

**THE BRADGATE PARK AND
SWITHLAND WOOD CHARITY**

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 2018

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

Full name: The Bradgate Park and Swithland Wood Charity

Approved short name: Bradgate Park Trust

Charity Registration No: 521476

Registered Office: Estate Office
Deer Barn Buildings
Bradgate Park
Newtown Linford
Leicester
LE6 0HE

Auditors: RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicester
LE19 1SD

Bankers: CAF Bank Limited
25 Kings Hill Avenue
West Malling
Kent
ME19 4JQ

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

FOR THE YEAR ENDED 31 MARCH 2018

CHAIRMAN'S FOREWORD

The year 2017/18 has been a further period of transition and consolidation for the Bradgate Park Trust, and one of Transition too, as we saw the successful completion of the Charity's participation in the eponymous Heritage Lottery Fund grant programme. During the course of the year, a raft of new policies and procedures have been produced as the Charity has further modernised its governance arrangements. A new Scheme of Delegation has been adopted and our Governing Document updated to introduce a nine-year limit on Trustee tenure, in line with the new Charity Governance Code.

Reflecting the professionalisation of the Charity since 2012, a new management structure was adopted consisting of Head Ranger, Visitor Experience Manager and Engagement Manager, reporting to the Director. In 2018/19 Trustees will further define, and fill, the remaining position of Business Support Manager.

Of particular note is the publication, for the first time in the Charity's 90-year history, of a 10-year strategic plan. "A Vision for Our Centenary" reflects the rapid change in the Charity necessitated by the 95% real-terms reduction Local Government funding since its peak in 1995 and sets out five Strategic Priorities that will govern the development of the charity up to 2027.

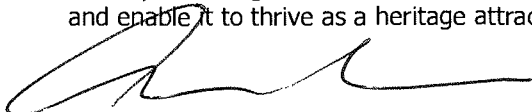
Last year, 2016/17, was the year of the Visitor Centre and the Charity's partnership with the Rotary Club of Leicester, to deliver that project. This year, we are grateful for the generous support of Leicestershire Freemasons in celebration of the 300th anniversary of the United Grand Lodge of England, that has enabled us to develop our Memorial Wood. With additional financial support from Leicestershire County Council's Environmental Partnership Programme and a donation of 300 hedgerow plants from The Woodland Trust, the wood was officially opened by the Pro-Grand Master of the United Grand Lodge of England, Peter Lowndes, in October 2017. Memorial Wood has captured the imagination of current and former local residents and has been successful beyond our expectations with 194 cast bronze 'oak leaves' being sold in the first six months of the scheme, representing a net income for the Charity of over £50,000.

Memorial Wood represented the first time our volunteers have had the opportunity to work on a large project from start to finish and their enthusiasm and creativity, as well as their hard work, has added enormously to the original concept. The project also provided a focus for the development of our new Corporate Volunteering programme with teams from British Gas, Vodafone, Experian and Loughborough University all getting involved.

In total, excluding corporate groups, over 200 volunteers contributed more than 10,000 hours in 2017/18 across all areas of the Charity's work.

Diversification of income continues to be a priority for the Charity. Some 80% of our income is now derived from visitors, which makes us vulnerable to the vagaries of the weather and this, together with difficulties in collecting all the car park income due, has contributed to the income from visitor services falling short of our expectations this year, although we continue to see year-on-year growth in shop and refreshment sales.

The continued development during the year could not have been achieved without the considerable contribution from Charity Staff, Volunteers and those who have donated funds. I and my fellow trustees are very grateful for their contribution. I am very grateful to my fellow trustees for their important contributions during the year, particularly to Peter Osborne, who skillfully chaired the Trust through 2017/18. All of the work outlined above has contributed to a very successful year, but a final thank-you must go to our visitors; they help to sustain the Bradgate Park and Swithland Wood Charity and enable it to thrive as a heritage attraction, and a place to be valued and conserved.



Mr Adam Clarke

Chairman of The Bradgate Park and Swithland Wood Charity

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018

Governing Document

Charity Commission Scheme of 4 September 1980 as amended by Resolutions dated 8 December 2008, 8 September 2014 and 29 January 2018.

Members of the Committee of Management

Under the provisions of the Governing Document (which reflect the provisions of the Donor's 1928 Trust Deed) the Trustees of the Charity (being the Members of the Committee of Management) comprise up to twelve Trustees consisting of:

- Three appointed by Leicestershire County Council
- Three appointed by Leicester City Council
- Three appointed by the National Trust
- Up to three Trustees may be appointed by the Committee of Management itself (change introduced by Resolution dated 8 September 2014).

The Trustees during 2017/18 were:

Appointed by Leicestershire County Council:

- Mr Peter C Osborne (Chairman until 11/6/18)
- Mrs Christine M Radford
- Mr David E Snartt (resigned 12/6/17)
- Mrs Deborah Taylor (appointed 12/6/17)

Appointed by Leicester City Council:

- Mrs Manjula Sood
- Mr Adam Clarke (Vice Chairman; Chairman from 11/6/18)
- Mr John Leach

Appointed by the National Trust:

- Col Robert C J Martin (retired 11/6/18)
- Mr Stewart L Alcock
- Mr Andrew Beer (appointed 12/6/17)

Appointed by the Committee of Management:

- Mr David Lindley

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Trustees' Induction and Training

All new Trustees receive an induction to the charity which includes background information about the charity, appropriate constitutional and legal information regarding the working of the charity together with their obligations as trustees. In May 2017, a Trustees' Study Day was held at Bradgate Park at which Trustees began the process of reviewing the Charity's management structure and discussed the Trustee Skills Audit.

Governance Arrangements

The Committee of Management meets formally four times per year in March, June, September and December. Extraordinary/Special Meetings are occasionally convened when there is urgent business to discuss that requires a face-to-face rather than a 'virtual' meeting. The Finance & General Purposes Sub-Committee meets three times per year in January, May and November. Trustees from time to time set up Working Groups or Task & Finish Groups to progress items of business that require Trustee input outside the quarterly meeting cycle. None of these subsidiary groups has decision-making powers but make recommendations to the Committee of Management.

Holding Trustees

Under the provisions of the Governing Document, Leicestershire County Council and Leicester City Council are designated as the Charity's Holding Trustees. Their role, under the Public Trustee Act 1906 is to have custody of the Title Deeds to the Charity's property and to give assistance as required to the Committee of Management in the exercise of its full powers of management and administration.

Officers of the Charity

Under the provisions of the Governing Document, a senior legal Officer of Leicester City Council acts as the Charity's Honorary Secretary and a senior financial officer of Leicestershire County Council acts as Honorary Treasurer. The holders of these offices during 2017/18 were:

Honorary Secretary: Mr Kamal Adatia, Barrister

Honorary Treasurer: Mrs Judith Spence ACMA

Executive Management

Day to day management and control of the Charity and the Park is delegated to the Charity's Director. Peter Tyldesley MRICS, a full-time employee of the Charity, fulfilled that role throughout the year.

Staffing

Reporting to the Director are a Head Ranger, Finance Manager, Visitor Experience Manager, Engagement Manager and two part-time Administrators. The Head Ranger leads a team of eight full time and two part-time Rangers and there is a Retail & Catering Manager who reports to the Visitor Experience Manager.

In addition to the above-mentioned permanent staff, the Charity maintains a pool of casual staff to work as Tearoom/Shop/Visitor Centre Assistants and Car Park Wardens.

The in-house staff team is augmented with input from specialist contractors and consultants as and when required.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Background to the Charity

Bradgate Park was privately owned until 1928 by the Grey family (latterly Earls of Stamford) when it was purchased and given in Trust for the benefit of the inhabitants of the City and County of Leicester and of visitors thereto for the purposes of recreation by Mr Charles Bennion, a local businessman and philanthropist.

Swithland Wood was given to the Charity in 1931 by the Rotary Club of Leicester and, following numerous gifts and acquisitions over the years, the 1980 Scheme of Management consolidated the activities of eight separate charities into the present The Bradgate Park and Swithland Wood Charity. Around 26 acres of additional woodland adjoining Swithland Wood was acquired in 2014. The Leicestershire Yeomanry Memorial Charity is administered under a Scheme of Management dated 24 September 1981.

