan Priest Financial Advisor to the Charity – Charlotte Spendley Legal Advisor to the Charity – Amandeep Khroud |
| 2.6 | Principal Office | Folkestone & Hythe District Council Civic Centre, Castle Hill Avenue Folkestone, Kent CT20 2QY |
| 2.7 | Principal External Advisors | Folkestone & Hythe District Council hold balances on behalf of the Charity. The Council's bankers are: National Westminster Bank Europa House, 49 Sandgate Road, Folkestone, CT20 1RU |
| | Bankers | |
| | Auditors - to be approved | Begbies Chartered Accountants will be asked to audit the 2016/17 accounts. |
| | Investment Managers | Folkestone & Hythe District Council |

3. STRUCTURE, GOVERNANCE AND MANAGEMENT

- 3.1 Following the 1974 local government re-organisation, Folkestone & Hythe District Council succeeded the Borough of Folkestone as Corporate Trustee for a number of areas of land in Folkestone, each a charity in its own right, specifically provided as a park, pleasure ground or recreation ground for the use and enjoyment of the inhabitants of the town and its neighbourhood.
- 3.2 The areas of land are:
East Cliff and Warren
The Durlocks
Lower Sandgate Road (Coastal Park)
Radnor Park
Morehall Recreation Ground
Canterbury Road Recreation Ground
- 3.3 The individual charities all had identical objectives and to improve their administration a successful application was made to the Charity Commission to combine them into one.
- 3.4 On 13 June 1991 the Folkestone Parks and Pleasure Grounds Charity was established, by a Charity Commission scheme, for the provision of parks, pleasure grounds or recreation grounds for the use and enjoyment of the inhabitants of the former Borough of Folkestone and the neighbourhood thereof.
- 3.5 In accordance with the constitution of Folkestone & Hythe District Council the Council's cabinet carries out its Corporate Trustee functions.
- 3.6 The cabinet consists of the leader who is elected by the Council, together with at least two, but no more than nine, councillors appointed to the cabinet by the leader. The current cabinet is shown at 2.4. Councillors are required to stand for election by the public every four years.
- 3.7 Day to day management of the Charity is delegated to chief officers in accordance with the Council's constitution. The names and designations of chief officers are shown at 2.5.
- 3.8 The Charity is managed on the same basis as the Council's own recreation service and is subject to the same codes and protocols specified in the Council's constitution.
- 3.9 **Risk Management**
The major risks to which the Charity is exposed are managed within Folkestone & Hythe District Council's risk management strategy and policy.
- 3.10 It is the overall responsibility of the cabinet to approve the Council's risk management policy and strategy, to review it on an annual basis and to promote a culture of risk management awareness throughout the Council, including the Charity. The cabinet is also responsible for designating a councillor to act as 'risk management champion' to support the integration of risk management into the culture of the Council.
- 3.11 The Council's constitution specifies the risk management responsibilities of the chief executive, the corporate directors and service managers.

3.12 Risks are identified, assessed and controls established throughout the year. The key controls used by the Council and the Charity include:

- formal written policies, codes and protocols;
- established organisational structure and lines of reporting;
- clear authorisation and approval levels;
- comprehensive strategic planning, budgeting and budgetary control;
- effective insurance cover and vetting procedures;
- regular training and guidance;
- maintenance of risk registers;
- formal agendas, reports and terms of reference for meetings, projects etc.

3.13 Through the Council's risk management processes established for the Charity the cabinet, representing the Corporate Trustee, is satisfied that any identified major risks have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

4. OBJECTIVES AND ACTIVITIES

4.1 Objective of the Charity

The Charity's objective, as set out in the Charity Commission scheme, is the provision of parks, pleasure grounds or recreation grounds for the use and enjoyment of the inhabitants of the area of the former Borough of Folkestone and its neighbourhood.

4.2 The parks and recreation grounds consist of the following:

East Cliff and Warren
The Durlocks
Lower Sandgate Road
Radnor Park
Morehall Recreation Ground
Canterbury Road Recreation Ground

4.3 The representatives of the Corporate Trustee confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the Charity and in planning future activities.

4.4 Aims and Intended Impact

The principal aim of the Charity is to ensure the maintenance of the parks and recreation grounds, including public conveniences on charity land, in accordance with agreed specifications so that the residents of Folkestone and Sandgate can continue to use them for leisure pursuits and to enjoy the benefits of open spaces in an urban area.

4.5 Maintenance includes grass and hedge cutting, shrub and rose beds, herbaceous borders, annual bedding displays, tree stock, ponds and associated structures such as fences, walls, paths, car parks and public conveniences.

4.6 The Charity also provides sports facilities at East Cliff (bowls, golf, putting and tennis) and allows attractions to take place on the sites, particularly Radnor Park (e.g. annual donkey derby, amusements and boot fairs).

- 4.7 The success of the coastal park on the Lower Sandgate Road continues after 16 years of it's opening in 2000. The park is monitored by CCTV and has a warden. It has an approximate area of 25 hectares designed into three zones.
- 4.8 The formal zone comprises pine avenues, formal planting and hard landscaping. The fun zone contains the largest free play area in the south east as well as a zigzag path and amphitheatre. The wild zone encourages wildlife through sensitive habitat management.
- 4.9 **Objectives for 2016/17**
The main objective for 2016/17 was to ensure that the maintenance of the charitable land continued to the agreed standards.
- 4.10 This links to Folkestone & Hythe's strategic objectives of supporting an attractive and vibrant place to live and listening to local people.
- 4.11 Key actions for 2016/17 were the retention of the green flag accreditation national recognition for the Coastal Park and ensuring a summer events programme in the Coastal Park and Radnor Park.
- 4.12 Development of Radnor Park.

Following the successful renovation of Radnor Park Tea Rooms the play area and fountain is to undergo a significant transformation turning the area into a destination play site. The tea rooms have proven a success with local residents and are being well used.

The Council, working in partnership with the Radnor Park Community Group, FTC, RDHCT and several others has designed the new play space including play equipment for multiple ages and abilities, enhanced landscaping and new pathways. The fountain and statue will also be fully refurbished by local stonemasons and sculptors. The work will be complete for summer 2017.

The Grounds maintenance team are considering putting the park forward for a green flag award for 2018.

5. REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR 2016/17

5.1 Coastal Park

The Coastal Park continues to be the key destination play site for the District retaining its Green Flag status for the 10th consecutive year. It has also been the third successive year for receiving the Trip Advisor 'certificate of excellence'. The summer events programme was successful including a 'mermaid festival', 'totemtastic' and 4 rock-pooling events being well attended. A wildflower / nature meadow was planted under the Leas Cliff Hall and extensive repairs were carried out to the entrance road.

5.2 East Cliff Sports

The sports facilities continue to be well used by the public and schools alike. The income received was up by £3,000 to £15,500. Next year the team propose to carry out more marketing using social media channels to see if this increases user numbers further.

6. FINANCIAL REVIEW 2016/17

- 6.1 The net revenue expenditure in 2016/17 was £560,000 being £63,700 more than the latest budget of £496,300. Net revenue expenditure is defined as net expenditure on unrestricted funds excluding depreciation and is met by a contribution from Folkestone & Hythe District Council. The main reasons for the variance to budget were as follows:

| | £ |
|---|---------------|
| a) Decreased expenditure on supplies and services including plants and shrubs, equipment repairs and maintenance. | (9,100) |
| b) Re-alignment of recharged support costs | 71,490 |
| c) Other net changes | 6,000 |
| d) Increased Income | (4,690) |
| | <u>63,700</u> |

- 6.2 The net revenue expenditure supported the objectives of the Charity by financing the maintenance of charitable open spaces, the provision of sports facilities at East Cliff and the management of the Coastal Park.

- 6.3 The net expenditure of the Charity was financed by Folkestone & Hythe District Council.

6.4 Reserves Policy

The day-to-day finances of the Charity are administered within the financial systems of the Council, which also finances the net cost of the Charity on an ongoing basis. As a result there are no separate balances representing resources set aside for Charity purposes such as general contingencies and cash flow management.

- 6.5 The Charity's general fund has a deficit of £60,000 because in the past the Council has not contributed fully to the provision for depreciation in recognition of the significant contribution to the resources of the Charity from local taxpayers. In local authority accounts depreciation has a neutral impact on the amounts required to be raised from local taxation.