Objects of the Charity

The Charity has two objects:

1. The provision of a public park and recreation ground, and the maintenance and improvement thereof, for the benefit of the inhabitants of the County of Leicestershire, and of visitors thereto, with the object of improving the conditions of life for such persons, and
2. To advance the education of the public in the care and appreciation of the environment

Activities and Achievements

In June 2017 the Charity published its strategic plan "A Vision for Our Centenary", which sets out five strategic priorities to underpin the development of the Charity over the period 2017-2027.

Strategic Priority 1 *Providing high quality, accessible and diverse opportunities for all people (regardless of age or ability) to discover and enjoy Bradgate Park and Swithland Wood*

- In its first full year of operation, the Visitor Centre welcomed over 85,000 visitors and Visitor Experience Volunteers contributed over 4,000 hours to staffing the centre and leading guided tours of the Ruins and Old John.
- Over 2,500 people attended performances in the Ruins in summer 2017 to see *Wind in the Willows*, *Pride & Prejudice*, *Alice Through the Looking Glass*, *The Bradgate Proms* and *the Acoustic & Folk Music Picnic*.
- The Charity's largest ever events and guided walks programme was published in February 2018 with many events selling out in advance.
- Income from all events totaled £41,209, an increase of 28%
- The Trust participates in the Visitor Attraction Quality Assurance Scheme operated by Visit England. Accreditation was retained this year with an increased score, reflecting the ongoing improvements that have been made to the visitor experience.

Strategic Priority 2 *Conserving the landscape and heritage, both natural and manmade, that is in the Trust's care, fully meeting our statutory obligations as custodians of the estate so they are maintained and improved now and for future generations*

- We again welcomed the University of Leicester's Bradgate Fieldschool in the summer. This five-year programme of archaeological excavation and research aims to expand knowledge of Bradgate's 15,000-year human history whilst providing an experience of fieldwork to student archaeologists. The 2017 programme was focused on the ruins of Bradgate House and a number of discoveries were made that have significantly altered our understanding of the development of the house. Away from the house, an investigation of an earthwork on the Deer Sanctuary revealed traces of Bronze Age occupation.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

- Bracken management continued as part of the programme of grassland restoration funded by the Higher-Level Stewardship scheme. Chemical and mechanical methods of control were again employed and surveys carried out by Loughborough Naturalists' Club show the continued success of this work in enhancing the Park's biodiversity.
- The wet winter made working in the woods a challenge, particularly with regard to the extraction of timber and use was made of heavy horses to go into areas where vehicles could not. As in previous years, the Rangers fell trees and cut coppice areas, which are subsequently planted up and maintained by the Volunteers.

Strategic Priority 3 *Delivering both informal and formal broad educational and learning experiences for visitors of all ages, so that our local heritage and the wider environment are better understood and cared for.*

- In order to build on the achievements of the Transition programme, the Heritage Lottery Fund awarded the Charity further funding for a two-year project to further develop the Charity's lifelong learning work and the involvement of volunteers in delivering the programme.
- A Teachers' Panel has been convened to give feedback on the content and relevance of the school sessions that have been designed and a number of local schools agreed to participate in the pre-launch pilot of the various activities.
- Volunteers have been recruited to lead new "Explore Bradgate" school sessions as well as holiday activities for families and "Bite Sized" introductory walks looking at various aspects of the Park's heritage.

Strategic Priority 4 *Raising sufficient funds, from a range of sources, to ensure the delivery of these objectives to meet the needs of the landscape, heritage and wildlife, our visitors and the wider community*

- The highest-profile fundraising project in the year was the Memorial Wood that was developed with the generous support of Leicestershire Freemasons and the United Grand Lodge of England to mark their tercentenary, with additional contributions from Leicestershire County Council. Between the launch of the scheme in September and the end of the financial year, over 350 bronze memorial oak leaves were sold, representing a net income to the Charity of over £50,000.
- As part of the Transition project, a range of new fundraising material was produced including a legacy giving booklet and a Corporate Support brochure.
- Fundraising activity has centred around raising the profile of the Bradgate Park Trust as a charity - there is still a perception among the public that the Park is run by a local authority – and making the case for support. This increase in fundraising activity was reflected in the increase in the number and value of donations received in the year.

Strategic Priority 5 *Building the capacity, and capability of the Trust to deliver its objectives, improve our services and support the growth and development of the Trust*

- Heritage Lottery Fund Transition funding enabled the Charity to pilot the post of Volunteer Coordinator for 12 months, at the end of which time the position having proved its worth, it was added to the permanent staffing establishment. During the year over 10,000 volunteer hours were donated by over 200 registered volunteers and the benefits of this additional support have been felt across all areas of the Charity's operations.
- Also as part of the Transition project, a new suite of policies and procedures have been produced and a new management structure introduced. The temporary post of Development Manager has been redefined following the successful completion of Transition and added to the permanent staffing establishment as Engagement Manager. The movement of a long-serving member of staff to part-time hours has enabled administrative staffing to be increased by 20% at no additional cost.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

- A new website has been developed with the aid of a £18,000 grant from the Transform IT Foundation. Among many improvements, the new site has enabled the Charity to process its own online tickets sales for events instead of relying on a third-party provider.

Governance

A new Scheme of Delegation was adopted during the year and a Trustee Working Group was established to oversee the development of new policies and procedures, the first time that Trustees have worked in this way. Subsequently, a number of Task & Finish Groups have been established to deal with pieces of work that required Trustee input outside of the quarterly meeting cycle. There were two changes in Trustees during the year with a further three new nominees expected in 2018/19, along with the recruitment of two new Board-appointed Trustees. In January 2018 Trustees resolved to introduce a limit on Trustee tenure of two four-year terms, with Trustees able to serve a ninth year if required to ease transition, in line with the recommendations of the Charity Governance Code.

Risk Management

Trustees keep under review the major risks to which the Charity is exposed. A robust programme of internal audit is in place and a new Health & Safety policy was adopted in March 2013 and a Health & Safety Committee established with Trustee representation. Risk assessments are carried out for all activities and staff engaged in potentially hazardous activities such as chainsaw use are given appropriate training and issued with the necessary Personal Protective Equipment. In February 2016, the Charity appointed consultants Safety Revolution for a three-year period to carry out a thorough review of safety management and practices and support management in implementing its recommendations.

The top risks identified and the measures taken to mitigate them are summarised in the extract from the Charity's Risk Register:

| Risk Category | Risk | Owner | Mitigation |
|----------------------|---|----------------|--|
| Governance | Board lacks appropriate skills and commitment | Board | Liaison with appointing bodies; Trustee education & training programme; composition of the Board kept under review |
| Operational | Physical risks to the health and safety of staff and visitors | Board/Director | Health & Safety Committee set up; risk assessments for all activities; staff training |
| Financial | Reduction in income | Director | Diversify income sources; regular monitoring of performance against budget |
| Compliance | Failure to comply with Charity Commission requirements | Director | Membership of relevant bodies to keep up to date; use of external advisors |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

The establishment of the Fundraising Regulator in July 2017 and subsequent publication of a new Code of Fundraising Practice have increased Trustees' responsibilities in this area. The Bradgate Park and Swithland Wood Charity acknowledges the importance of good practice in fundraising as being essential in maintaining public confidence in the charity. The new regulatory regime comes at a time when the Charity is in the early stages of developing its fundraising activities gives us the opportunity to ensure that best practice is embedded in all that we do from the very beginning.

Public Benefit

The Trustees have considered the Charity Commission's requirement for all charities to demonstrate public benefit.

Given the wording of the Charity's objects it is the view of Trustees that all activities carried out in pursuit of these objects are, by definition, for the benefit of the public.

In 2017/18 the Trust has continued to operate the Visitor Centre as a free attraction, and developed a number of free activities for the public such as guided tours and the Wildlife Weekend and Living History Weekend events. The volunteering programme offers opportunities for people to make new friends and learn new skills in addition to the benefits it brings to the Charity.