6.6 Investment Policy and Performance

At the start of 2016/17 Folkestone & Hythe District Council held £233,000 on behalf of the Charity. That sum represented the brought forward balance of past proceeds of the sale of charitable assets and is managed by the Council as part of its overall investment portfolio. The Council's investment activity during 2016/17 complied with its approved Investment Strategy for the year. Most investments made were for up to a maximum of 12 months duration reflecting an expectation that interest rates will eventually rise from their historically low base and also to take a cautious approach around the credit risk of counterparties available to invest with. The Council also made a strategic long term investment in the CCLA Local Authority Property Fund. During 2016/17, as a result of the decision to fund up to £90,000 of the Radnor Park Café refurbishment from these receipts a sum of £72,638.53 was utilised for that purpose. The residual amount of £160,792.53 remains with the Council.

- 6.7 Overall a return of approximately 1.00% was achieved on the Charity's investment, earning interest of £2,798 for 2016/17.

- 6.8 In line with Folkestone & Hythe District Council's projected return on investments, it is anticipated that the 2017/18 investment return will be slightly lower than that achieved in 2016/17 due to the reduced sum invested.
- 6.9 The Charity also holds five properties (valued at £490,500) that are leased at commercial rents and are classed as investment assets.
- 6.10 The Charity's accounts showing the financial performance for the year ending 31 March 2017 are set out on pages 9 to 21. They consist of the following:
- a) The Statement of Financial Activities – which shows all resources made available to the Charity and all expenditure incurred by it.
 - b) The Balance Sheet – which sets out the financial position of the Charity at the year end. It shows the balances and reserves at the Charity's disposal and its long term indebtedness, together with summarised information on the fixed assets held.
 - c) The Statement of Cash Flows – which shows how the Charity has used cash generated by its activities and changes in cash and cash equivalents held by the Charity.
- 6.11 The accounts are supported by the Statement of Accounting Policies and various notes to the accounts.
- 6.12 The charity finished the year with a surplus of £300,000 due to donations towards ongoing development works at Radnor Park bringing the total reserves to £4,130,000. Of these funds £2,845,000 are restricted and £164,000 are endowment funds. At the balance sheet date £3,758,000 of the reserves are represented by fixed assets and could only be accessed by the sale of those assets.

7. FUTURE PLANS

- 7.1 The Charity will be considering enhancing a number of its land and property assets with the intention of furthering the aims of the Charity and continues to improve the parks and pleasure ground facilities for the people of Folkestone and the surrounding areas.

8. AUDIT OF THE CHARITY'S ACCOUNTS

- 8.1 Begbies Chartered Accountants were appointed to audit previous years accounts in accordance with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in UK and Republic of Ireland (FRS 102) issued on 16th July 2014. They will be reappointed to audit the 2016-17 accounts.

9. FURTHER INFORMATION

- 9.1 Further information about the Charity can be obtained from Susan Priest, Head of Paid Service, Folkestone & Hythe District Council, Civic Centre, Castle Hill Avenue, Folkestone, Kent CT20 2QY. (01303 852203) susan.priest@folkestone-hythe.gov.uk.

The Annual Report for the year ended 31 March 2017 approved by the Cabinet of Folkestone & Hythe District Council, the Corporate Trustee, on 13th June 2018 and signed on its behalf by:

Signed:

T Monk

Date:

18th June 2018

Cllr DD Monk

Chairman

Folkestone Parks and Pleasure Grounds Charlty

ACCOUNTING AND REPORTING RESPONSIBILITIES

Folkestone & Hythe District Council as the Corporate Trustee of the Charity is responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires Folkestone & Hythe District Council to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the representatives of the Corporate Trustee are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

Folkestone & Hythe District Council as the Corporate Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Folkestone & Hythe District Council is responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We certify that the financial statements on pages 9 to 21 have been prepared in accordance with the accounting policies set out on pages 12 to 15 and that it presents fairly the financial position of the Folkestone Parks and Pleasure Grounds Charity at 31 March 2017 and the Charity's incoming and outgoing resources for the year then ended.

Signed

Date

Cllr DD Monk

Chairman

**Folkestone Parks and
Pleasure Grounds Charity**

Signed

Date

Charlotte Spendley

Financial Advisor to the

**Folkestone Parks and
Pleasure Grounds Charity**

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2017

| | Unrestricted Fund | Restricted Funds | Endowment Funds | Total | 2015/16 |
|--|----------------------|---------------------|--------------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and Endowments from: | | | | | |
| Donations for projects | - | 273 | - | 273 | - |
| Charitable Activities | 60 | - | - | 60 | 52 |
| Investment Income (note 2) | 35 | 3 | - | 38 | 40 |
| Contribution from Folkestone & Hythe DC (note 3) | 560 | - | - | 560 | 448 |
| Total | 655 | 276 | | 931 | 540 |
| Expenditure on: | | | | | |
| Charitable Activities | | | | | |
| Operation of Parks and playgrounds | | | | | |
| Employees (note 4) | 20 | - | - | 20 | 19 |
| Premises & Grounds (note 5) | 513 | - | - | 513 | 453 |
| Transport | - | - | - | - | 1 |
| Supplies and Services | 78 | - | - | 78 | 59 |
| Management and Support Services (note 4) | 37 | - | - | 37 | 12 |
| Governance Costs (note 6) | 10 | - | - | 10 | 7 |
| Project charges | - | - | - | - | - |
| Depreciation | 32 | - | - | 32 | 48 |
| Total | 690 | - | | 690 | 599 |
| Gains/(Losses) on Investment assets | (1) | - | - | (1) | 103 |
| Gains/(Losses) on Revaluation of Fixed Assets | 60 | - | - | 60 | 14 |
| Net Income/(Expenditure) | 24 | 276 | - | 300 | 58 |
| Transfers Between Funds | 35 | 38 | (73) | - | - |
| Net Movements In Funds | 59 | 314 | (73) | 300 | 58 |
| Reconciliation of Funds: | | | | | |
| Total funds brought forward | 1,062 | 2,531 | 237 | 3,830 | 3,772 |

| | | | | | |
|------------------------------------|--------------|--------------|------------|--------------|--------------|
| Total funds carried forward | 1,121 | 2,845 | 164 | 4,130 | 3,830 |
|------------------------------------|--------------|--------------|------------|--------------|--------------|

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
BALANCE SHEET AS AT 31 MARCH 2017

| | 2016/17 | 2015/16 |
|---|----------------|----------------|
| | £'000 | £'000 |
| FIXED ASSETS (note 8) | | |
| Freehold Land and Buildings | 550 | 382 |
| Assets under Construction | 29 | - |
| Fixtures, Fittings and Equipment | - | 32 |
| Heritage Assets | 2,689 | 2,690 |
| Investment Assets (Properties) | <u>490</u> | <u>491</u> |
| Total Fixed Assets | <u>3,758</u> | <u>3,595</u> |
| CURRENT ASSETS | | |
| Debtors (note 9) | <u>415</u> | <u>237</u> |
| Total Current Assets | <u>415</u> | <u>237</u> |
| LIABILITIES | | |
| Creditors: due within 1 year (note 11) | <u>43</u> | <u>2</u> |
| Net Current Assets | <u>372</u> | <u>235</u> |
| Total Assets Plus Current Assets | <u>4,130</u> | <u>3,830</u> |
| TOTAL NET ASSETS | <u>4,130</u> | <u>3,830</u> |

| | | |
|---|--------------|--------------|
| THE FUNDS OF THE CHARITY (note 12) | | |
| Endowment Fund | 164 | 237 |
| <i>Restricted Funds:</i> | | |
| Capital Grants Reserve | 2,845 | 2,531 |
| <i>Unrestricted Funds:</i> | | |
| Revaluation Reserve | 1,181 | 1,122 |
| Unrestricted General Fund | <u>(60)</u> | <u>(60)</u> |
| TOTAL CHARITY FUNDS (note 13) | <u>4,130</u> | <u>3,830</u> |

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017**

| | 2016/17 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Cash flows from operating activities: | | |
| Net cash provided by operating activities | 136 | - |
| Cash flows from investing activities: | | |
| Purchase of freehold land and buildings | (136) | - |
| Net cash provided by / (used in) investing activities | (136) | - |
| Change in cash and cash equivalents in the reporting period | - | - |
| Cash and cash equivalents at the beginning of the reporting period | - | - |
| Cash and cash equivalents at the end of the reporting period | - | - |
| Reconciliation of net income / (expenditure) to net cash flow from operating activities | | |
| Net income / (expenditure) for the reporting period (as per statement of financial activities) | 300 | 58 |
| Adjustments for: | | |
| Depreciation charge | 32 | 48 |
| (Gains)/losses on fixed asset revaluations | (59) | (117) |
| (Increase)/decrease in debtors | (178) | 15 |
| Increase/(decrease) in creditors | 41 | (4) |
| Net cash provided by operating activities | 136 | - |