Financial Review

Income generated by on-site activities in 2017/18 totalled £1,160,968 which was 0.7% higher than in 2016/17. For the first time, income from shop and refreshment sales was the largest component of this at £598,132, an increase of 4%. Income from car parking declined by 3% to £562,836. This was a disappointing outcome in view of the fact that performance had been on target at the end of the third quarter to achieve the ambitious growth targets built into the budget but a combination of particularly poor weather in the fourth quarter coupled with the increasing tendency of visitors to 'pass on' unexpired parking tickets led to performance falling short of expectations. Whilst the Trustees can do nothing about the weather, investment is planned in 2018/19 to upgrade the Pay & Display machines to require the entry of vehicle registration numbers to enable more effective enforcement of parking charges.

The continuing popularity of Bradgate Park Venison, together with increased demand for firewood as a result of increased publicity and an improved ordering and delivery process, led to Deer and Timber Sales increasing by 67% to £43,180.

Events income increased by 30%, reflecting the expanded events programme and continued growth in ticket sales.

The Trustees continue to explore new opportunities to further diversify the Charity's sources of income.

In comparison with the previous year, there was modest capital expenditure from the reserve funds during the course of the year. Expenditure from the restricted and designated funds totaled £112,085, the majority of which related to Memorial Wood and was matched by donations, initially from funders for the development of the wood and, subsequently, from the purchase of 'memorial oak leaves'.

The Trustees have now committed to commissioning an annual actuarial valuation of the Charity's portion of the Leicestershire County Council Defined Benefit Pension Scheme. As at 31 March 2018 this showed a liability of £690,000 (2017: £731,000). Further details can be found in Note 19 to the Financial Statements. The Charity's portion of the scheme was closed to new entrants some years ago and there are currently 3 employees contributing. Employers' contribution rates and the level of additional "top up" contributions are set by the scheme actuaries every three years.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Reserves Policy

It is the policy of the Trustees to maintain a range of Reserve Funds as set out in Note 20, the Funds Analysis section of the Notes to the Financial Statements. As at the 31 March 2018, the Charity has funds amounting to £726,552 (2017: £697,849), of which £245,768 (2017: £291,095) are restricted funds.

Of these remaining Funds, the Vehicle Renewals Fund and Equipment Renewals Fund are designed to build up sufficient balances by way of annual contributions to enable the Charity to fund the replacement of vehicles and equipment. The Development Fund is designed to fund significant new developments and improvements to the Park's Infrastructure. Trustees designate additional Funds from time to time for specific purposes.

In addition to these Designated Funds, the Charity maintains a General Reserve in order to meet the cost of any unexpected events or future contingencies and to cover any deficit on the Income and Expenditure Account, the balance on the revenue fund at 31 March 2018 is £229,123 (2017: £294,009).

The fixed assets revaluation fund of the charity amounts to £460,736 (2017: £448,810) included as part of the unrestricted funds will only be realised on the sale of the investment properties.

The Charity keeps all salaries, including of key management personnel, under review by considering against salaries for comparable roles in similar organisations as part of an annual review process.

Investment Policy

The Trustees have considered the way in which the charity invests its funds and considers the most appropriate approach for the funds to be held is in bank accounts on short term deposit where the money is readily available. The Trustees are in the process of examining the funding requirements of the Charity and it is possible that this policy may change in future years.

The Charity owns two residential properties that are remote from the core estate, one in Newtown Linford and one in Anstey. These are shown in the Financial Statements as Investment Properties. Both are let under Assured Shorthold Tenancies, one to a member of staff at 60% of market rent and the other to a private tenant at full market rent. The rental value of all the residential properties is reassessed every three years by a qualified external Valuer. The latest revaluation was in March 2018. The Trustees have adopted a Staff Housing Policy that sets out the categories of staff eligible to live in a Charity property at a discounted rent.

Plans for Future Periods

In June 2018, planning permission was granted for the installation of a catering kiosk at Hunts Hill. This project will involve capital expenditure of around £40,000 and lead to future income from food and drink sales. No contracts have yet been entered into for either the construction or operation of the kiosk.

Disclosure of Information to the Auditors

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware. Additionally the Trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

RSM UK Audit LLP has indicated their willingness to be reappointed as auditors and a resolution will be put to the members.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Trustees' Responsibilities in relation to the financial statements

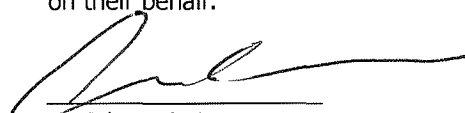
The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial 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 clients for the period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in Charities SORP;
- make judgments 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the Provisions of the Trust Deeds. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved on behalf of the Board of Trustees on 10 September and signed on their behalf. 2018



Mr Adam Clarke
Chairman

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

Opinion

We have audited the financial statements of The Bradgate Park and Swithland Wood Charity (the 'charity') for the year ended 31 March 2018 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and 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.

Basis for opinion

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BRADGATE PARK AND SWITHLAND WOOD CHARITY (CONTINUED)

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 financial statements is inconsistent in any material respect with the Trustees' Report; 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court, Grove Park
Enderby
Leicestershire
LE19 1SD

Date: *29 January 2019*

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|--|--------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and legacies | 4 | 156,063 | 16,727 | 172,790 | 218,721 |
| Charitable activities | 5 | 1,375,379 | 30,921 | 1,406,300 | 1,390,930 |
| Investment income | 6 | 83,180 | - | 83,180 | 86,629 |
| Other income | 7 | 4,500 | - | 4,500 | 11,250 |
| Total | | <u>1,619,122</u> | <u>47,648</u> | <u>1,666,770</u> | <u>1,707,530</u> |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| Visitor Services | | 1,043,628 | 42,407 | 1,086,035 | 1,056,070 |
| Estate Maintenance and Management | | 571,758 | 38,200 | 609,958 | 578,837 |
| Total | 8 | <u>1,615,386</u> | <u>80,607</u> | <u>1,695,993</u> | <u>1,634,907</u> |
| Net gains on investment properties | 14 | 11,926 | - | 11,926 | - |
| Net (expenditure)/income | | <u>15,662</u> | <u>(32,959)</u> | <u>(17,297)</u> | <u>72,623</u> |
| Transfer between funds | | <u>12,368</u> | <u>(12,368)</u> | <u>-</u> | <u>-</u> |
| Other recognised gains/(losses) | | | | | |
| Actuarial gains/(losses) on defined benefit pension scheme | 19 | 46,000 | - | 46,000 | (190,000) |
| Net movement in funds | | <u>74,030</u> | <u>(45,327)</u> | <u>28,703</u> | <u>(117,377)</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>406,754</u> | <u>291,095</u> | <u>697,849</u> | <u>815,226</u> |
| Total funds carried forward | | <u>480,784</u> | <u>245,768</u> | <u>726,552</u> | <u>697,849</u> |

The statement of the financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.


Details of the comparative Statement of Financial Activities are included in note 25.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

BALANCE SHEET AS AT 31 MARCH 2018

| | Notes | 31 March 2018 £ | 31 March 2017 £ |
|--|--------------|--------------------------------|--------------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 252,756 | 269,671 |
| Heritage assets | 13 | 435,364 | 426,626 |
| Investments properties | 14 | 474,000 | 462,074 |
| Total fixed assets | | <u>1,162,120</u> | <u>1,158,371</u> |
| Current assets | | | |
| Stocks | 15 | 74,422 | 55,717 |
| Debtors | 16 | 83,558 | 94,909 |
| Cash at bank and in hand | | 233,760 | 295,284 |
| Total current assets | | <u>391,740</u> | <u>445,910</u> |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | 17 | (137,308) | (175,432) |
| Net current assets | | <u>254,432</u> | <u>270,478</u> |
| Total assets less current liabilities excluding pension liability | | <u>1,416,552</u> | <u>1,428,849</u> |
| Defined benefit pension scheme liability | 19 | (690,000) | (731,000) |
| Total net assets | | <u>726,552</u> | <u>697,849</u> |
| The funds of the charity | | | |
| Restricted funds | 20 | 245,768 | 291,095 |
| | | <u>245,768</u> | <u>291,095</u> |
| Unrestricted funds | | | |
| - Designated funds | | 433,393 | 347,403 |
| - General funds | | 737,391 | 790,351 |
| Total unrestricted funds | 20 | <u>1,170,784</u> | <u>1,137,754</u> |
| Pension reserve | 20 | (690,000) | (731,000) |
| Total charity funds | | <u>726,552</u> | <u>697,849</u> |

The financial statements on pages 13 to 33 were approved by the Board of Trustees and authorised for issue on 10 September 2018 and are signed on their behalf by:


Mr Adam Clarke - Chairman


Judith Spence - Treasurer

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

| | Note | 2018 | | 2017 | |
|---|-------------|----------------|---|------------------|---|
| | | £ | £ | £ | £ |
| Cash flows from operating activities: | | | | | |
| <i>Net cash (used in)/provided by operating activities</i> | 23 | (88,756) | | 48,734 | |
| Cash flows from investing activities: | | | | | |
| Investment income | | 83,180 | | 86,629 | |
| Proceeds from the sale of tangible assets | | 4,500 | | 11,250 | |
| Purchases of investment property | | - | | (2,074) | |
| Purchase of tangible and heritage assets | | (60,448) | | (373,701) | |
| <i>Net cash provided by/(used in) investing activities</i> | | <u>27,232</u> | | <u>(277,896)</u> | |
| Change in Cash and cash equivalents in the reporting period | | (61,524) | | (229,162) | |
| Cash and cash equivalents at the beginning of the reporting period | | <u>295,284</u> | | <u>524,446</u> | |
| Cash and cash equivalents at the end of the reporting period | | <u>233,760</u> | | <u>295,284</u> | |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Legal Status of the Charity

The Bradgate Park and Swithland Wood Charity is an unincorporated charity which is constituted under Charity Commission Scheme of 4 September 1980 as amended by resolution dated 8 December 2008 and 8 September 2014. The charity is registered with the Charity Commission under charity's number 521476. The registered office is Estate Office, Deer Barn Buildings, Bradgate Park, Newtown Linford, Leicester, LE6 0HE.

The Charity's principal objectives are disclosed in the Trustee Report.

2. Accounting Policies

Accounts conversion

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102), (Charities SORP (FRS102)) "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the requirements of the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 April 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The Bradgate Park and Swithland Wood Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the Charity's resources and the challenges presented by the current economic climate, the trustees are satisfied that the Charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.

There are no significant financial uncertainties which the trustees consider are a significant risk to the ability of the Charity to trade as a going concern in the foreseeable future.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Committee of Management in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds set aside at the discretion of the Committee of Management for particular purposes. The aim and the use of each fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Incoming resources

All incoming resources are recognised once the trust has entitlement to the resources, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

- Voluntary income, including donations, and contributions from holding trustees are recognised where there is entitlement, receipt is probable and the amount can be measured reliably.
- Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term.
- Investment income is recognised on a receivable basis.
- Income from charitable activities is recognised when the trust is legally entitled to income and the amount can be measured reliably. The income from annual car park passes are recognised as income when received.

Voluntary help

In accordance with the Charities SORP (FRS 102), no value has been put on the help received by the Charity during the year from friends or volunteers of the Charity. More information about the contribution made by volunteers, is included within the Trustees Report.

Expenditure and irrecoverable VAT

To provide more useful information to users of the financial statements, expenditure is classified under the headings of Staff Costs, Other Direct Costs and Support Costs.

Charitable activities expenditure comprises of those costs incurred by the Charity in the delivery of its activities including both costs that can be allocated directly to such activities and also those costs of an indirect nature necessary to support them. Costs also include irrecoverable VAT.

All costs have been allocated to reflect use. Costs relating to a particular activity are allocated directly, support costs are apportioned according to estimated usage.

Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at costs and subsequently measured at cost net of depreciation and any impairment losses. Tangible fixed assets with a life of one year or less, or those that are below £5,000 are charged to the Statement of Financial Activities in the year incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of the asset less any residual value, except for land over its estimated useful economic life. It is calculated at the following annual rates:

| | |
|---------------------------------|--------------|
| Heritage assets | Nil |
| Improvements to heritage assets | 50 years |
| Motor Vehicles | 5 years |
| Plant and equipment | 5 - 10 years |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Heritage assets

With the exception of the two areas of woodland known as White's Wood and Stocking Wood, which adjoin Swithland Wood, purchased during 2013/14 and also improvements to the heritage assets held, all land and buildings contained within the boundaries of the Estate are excluded from the Balance Sheet due to the heritage nature of the Estate, in accordance with Charities SORP (FRS 102). No market value has been assigned to this land or property, but information regarding the acreage of land and the number of premises held are given in the notes of the financial statements. The land purchased during 2013/14 and improvements to the heritage assets have been included at its purchase cost.

Heritage assets are valued and capitalised on the balance sheet where reliable cost information is available or conventional valuation approaches are appropriate.

It is the Charity's policy to maintain its heritage assets in order to preserve their historic and cultural value and these maintenance costs are charged through the Statement of Financial Activities when incurred.

There is no express power granted by the Governing Document to dispose of heritage assets and so application would need to be made to the Charity Commission for the consent of any disposal.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the charity estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in Statement of Financial Activities.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in Statement of Financial Activities or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in statement of financial activities.

Stocks

The Charity owns a herd of red and fallow deer. For stock valuation purposes they are valued at the lower of cost and net realisable value on a dead weight basis, determined annually by the Land Agent and Surveyor. All other stock is purchased for resale through three trading outlets and is valued at the lower of cost and net realisable value, subject to due provision for obsolescence.

At each reporting date, the charity assesses whether stocks are impaired or if any impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in Statement of Financial Activities.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Operating leases

Lessee

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Lessor

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight line basis over the lease term.

Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of complex nature. Such financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with exception of investments in properties. The investments are initially recognised at transaction value and subsequently measured at fair value through the Statement of Financial Activities.

Debtors

Other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash and monies on short-term deposits at the bank, other short-term liquid investments with original maturities of three months or less.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Taxation

No provision for corporation tax has been made as the Charity is exempt from corporation tax on its income and gains to the extent that these are applied to its charitable activities.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The Charity's holiday period covers the period 1 January to 31 December each year. The Charity does not recognise any accrual at the year end for any cost of unused or any advancement of holiday entitlement, as it considers the year on year effect is immaterial.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Retirement benefits

Defined contribution schemes

For defined contribution schemes the amount charged to Statement of Financial Activities is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit schemes

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in Statement of Financial Activities as a support cost.

Re-measurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in the Statement of Financial Activities, as other recognised gains/(losses) in the year in which they occur and are not reclassified to the Statement of Financial Activities in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

3. 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.

Critical accounting estimates and assumptions

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

3. **Judgements and key sources of estimation uncertainty (*continued*)**

Pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19 will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The trustees do not consider the Charity as any critical judgements that will have the most significant effect on amounts recognised in the financial statements.

| 4. Donation and legacies | Unrestricted funds | Restricted funds | Total 2018 | Total 2017 |
|-------------------------------------|---------------------------|-------------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Contributions from Holding Trustees | 24,000 | - | 24,000 | 34,000 |
| Donations and similar income | 132,063 | 16,727 | 148,790 | 184,721 |
| | <u>156,063</u> | <u>16,727</u> | <u>172,790</u> | <u>218,721</u> |

| 5. Income from charitable activities | Unrestricted funds | Restricted funds | Total 2018 | Total 2017 |
|---|---------------------------|-------------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Visitor services | | | | |
| Car parking | 562,836 | - | 562,836 | 580,160 |
| Shop and refreshments sales | 598,132 | - | 598,132 | 572,956 |
| Deer and timber sales | 43,180 | - | 43,180 | 25,804 |
| Other | 42,636 | - | 42,636 | 32,186 |
| Grants receivable | 128,595 | 30,921 | 159,516 | 179,824 |
| | <u>1,375,379</u> | <u>30,921</u> | <u>1,406,300</u> | <u>1,390,930</u> |

| 6. Investment income | Unrestricted funds | 2018 | 2017 |
|---------------------------------|---------------------------|---------------|---------------|
| | £ | £ | £ |
| Interest from costs investments | | 165 | 510 |
| Rents income from properties | | 83,015 | 86,119 |
| | | <u>83,180</u> | <u>86,629</u> |

| 7. Other income | Unrestricted funds | 2018 | 2017 |
|------------------------|---------------------------|-------------|-------------|
| | £ | £ | £ |
| Sale of fixed assets | | 4,500 | 11,250 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