Approved by the Cabinet of Folkestone & Hythe District Council, the Corporate Trustee, on 13th June 2018 and signed on its behalf by:

Signed



Date

18 June 2018

**Cllr DD Monk
Chairman**

Folkestone Parks and Pleasure Grounds Charity

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Statement of Accounting Policies

Basis of the Preparation of Accounts

The accounts (financial statements) have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in UK and Republic of Ireland (FRS 102) issued on 16th July 2014 and the Charities Act 2011 and applicable regulations. The accounts have been prepared on a going concern basis and under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The charity constitutes a public benefit entity as defined by FRS 102.

Reconciliation with previous Generally Accepted Accounting Practice

The representatives of the Corporate have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was needed. No restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income for the year is provided, with the net income under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income

Reconciliation of reported income

| | |
|---|-----------|
| Net income as previously reported for year ended 31 March 2016 | (59) |
| Adjustment for gains/(losses) on investments now treated as component of net income | 117 |
| 2016 net income as restated | <u>58</u> |

Income and Expenditure

The revenue and capital accounts of the Charity are maintained on an accruals basis. That is, sums due to or from the Charity are accounted for in the year to which they relate whether or not the cash has actually been received or paid in the year. Accounts are accrued on an estimate basis where actual figures are not known.

Income is recognised once the charity has sufficient certainty of receipt and the amount of income can be measured reliably.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount can be measured reliably. Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Statement of Accounting Policies (continued)

Grants and Contributions

Revenue grants and contributions are matched with the expenditure to which they relate.

Where the acquisition of a fixed asset is financed either wholly or in part by a grant or other contribution, the Charity will normally have entitlement to the incoming resource when it is receivable. At this point the income is recognised in the Statement of Financial Activities and is not deferred over the life of the asset.

Grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

Overheads

There is a recharge from the accounts of Folkestone & Hythe District Council, based on time allocations, to reflect the cost of administrative and management support for the Charity.

Fixed Assets

Capitalisation

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Generally expenditure of over £10,000 on fixed assets is capitalised, provided that the fixed asset yields benefits to the Charity and the services it provides, for a period of more than one year, excluding routine repairs and maintenance of fixed assets which is charged directly to resources expended.

Valuation

- Freehold land and buildings are included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.
- Fixtures, fittings and equipment are included in the balance sheet at historical cost.
- Investment assets (properties leased at commercial rent) are included in the balance sheet at the lower of net current replacement cost or net realisable value. This is normally open market value.
- Heritage assets (community open spaces) are included in the balance sheet at historical cost.

The surpluses arising on the initial valuation of fixed assets have been credited to the revaluation reserve. Subsequent revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. For example, assets are reviewed annually for impairment loss. In accordance with this policy the fixed assets were re-valued as at 31/3/2017.

Any assets acquired under finance leases are also capitalised in the Charity's accounts, together with the liability to pay future rentals.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Statement of Accounting Policies (continued)

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life, which can be determined at the time of acquisition or revaluation. Depreciation is based on the asset value included in the balance sheet. The straight line method of calculation is used. Newly acquired assets are depreciated from the following year.

Depreciation is not provided for freehold land or investment and heritage assets.

Depreciation rates for other tangible assets are as follows:

| | |
|----------------------------------|-------------|
| functional buildings | 20-35 years |
| fixtures, fittings and equipment | 5 years |

Sale of Fixed Assets

Income from the disposal of fixed assets is accounted for on an accruals basis. Subject to the approval of the Charity Commission capital receipts can be applied to meet expenditure. Such income that has not been used is included in the balance sheet as an endowment fund.

Financial Instruments

The charity only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loan balances with its parent entity, Folkestone & Hythe District Council. All financial assets and liabilities are payable within 12 months, and are measured at the transaction price less provisions for impairment.