8. Expenditure Analysis

Charitable Activities

| | Visitor Services £ | Estate Maintenance and Management £ | Total 2018 £ | Total 2017 £ |
|----------------------------|-----------------------------------|--|-----------------------------|-----------------------------|
| Staff costs (see note 10) | 606,752 | 326,713 | 933,465 | 853,506 |
| Other direct costs | 306,706 | 178,341 | 485,047 | 554,550 |
| Support costs (see note 9) | 172,577 | 104,904 | 277,481 | 226,851 |
| | <hr/> 1,086,035 | <hr/> 609,958 | <hr/> 1,695,993 | <hr/> 1,634,907 |

9. Analysis of support costs

| | Visitor Services £ | Estate Maintenance and Management £ | Total 2018 £ | Total 2017 £ |
|---|-----------------------------------|--|-----------------------------|-----------------------------|
| Electricity, water and rates | 36,962 | 9,241 | 46,203 | 44,398 |
| Insurance, administration and overheads | 87,149 | 54,625 | 141,774 | 103,814 |
| Depreciation | 34,063 | 34,062 | 68,125 | 55,639 |
| Pension finance cost | 11,700 | 6,300 | 18,000 | 19,000 |
| Governance costs | 2,703 | 676 | 3,379 | 4,000 |
| | <hr/> 172,577 | <hr/> 104,904 | <hr/> 277,481 | <hr/> 226,851 |

The governance costs amounting to £3,379 (2017: £4,000) relates to the cost of trustees indemnity insurance.

10. Analysis of staff costs and numbers

Total staff costs are analysed as follows:

| | 2018 £ | 2017 £ |
|-----------------------|-------------------|-------------------|
| Salaries costs | 808,109 | 754,869 |
| Social security costs | 54,582 | 50,985 |
| Pension contributions | 63,986 | 39,246 |
| Training | 6,788 | 8,406 |
| | <hr/> 933,465 | <hr/> 853,506 |

The average number of persons employed, including part time and seasonal/casual staff, was as follows:

| | 2018 No | 2017 No |
|----------------------|--------------------|--------------------|
| Management and admin | 8 | 5 |
| Rangers | 11 | 12 |
| Car parks | 16 | 12 |
| Tea rooms | 30 | 26 |
| Visitors centre | 3 | 1 |
| | <hr/> 68 | <hr/> 56 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

10. Analysis of staff costs and numbers (*continued*)

The full time equivalent numbers of employees are as follows:

| | 2018 | 2017 |
|----------------------|-------------|-------------|
| | No | No |
| Management and admin | 7 | 4 |
| Rangers | 11 | 11 |
| Car parks | 6 | 6 |
| Tea rooms | 13 | 13 |
| Visitors centre | 1 | 1 |
| | <hr/> | <hr/> |
| | 38 | 35 |
| | <hr/> | <hr/> |

No employee received remuneration amounting to more than £60,000 in either year.

11. Trustees remuneration and expenses and cost of key management personnel

Trustees received no remuneration in their capacity as trustees and were not reimbursed for any of their expenses in the year or in the previous year.

Trustee indemnity insurance was purchased to indemnify the trustee against default on their part, for a premium of £3,379 (2017: £4,000).

The trustees through their attendance and support of The Bradgate Park and Swithland Wood Charity give voluntary donations to the Charity throughout the year. Unless the aggregate amount received over the year exceeds £5,000, these are not considered to be material individual donations from the trustees or in total to report in the accounts.

The key management personnel of the Charity comprise of the trustees and the Charity director who is responsible for the day to day running of the Charity. The total employee benefits for key management personnel of the Charity, was £67,100 (2017: £64,872).

12. Net income/(expenditure)

This is arrived after charging/(crediting):-

| | 2018 | 2017 |
|--|-------------|-------------|
| | £ | £ |
| Depreciation of owned fixed tangible and heritage assets | 68,125 | 55,639 |
| Profit on disposal of fixed tangible assets | (4,500) | (11,250) |
| Operating rentals receivables | (37,550) | (38,128) |
| | <hr/> | <hr/> |

Fees payable to RSM UK Audit LLP in respect of audit services are paid by Leicester City Council and financial advice is provided by Leicestershire County Council in accordance with responsibilities stated between Holding Trustees as stated in the Trust Deed.

The Charity has paid other fees to associates of RSM UK Audit LLP amounting to £9,600 (2017: £4,950) during the year.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

13. Tangible and heritage fixed assets

| | Heritage assets £ | Improvements to heritage assets £ | Plant and equipment £ | Motor vehicles £ | Total £ |
|------------------------|----------------------------------|--|--------------------------------------|---------------------------------|--------------------|
| Cost | | | | | |
| At 1 April 2017 | 110,000 | 323,764 | 207,367 | 195,978 | 837,109 |
| Additions | - | 15,907 | 29,041 | 15,500 | 60,448 |
| Disposals | - | (500) | - | (19,979) | (20,479) |
| At 31 March 2018 | 110,000 | 339,171 | 236,408 | 191,499 | 877,078 |
| Depreciation | | | | | |
| At 1 April 2017 | - | 7,138 | 22,662 | 111,012 | 140,812 |
| Charge during the year | - | 6,669 | 28,087 | 33,369 | 68,125 |
| Eliminated on disposal | - | - | - | (19,979) | (19,979) |
| At 31 March 2018 | - | 13,807 | 50,749 | 124,402 | 188,958 |
| Net book value | | | | | |
| At 31 March 2018 | 110,000 | 325,364 | 185,659 | 67,097 | 688,120 |
| At 31 March 2017 | 110,000 | 316,626 | 184,705 | 84,966 | 696,297 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

13. Tangible fixed assets (continued)

Details of assets owned by the Charity are given below:

| 2017 | | 2018 |
|-------------|---|-------------|
| | Heritage assets: | |
| 1289 | Land (acres) comprising Bradgate Park and Swithland Wood Country Park and associated protective cordon of agricultural land and woodland. | 1289 |
| | Buildings: | |
| 1 | Deer Barn Buildings | 1 |
| 1 | Ruins of Bradgate House | 1 |
| 1 | Old John Tower | 1 |
| 1 | Yeomanry War Memorial | 1 |
| 1 | Country Park Tea Room & Shop | 1 |
| 3 | Toilet Blocks | 3 |
| 4 | Residential Properties | 4 |
| | Assets capitalised | |
| 8 | Vehicles | 8 |
| 2 | Residential properties | 2 |

Further information on the Heritage Assets can be found in the Trustees Report. Heritage assets (other than White's and Stocking Wood purchased and capitalised at cost in 2013/14) were acquired in past accounting periods and are not capitalised, as reliable cost information is not available and conventional valuation approaches are inappropriate. Any improvements made to these heritage properties since 1 April 2015 have been capitalised at cost.

Capital commitments

At the year end, the Charity had capital commitments amounting to £16,380 (2017: £7,181).

14. Investment properties

The investment properties comprise of two properties held by the charity which are leased to a third parties.

| | £ |
|------------------|----------|
| At 1 April 2017 | 462,074 |
| Fair value gains | 11,926 |
| | <hr/> |
| At 31 March 2018 | 474,000 |
| | <hr/> |

Investment properties were revalued by R C H Harrison, DIP.Surv, DIP.CPA, FRICS FAAV on behalf of Andrew Grangers and Co. Limited since the year end and stated the valuation of the investments properties as at 31 March 2018 at £474,000. The historical cost of the investment properties is £13,264 (2017: £13,264).

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

15. Stocks

| | 2018 | 2017 |
|------------------|-------------|-------------|
| | £ | £ |
| Deer herd | 28,958 | 11,000 |
| Stock for resale | 45,464 | 44,717 |
| | <hr/> | <hr/> |
| | 74,422 | 55,717 |
| | <hr/> | <hr/> |

The cost of stock recognised as an expense in the year was £203,728 (2017: £189,539).

16. Debtors

| | 2018 | 2017 |
|---------------|-------------|-------------|
| | £ | £ |
| Trade debtors | 15,280 | - |
| Other debtors | 68,278 | 94,909 |
| | <hr/> | <hr/> |
| | 83,558 | 94,909 |
| | <hr/> | <hr/> |

17. Creditors: Amounts falling due within one year

| | 2018 | 2017 |
|------------------------------|-------------|-------------|
| | £ | £ |
| Trade creditors | 65,442 | 44,098 |
| Taxes and social security | 36,037 | 32,445 |
| Other creditors | - | 64,004 |
| Accruals and deferred income | 35,829 | 34,885 |
| | <hr/> | <hr/> |
| | 137,308 | 175,432 |
| | <hr/> | <hr/> |

18. Financial instruments

| | 2018 | 2017 |
|--|-------------|-------------|
| | £ | £ |
| Financial assets | | |
| Debt instruments measured at amortised cost | 41,030 | 45,700 |
| Instruments measured at fair value through the statement of financial activities | 474,000 | 462,074 |
| | <hr/> | <hr/> |
| | 515,030 | 507,774 |
| | <hr/> | <hr/> |

| | 2018 | 2017 |
|---|-------------|-------------|
| | £ | £ |
| Financial liabilities | | |
| Debt instruments measured at amortised cost | 101,271 | 142,987 |
| | <hr/> | <hr/> |

19. Retirement benefit schemes

(a) Defined contribution scheme

The Charity operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The contributions payable by the charity charged to Statement of Financial Activities amounted to £22,986 (2017: £15,663).

Contributions totalling £1,312 (2017: £2,905) were payable to the fund at the year end but were not included in creditors within the financial statements.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

19. Retirement benefit schemes (*continued*)

(b) Defined benefit schemes

The Charity participates in a defined benefit scheme for qualifying employees which is administrated by Leicestershire County Council and the assets of the scheme are separately administrated from those of the Charity. The scheme is run in such a way that the client can separately identify its share of the assets and liabilities from that of the Leicestershire County Council pension scheme.

Contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuation. The most recent actuarial valuation of the plan assets and the parent value of the defined benefit obligation were carried out at 31 March 2018.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

The contributions payable by the charity to the scheme for the year of £54,000 (2017: £44,000). Future contributions will be made on the advice of the actuaries.

The principal assumptions used in the calculations of the valuation of the plan assets and the present value of the defined benefit obligation.

| | 2018 | 2017 |
|--|-------------|-------------|
| | % | % |
| Discount rate | 2.6 | 2.5 |
| Future expected rate of increase of pensions | 2.4 | 2.4 |
| Future expected rate of increase in salaries | 3.4 | 3.4 |
| Post-retirement mortality | 1.3 | 1.3 |

Mortality assumptions

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

| | 2018 | 2017 |
|----------------------|--------------|--------------|
| | Years | Years |
| Retiring today | | |
| - Males | 22.1 | 22.1 |
| - Females | 24.3 | 24.3 |
| Retiring in 20 years | | |
| - Males | 23.8 | 23.8 |
| - Females | 26.2 | 26.2 |

Amounts recognised in the statement of financial activities in respect of the defined benefit scheme are as follows:

| | 2018 | 2017 |
|---|--------------|--------------|
| | £ | £ |
| Net interest on defined benefit liabilities | 18,000 | 19,000 |
| Current service cost | 41,000 | 23,000 |
| | <hr/> 59,000 | <hr/> 42,000 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

19. Retirement benefit schemes (*continued*)

The amounts included in the statement of financial position arising from the charity's obligations in respect of defined benefit plans are as follows:

| | 2018 £ | 2017 £ |
|--|-------------------------|-------------------------|
| Present value of defined benefit obligations | (1,726,000) | (1,724,000) |
| Fair value of plan assets | 1,036,000 | 993,000 |
| | <hr/> | <hr/> |
| Deficit in scheme | (690,000) | (731,000) |
| | <hr/> | <hr/> |

Movements in the present value of defined benefit obligations:

| | £ |
|---------------------------------------|-----------|
| Liabilities at 1 April 2017 | 1,724,000 |
| Current service cost | 41,000 |
| Interest cost | 43,000 |
| Contributions by scheme participants' | 6,000 |
| Benefits paid | (61,000) |
| Actuarial gains and losses | (27,000) |
| | <hr/> |
| Liabilities at 31 March 2018 | 1,726,000 |
| | <hr/> |

Movements in the fair value of plan assets:

| | £ |
|--|-----------|
| Fair value of assets at 1 April 2017 | 993,000 |
| Interest income | 25,000 |
| Return on plan assets (excluding amounts included in net interest) | 19,000 |
| Plan contribution by scheme | 6,000 |
| Benefits paid | (61,000) |
| Contributions by the employer | 54,000 |
| | <hr/> |
| Fair value of assets at 31 March 2018 | 1,036,000 |
| | <hr/> |

The actual return on plan assets was £19,000 (2017: £164,000)

The analysis of the scheme assets at the reporting date were as follows:

| | 2018 £ | 2017 £ |
|--------------------|-------------------------|-------------------------|
| Equity instruments | 600,880 | 605,730 |
| Bonds | 300,440 | 248,250 |
| Property | 93,240 | 79,440 |
| Cash | 41,440 | 59,580 |
| | <hr/> | <hr/> |
| | 1,036,000 | 993,000 |
| | <hr/> | <hr/> |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

20. Funds analysis

Reconciliation and analysis of movement of funds for the year ended 31 March 2018:

| | Balance at 1 April 2017 £ | Income £ | Expenditure £ | Pension gains and transfers £ | Balance at 31 March 2018 £ |
|------------------------------------|--|---------------------|--------------------------|--|---|
| Restricted funds | | | | | |
| Heritage fund | 110,000 | - | - | - | 110,000 |
| Leicester Rotary | 97,125 | - | (10,500) | - | 86,625 |
| TS Shipman | 8,629 | - | (933) | - | 7,696 |
| Biffa Grant | 46,250 | - | (5,000) | - | 41,250 |
| Big Lottery Fund | 4,847 | - | (4,650) | - | 197 |
| Memorial Wood Fund | 24,244 | 16,727 | (4,209) | (36,762) | - |
| Heritage lottery fund | - | 30,921 | (55,315) | 24,394 | - |
| Total restricted funds | 291,095 | 47,648 | (80,607) | (12,368) | 245,768 |
| Unrestricted funds | | | | | |
| Designated funds: | | | | | |
| Development fund | 109,249 | 54 | (1,829) | - | 107,474 |
| Vehicles renewals fund | 123,179 | 4,564 | - | - | 127,743 |
| Equipment renewals fund | 54,363 | 24 | - | - | 54,387 |
| Visitor centre development fund | - | 2,994 | - | - | 2,994 |
| Property maintenance fund | 60,612 | 30 | (202) | - | 60,440 |
| Memorial Wood Development fund | - | 82,552 | (29,447) | - | 53,105 |
| Life Long learning Fund | - | 27,250 | - | - | 27,250 |
| Total designated fund | 347,403 | 117,468 | (31,478) | - | 433,393 |
| General funds: | | | | | |
| Revenue reserve | 294,009 | 1,501,654 | (1,578,908) | 12,368 | 229,123 |
| Fixed asset revaluation | 448,810 | - | - | 11,926 | 460,736 |
| Capital financing | 47,532 | - | - | - | 47,532 |
| Total general funds | 790,351 | 1,501,654 | (1,578,908) | 24,294 | 737,391 |
| Total unrestricted funds | 1,137,754 | 1,619,122 | (1,610,386) | 24,294 | 1,170,784 |
| Pension reserve | (731,000) | - | (5,000) | 46,000 | (690,000) |
| Total charity funds | 697,849 | 1,666,770 | (1,695,993) | 57,926 | 726,552 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

20. Funds analysis (*continued*)

In addition to the general funds, there are seven restricted funds and seven designated funds:-

Restricted fund

- (a) **Heritage fund**
Donations were received to acquire additional land at Swithland Wood.
- (b) **Leicester Rotary, TS Shipman and Biffa grant**
These are donations received from the donors towards the redesign, extension and refurbishment of the existing visitor centre.
- (c) **Big Lottery fund**
This was a grant received for purchase of celebration items for the park.
- (d) **Memorial Wood fund**
This was a grant received to develop a memorial area from a section of the park's woodland.
- (e) **Heritage Lottery Fund**
Grants received from the Heritage Lottery Fund to be spent on agreed projects with specified objectives.