Leases

Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of liability to pay future rentals. The finance element of rentals is charged to the revenue account.

At present the Charity has no outstanding finance lease liability.

Any rentals payable under operating leases are charged to the revenue account on an accruals basis.

Funds Structure

- a) General Fund – this is an unrestricted income fund available to the Trustee to apply for the general purposes of the Charity.
- b) Revaluation Reserve – this is an unrestricted capital fund arising from the revaluation of the Charity's fixed assets. It is not available for revenue purposes.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Statement of Accounting Policies (continued)

- c) Capital Grants Reserve – this is a restricted fund reflecting the book value of fixed assets financed by capital grants. The fund is reduced over the useful economic life of the assets in line with their depreciation policy.
- d) Endowment Fund – this is a restricted fund holding capital receipts from the disposal of the Charity's fixed assets. Investment income from this fund is transferred to the general fund.

Investments

Current asset investments are included at market value at the balance sheet date. The statement of financial activities includes any net gains or losses arising from revaluation and disposals throughout the year.

Pensions

The Charity does not directly employ any staff or participate in any pension scheme.

Tax

The charity is a registered charity under Charities Act 2011 and is not subject to taxation.

Value Added Tax

Value added tax is included in the Charity's accounts only to the extent that it is irrecoverable.

Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The representatives do not consider that there are any significant areas of estimation uncertainty.

2. Income

Investment Income

| | 2016/17 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Sum Held By Folkestone & Hythe District Council | 3 | 3 |
| Rental Income (UK) | 35 | 37 |
| | <u>38</u> | <u>40</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

2. Income (continued)

Donations

Donations during the year towards ongoing projects amounted to £273,285.40 of which £34,569.89 was utilised in respect of the refurbishment of the Café at Radnor Park, £15,504.14 was utilised in respect of the Radnor Park Play Area and £13,250 was utilised in respect of the refurbishment of the Radnor Park Fountain.

3. Contribution from Folkestone & Hythe District Council

The net expenditure of the Charity is met from the resources of Folkestone & Hythe District Council and is treated as a special expense chargeable through Council Tax on the area of the former Borough of Folkestone (the current area of Folkestone and Sandgate).

4. Employees and Management and Support Services

The Charity does not directly employ any staff. Staffing costs, including an on-cost to recover Folkestone & Hythe's pension and national insurance overheads, are charged from the payroll of Folkestone & Hythe District Council either directly or through an apportionment based on time allocations. All apportioned staffing costs are included under 'management and support services'.

The management structure of Folkestone & Hythe District Council and the method of apportionment were changed in 2014/15, so that some staffing costs formerly shown within Premises and Ground Expenses are now shown as Management and Support Services (see Note 14). No employee of Folkestone & Hythe District Council charged emoluments of above £60,000 to the Charity in 2016/17.

5. Premises and Grounds Expenses

The costs included in this heading are those relating to the grounds maintenance service and maintenance of the Charity's assets including utility costs. Both maintenance services are provided by Folkestone & Hythe District Council.

6. Governance Costs

| | 2016/17 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Auditors Remuneration for External Scrutiny | 5 | 2 |
| Consultants Fees for Advice re Deed of variation Radnor Park Lodge | - | 5 |
| Professional fees in respect of Radnor Park | 5 | - |
| | <u>10</u> | <u>7</u> |

Fees for audit of the 2016/17 accounts are estimated at £3,000 and will be accounted for in 2017/18.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

7. Unrestricted Fund - Analysis of Net Income

| | 2016/17 Running Costs £'000 | 2016/17 Depreciation £'000 | 2016/17 Expend Total £'000 | 2016/17 Income £'000 | 2016/17 Net Total £'000 | 2015/16 Net Total £'000 |
|--|--|---|---|-------------------------------------|--|--|
| East Cliff & Warren (incl Durlocks) | 124 | - | 124 | (17) | 107 | 126 |
| Lower Sandgate Rd | 213 | - | 213 | (40) | 173 | 186 |
| Radnor Park | 200 | - | 200 | (38) | 162 | 72 |
| Morehall Rec Ground | 37 | | 37 | | 37 | 37 |
| Canterbury Rd Rec Ground | 37 | 32 | 69 | | 69 | 70 |
| | <u>611</u> | <u>32</u> | <u>643</u> | <u>(95)</u> | <u>548</u> | <u>491</u> |
| Management and Support Services | | | | | 37 | 12 |
| Governance Costs | | | | | 10 | 7 |
| | | | | | <u>47</u> | <u>19</u> |
| Contribution from Folkestone & Hythe District Council | | | | | (560) | (448) |
| Net Income Before Transfers | | | | | <u>35</u> | <u>62</u> |
| Gross Transfer between funds | | | | | (35) | (62) |
| Net Income Before Other Recognised Gains and Losses | | | | | <u>0</u> | <u>0</u> |

8. Fixed Assets

a) Definitions of Fixed Assets

Heritage Assets – community open spaces central to the purpose of the Charity, held in trust for the benefit of residents. The assets are intended to be held in perpetuity, have no determinable useful life and have restrictions on their disposal.

Freehold Land and Buildings – functional assets used in the delivery of services, possibly income producing e.g. car parks, sports facilities etc.

Fixtures, Fittings and Equipment – play area equipment at the Coastal Park and play equipment at Radnor Park and Canterbury Road Recreation Ground.

Investment Assets – freehold land and buildings that are leased at commercial rents.

There is no historic cost to the charity of the revalued assets as they were transferred with no charge in 1991 on the formation of the charity.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

8. Fixed Assets (continued)

b) Movement In Fixed Assets

| | Heritage Assets £'000 | Land and Buildings £'000 | Assets under Construction £'000 | Fixtures & Fittings £'000 | Investment Assets £'000 | Total £'000 |
|---------------------------------|-----------------------------|--------------------------------|--|------------------------------------|-------------------------------|----------------|
| <u>Cost or valuation</u> | | | | | | |
| 1st April 2016 | 2,689 | 390 | | 604 | 491 | 4,174 |
| Additions | | 107 | 29 | | | 136 |
| Revaluations | | 53 | | | (1) | 52 |
| 31st March 2017 | 2,689 | 550 | 29 | 604 | 490 | 4,362 |

Accumulated Depreciation and Impairment Provision

| | | | | | | |
|-----------------|----------|----------|----------|------------|----------|------------|
| 1st April 2016 | | 7 | | 572 | | 579 |
| Revaluations | | (7) | | | | (7) |
| Charge for year | | | | 32 | | 32 |
| | 0 | 0 | 0 | 604 | 0 | 604 |

Net Book Values

| | | | | | | |
|-----------------|--------------|------------|-----------|-----------|------------|--------------|
| 31st March 2016 | 2,690 | 382 | 0 | 32 | 491 | 3,595 |
| 31st March 2017 | 2,689 | 550 | 29 | 0 | 490 | 3,758 |

c) Fixed Asset Valuation

The Charity's freehold land and buildings and investment assets (properties), were re-valued at 31st March 2017 by an external independent valuer – Taylor Riley Stafford, Chartered Surveyors – on the under-mentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

Freehold Land and Buildings – are valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for an asset, the depreciated replacement cost.

Investment Assets (properties) – are valued on the basis of open market value.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

8. Fixed Assets (continued)

d) Approximate Area of Charity's Land

| | 31 March 2017 hectares | 31 March 2016 hectares |
|---------------------------------------|---------------------------|---------------------------|
| East Cliff and Warren (incl Durlocks) | 102 | 102 |
| Lower Sandgate Road | 13 | 13 |
| Radnor Park | 8 | 8 |
| Morehall Recreation Ground | 5 | 5 |
| Canterbury Road Recreation Ground | <u>2</u> | <u>2</u> |
| | <u>130</u> | <u>130</u> |

e) Capital Commitments

There are currently no capital commitments for the Charity.

f) Heritage Assets

There has been no movement in Heritage Assets for the past 5 years.

9. Debtors

| | 31 March 2017 £'000 | 31 March 2016 £'000 |
|--|---------------------------|---------------------------|
| Sum Held By Folkestone & Hythe District Council (see note 10) | 409 | 233 |
| Trade Debtors | <u>6</u> | <u>4</u> |
| | <u>415</u> | <u>237</u> |

10. Sum Held by Folkestone & Hythe District Council

The Council's investments, including the Charity's capital receipts, are now managed in-house. The Charity's capital receipts are not in a ring-fenced investment but are part of Folkestone & Hythe's overall investment funds.