Designated funds

- (a) **Development fund**
Trustee's policy is to transfer any surplus funds that are not required for specific purposes or to maintain the level of the Revenue Reserve sufficiently high to cover contingencies (current policy is £200k = 6 months net expenditure if no visitors) to the Development Fund.
- (b) **Vehicles renewals fund**
To provide for the renewal of motor vehicles at the end of their useful life. The annual contribution to the fund is based on the estimated life of the vehicles. The fund is invested and earns interest.
- (c) **Equipment renewals fund**
To provide for the periodical renewal and upgrading of major items of equipment including IT equipment and Pay and Display ticket machines. The fund is invested and earns interest.
- (d) **Visitor centre development fund**
To provide for the redesign, extension and refurbishment of the existing Visitor Centre. The fund is invested and earns interest.
- (e) **Property maintenance fund**
To provide a financial resource to smooth the significant periodic costs of maintaining the estate's six residential properties. £100,000 was transferred into this fund in 2014/15, following a commissioned survey, which gave a comprehensive picture of the Charity's current and future maintenance liabilities. The fund is invested and earns interest.
- (f) **Memorial Wood Development Fund**
Income received from purchasers of memorial bronze oak leaves and expenditure on paying the foundry for the leaves together with costs of routine maintenance and further development of Memorial Wood. The surplus on this fund will be periodically transferred to the Development Fund.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

20. Funds analysis (*continued*)

(g) Life Long Learning Fund

Income from grants and donations with a specified educational/life-long learning purpose in furtherance of the Charity's second Object. Expenditure on delivering projects to further these purposes.

Capital financing

The Capital Financing Reserve represents expenditure on fixed assets in accordance with the Charities SORP and the capitalisation policy of charity stated in note 2 of the accounts.

21. Analysis of group net assets between funds

| | Restricted funds £ | Designated funds £ | General fund £ | Total £ |
|---|--------------------------|--------------------------|----------------------|----------------|
| Fund balances at 31 March 2018 are represented by: | | | | |
| Fixed assets | 245,571 | - | 916,549 | 1,162,120 |
| Net current assets | 197 | 433,393 | (179,158) | 254,432 |
| Defined benefit pension scheme liability | - | - | (690,000) | (690,000) |
| | <u>245,768</u> | <u>433,393</u> | <u>47,391</u> | <u>726,552</u> |

22. Commitments under operating leases

Charity as lessor

At the year end, the charity had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

| | 2018 £ | 2017 £ |
|---------------------|--------------|--------------|
| Amounts receivable: | | |
| Less than one year | <u>2,780</u> | <u>2,780</u> |

The operating leases represent leases of which one property is rented on a annual renewable lease at 1 August each year. All other properties owned either included with investment properties or in heritage assets, are leased with an initial six months term for new tenants and then ongoing on a monthly basis with a two month notice period.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

23. Reconciliation of net (expenditure)/income to net cash flow from operating activities

| | 2018 | 2017 |
|--|-----------------|---------------|
| | £ | £ |
| Net (expenditure)/income for the reporting year | (17,297) | 72,623 |
| Adjustments for: | | |
| Depreciation charges | 68,125 | 55,639 |
| Net gains on investment properties | (11,926) | - |
| Defined benefit pension scheme | 5,000 | (2,000) |
| Investment income | (83,180) | (86,629) |
| Profit on sale of tangible fixed assets | (4,500) | (11,250) |
| Increase in stocks | (18,705) | (6,218) |
| Decrease/(increase) in debtors | 11,351 | (47,160) |
| (Decrease)/increase in creditors | (37,624) | 73,729 |
| Net cash (used in)/provided by operating activities | <u>(88,756)</u> | <u>48,734</u> |

24. Related party transactions

The Charity's Trustees include appointees from Leicestershire County Council and Leicester City Council. The charity receives grant income from both these parties as disclosed in note 4.

Leicestershire County Council provides financial advice and payroll services to the Charity free of charge. Leicester City Council provides legal services and pays the audit fee on behalf of the Charity.

Mr S Alcock an employee of the National Trust and appointed trustee of the Charity provides advice on health and safety and heritage matters to the charity free of charge.

During the year, members of the Charity's director's family were engaged on a casual basis by the Charity to fulfil specific business needs, at a cost of £869 (2017: £5,466) to the Charity.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

25. Statement of Financial Activities for the year ended 31 March 2017

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ |
|--|----------------------------|--------------------------|--------------------|
| Income from: | | | |
| Donations and legacies | 46,446 | 172,275 | 218,721 |
| Charitable activities | 1,363,220 | 27,710 | 1,390,930 |
| Investment income | 86,629 | - | 86,629 |
| Other income | 11,250 | - | 11,250 |
| Total | <u>1,507,545</u> | <u>199,985</u> | <u>1,707,530</u> |
| Expenditure on: | | | |
| Charitable activities: | | | |
| Visitor services | 1,043,288 | 12,782 | 1,056,070 |
| Estate maintenance and management | 543,400 | 35,437 | 578,837 |
| Total | <u>1,586,688</u> | <u>48,219</u> | <u>1,634,907</u> |
| Net (expenditure)/income | (79,143) | 151,766 | 72,623 |
| Other recognised losses | | | |
| Actuarial losses on defined benefit pension scheme | (190,000) | - | (190,000) |
| Net movement in funds | <u>(269,143)</u> | <u>151,766</u> | <u>(117,377)</u> |

**THE BRADGATE PARK AND
SWITHLAND WOOD CHARITY**

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 2018

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

Full name: The Bradgate Park and Swithland Wood Charity

Approved short name: Bradgate Park Trust

Charity Registration No: 521476

Registered Office: Estate Office
Deer Barn Buildings
Bradgate Park
Newtown Linford
Leicester
LE6 0HE

Auditors: RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicester
LE19 1SD

Bankers: CAF Bank Limited
25 Kings Hill Avenue
West Malling
Kent
ME19 4JQ

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

FOR THE YEAR ENDED 31 MARCH 2018

CHAIRMAN'S FOREWORD

The year 2017/18 has been a further period of transition and consolidation for the Bradgate Park Trust, and one of Transition too, as we saw the successful completion of the Charity's participation in the eponymous Heritage Lottery Fund grant programme. During the course of the year, a raft of new policies and procedures have been produced as the Charity has further modernised its governance arrangements. A new Scheme of Delegation has been adopted and our Governing Document updated to introduce a nine-year limit on Trustee tenure, in line with the new Charity Governance Code.

Reflecting the professionalisation of the Charity since 2012, a new management structure was adopted consisting of Head Ranger, Visitor Experience Manager and Engagement Manager, reporting to the Director. In 2018/19 Trustees will further define, and fill, the remaining position of Business Support Manager.

Of particular note is the publication, for the first time in the Charity's 90-year history, of a 10-year strategic plan. "A Vision for Our Centenary" reflects the rapid change in the Charity necessitated by the 95% real-terms reduction Local Government funding since its peak in 1995 and sets out five Strategic Priorities that will govern the development of the charity up to 2027.

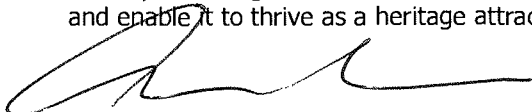
Last year, 2016/17, was the year of the Visitor Centre and the Charity's partnership with the Rotary Club of Leicester, to deliver that project. This year, we are grateful for the generous support of Leicestershire Freemasons in celebration of the 300th anniversary of the United Grand Lodge of England, that has enabled us to develop our Memorial Wood. With additional financial support from Leicestershire County Council's Environmental Partnership Programme and a donation of 300 hedgerow plants from The Woodland Trust, the wood was officially opened by the Pro-Grand Master of the United Grand Lodge of England, Peter Lowndes, in October 2017. Memorial Wood has captured the imagination of current and former local residents and has been successful beyond our expectations with 194 cast bronze 'oak leaves' being sold in the first six months of the scheme, representing a net income for the Charity of over £50,000.

Memorial Wood represented the first time our volunteers have had the opportunity to work on a large project from start to finish and their enthusiasm and creativity, as well as their hard work, has added enormously to the original concept. The project also provided a focus for the development of our new Corporate Volunteering programme with teams from British Gas, Vodafone, Experian and Loughborough University all getting involved.

In total, excluding corporate groups, over 200 volunteers contributed more than 10,000 hours in 2017/18 across all areas of the Charity's work.