Folkestone & Hythe District Council also holds the Charity's day-to-day cash balance in one of its bank accounts. Sums held by the Council on behalf of the Charity are now treated as a debtor balance to acknowledge that the Council has custody of the funds but not beneficial ownership.

| | 2016/17 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Capital Receipts from Disposal of Fixed Assets (<i>Endowment Fund held by F&HDC</i>) | 161 | 233 |
| Grants and Contributions (<i>Restricted Funds held by F&HDC</i>) | 209 | - |
| Movement in Trade Debtors and Creditors | 39 | 4 |

(Administered by F&HDC)

409

237

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

11. Creditors Due Within One Year

| | 31 March 2017 £'000 | 31 March 2016 £'000 |
|-------------------|------------------------------------|------------------------------------|
| Trade Creditors | 43 | 2 |
| Income in Advance | - | - |
| | <u>43</u> | <u>2</u> |

12. Funds Movements in the Year

| | Balance at 31 March 2016 £'000 | Net Income £'000 | Transfers £'000 | Gains/ (Losses) £'000 | Balance at 31 March 2017 £'000 |
|-----------------------------------|---|---------------------------------|----------------------------|--------------------------------------|---|
| <i>Restricted Funds:</i> | | | | | |
| Capital Grants Reserve | 2,531 | 276 | 38 | - | 2,845 |
| Endowment Fund | 237 | - | (73) | - | 164 |
| <i>Unrestricted Funds:</i> | | | | | |
| Revaluation Reserve | 1,122 | - | - | 59 | 1,181 |
| General Fund | (60) | (35) | 35 | - | (60) |
| | <u>3,830</u> | <u>241</u> | <u>-</u> | <u>59</u> | <u>4,130</u> |

13. Net Assets of Funds

| | Fixed Assets £'000 | Net Current Assets £'000 | Long Term Liabilities £'000 | Fund Balances £'000 |
|-----------------------------------|-----------------------------------|---|--|------------------------------------|
| <i>Restricted Funds:</i> | | | | |
| Capital Grants Reserve | 2,845 | - | - | 2,845 |
| Endowment Fund | - | 164 | - | 164 |
| <i>Unrestricted Funds:</i> | | | | |
| Revaluation Reserve | 1,181 | - | - | 1,181 |
| General Fund | (268) | 208 | - | (60) |
| | <u>3,758</u> | <u>372</u> | <u>-</u> | <u>4,130</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

14. Related Party Transactions

The Charity is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Charity (or to be controlled or influenced by the Charity). Disclosure of these transactions allows readers to assess the extent to which the Charity might have been constrained in its ability to operate independently (or might have secured the capability to limit another party's ability to bargain freely with the Charity).

Folkestone & Hythe District Council has effective control over the general operations of the Charity. It is responsible for providing the majority of the Charity's funding by financing its net cost. The Corporate Trustee duties of the Council are carried out by its cabinet councillors. The Charity's management and support and grounds maintenance is provided by Council officers.

Councillors are required to observe the code of conduct for councillors, register financial interests under section 81(1) of the Local Government Act 2000 and register the receipt of any gifts/hospitality over £25. There are no material related party transactions with councillors to disclose for 2016/17.

Officers are required to observe the code of conduct for officers and register the receipt of any gifts/hospitality. The Charity had no material related party transactions with officers during 2016/17.

Material amounts included in the Charity's accounts relating to Folkestone & Hythe District Council are as follows:

| Statement of Financial Activities | 2016/17 | 2015/16 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Contribution to finance net expenditure | (560) | (448) |
| Provision of management and support services | 37 | 12 |
| Provision of grounds maintenance and cleansing services (see note 5) | 385 | 377 |

15. Representatives Remuneration and Expenses

The cabinet members of Folkestone & Hythe District Council have not received any remuneration or expenses for carrying out the Corporate Trustee function on behalf of the Council.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY

We have audited the financial statements of Folkestone Parks and Pleasure Grounds Charity for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet 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 trustees, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity's trustees as a body, for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; 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



Mr. Daniel Valentine ACA (senior statutory auditor)
For and on behalf of Begbies
Chartered Accountants and
Registered Auditors
9 Bonhill Street
London
EC2A 4DJ

28 June 2018