Diversification of income continues to be a priority for the Charity. Some 80% of our income is now derived from visitors, which makes us vulnerable to the vagaries of the weather and this, together with difficulties in collecting all the car park income due, has contributed to the income from visitor services falling short of our expectations this year, although we continue to see year-on-year growth in shop and refreshment sales.

The continued development during the year could not have been achieved without the considerable contribution from Charity Staff, Volunteers and those who have donated funds. I and my fellow trustees are very grateful for their contribution. I am very grateful to my fellow trustees for their important contributions during the year, particularly to Peter Osborne, who skillfully chaired the Trust through 2017/18. All of the work outlined above has contributed to a very successful year, but a final thank-you must go to our visitors; they help to sustain the Bradgate Park and Swithland Wood Charity and enable it to thrive as a heritage attraction, and a place to be valued and conserved.



Mr Adam Clarke

Chairman of The Bradgate Park and Swithland Wood Charity

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018

Governing Document

Charity Commission Scheme of 4 September 1980 as amended by Resolutions dated 8 December 2008, 8 September 2014 and 29 January 2018.

Members of the Committee of Management

Under the provisions of the Governing Document (which reflect the provisions of the Donor's 1928 Trust Deed) the Trustees of the Charity (being the Members of the Committee of Management) comprise up to twelve Trustees consisting of:

- Three appointed by Leicestershire County Council
- Three appointed by Leicester City Council
- Three appointed by the National Trust
- Up to three Trustees may be appointed by the Committee of Management itself (change introduced by Resolution dated 8 September 2014).

The Trustees during 2017/18 were:

Appointed by Leicestershire County Council:

- Mr Peter C Osborne (Chairman until 11/6/18)
- Mrs Christine M Radford
- Mr David E Snartt (resigned 12/6/17)
- Mrs Deborah Taylor (appointed 12/6/17)

Appointed by Leicester City Council:

- Mrs Manjula Sood
- Mr Adam Clarke (Vice Chairman; Chairman from 11/6/18)
- Mr John Leach

Appointed by the National Trust:

- Col Robert C J Martin (retired 11/6/18)
- Mr Stewart L Alcock
- Mr Andrew Beer (appointed 12/6/17)

Appointed by the Committee of Management:

- Mr David Lindley

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Trustees' Induction and Training

All new Trustees receive an induction to the charity which includes background information about the charity, appropriate constitutional and legal information regarding the working of the charity together with their obligations as trustees. In May 2017, a Trustees' Study Day was held at Bradgate Park at which Trustees began the process of reviewing the Charity's management structure and discussed the Trustee Skills Audit.

Governance Arrangements

The Committee of Management meets formally four times per year in March, June, September and December. Extraordinary/Special Meetings are occasionally convened when there is urgent business to discuss that requires a face-to-face rather than a 'virtual' meeting. The Finance & General Purposes Sub-Committee meets three times per year in January, May and November. Trustees from time to time set up Working Groups or Task & Finish Groups to progress items of business that require Trustee input outside the quarterly meeting cycle. None of these subsidiary groups has decision-making powers but make recommendations to the Committee of Management.

Holding Trustees

Under the provisions of the Governing Document, Leicestershire County Council and Leicester City Council are designated as the Charity's Holding Trustees. Their role, under the Public Trustee Act 1906 is to have custody of the Title Deeds to the Charity's property and to give assistance as required to the Committee of Management in the exercise of its full powers of management and administration.

Officers of the Charity

Under the provisions of the Governing Document, a senior legal Officer of Leicester City Council acts as the Charity's Honorary Secretary and a senior financial officer of Leicestershire County Council acts as Honorary Treasurer. The holders of these offices during 2017/18 were:

Honorary Secretary: Mr Kamal Adatia, Barrister

Honorary Treasurer: Mrs Judith Spence ACMA

Executive Management

Day to day management and control of the Charity and the Park is delegated to the Charity's Director. Peter Tyldesley MRICS, a full-time employee of the Charity, fulfilled that role throughout the year.

Staffing

Reporting to the Director are a Head Ranger, Finance Manager, Visitor Experience Manager, Engagement Manager and two part-time Administrators. The Head Ranger leads a team of eight full time and two part-time Rangers and there is a Retail & Catering Manager who reports to the Visitor Experience Manager.

In addition to the above-mentioned permanent staff, the Charity maintains a pool of casual staff to work as Tearoom/Shop/Visitor Centre Assistants and Car Park Wardens.

The in-house staff team is augmented with input from specialist contractors and consultants as and when required.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Background to the Charity

Bradgate Park was privately owned until 1928 by the Grey family (latterly Earls of Stamford) when it was purchased and given in Trust for the benefit of the inhabitants of the City and County of Leicester and of visitors thereto for the purposes of recreation by Mr Charles Bennion, a local businessman and philanthropist.

Swithland Wood was given to the Charity in 1931 by the Rotary Club of Leicester and, following numerous gifts and acquisitions over the years, the 1980 Scheme of Management consolidated the activities of eight separate charities into the present The Bradgate Park and Swithland Wood Charity. Around 26 acres of additional woodland adjoining Swithland Wood was acquired in 2014. The Leicestershire Yeomanry Memorial Charity is administered under a Scheme of Management dated 24 September 1981.

Objects of the Charity

The Charity has two objects:

1. The provision of a public park and recreation ground, and the maintenance and improvement thereof, for the benefit of the inhabitants of the County of Leicestershire, and of visitors thereto, with the object of improving the conditions of life for such persons, and
2. To advance the education of the public in the care and appreciation of the environment

Activities and Achievements

In June 2017 the Charity published its strategic plan "A Vision for Our Centenary", which sets out five strategic priorities to underpin the development of the Charity over the period 2017-2027.

Strategic Priority 1 *Providing high quality, accessible and diverse opportunities for all people (regardless of age or ability) to discover and enjoy Bradgate Park and Swithland Wood*

- In its first full year of operation, the Visitor Centre welcomed over 85,000 visitors and Visitor Experience Volunteers contributed over 4,000 hours to staffing the centre and leading guided tours of the Ruins and Old John.
- Over 2,500 people attended performances in the Ruins in summer 2017 to see *Wind in the Willows*, *Pride & Prejudice*, *Alice Through the Looking Glass*, *The Bradgate Proms* and *the Acoustic & Folk Music Picnic*.
- The Charity's largest ever events and guided walks programme was published in February 2018 with many events selling out in advance.
- Income from all events totaled £41,209, an increase of 28%
- The Trust participates in the Visitor Attraction Quality Assurance Scheme operated by Visit England. Accreditation was retained this year with an increased score, reflecting the ongoing improvements that have been made to the visitor experience.

Strategic Priority 2 *Conserving the landscape and heritage, both natural and manmade, that is in the Trust's care, fully meeting our statutory obligations as custodians of the estate so they are maintained and improved now and for future generations*

- We again welcomed the University of Leicester's Bradgate Fieldschool in the summer. This five-year programme of archaeological excavation and research aims to expand knowledge of Bradgate's 15,000-year human history whilst providing an experience of fieldwork to student archaeologists. The 2017 programme was focused on the ruins of Bradgate House and a number of discoveries were made that have significantly altered our understanding of the development of the house. Away from the house, an investigation of an earthwork on the Deer Sanctuary revealed traces of Bronze Age occupation.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

- Bracken management continued as part of the programme of grassland restoration funded by the Higher-Level Stewardship scheme. Chemical and mechanical methods of control were again employed and surveys carried out by Loughborough Naturalists' Club show the continued success of this work in enhancing the Park's biodiversity.
- The wet winter made working in the woods a challenge, particularly with regard to the extraction of timber and use was made of heavy horses to go into areas where vehicles could not. As in previous years, the Rangers fell trees and cut coppice areas, which are subsequently planted up and maintained by the Volunteers.

Strategic Priority 3 *Delivering both informal and formal broad educational and learning experiences for visitors of all ages, so that our local heritage and the wider environment are better understood and cared for.*

- In order to build on the achievements of the Transition programme, the Heritage Lottery Fund awarded the Charity further funding for a two-year project to further develop the Charity's lifelong learning work and the involvement of volunteers in delivering the programme.
- A Teachers' Panel has been convened to give feedback on the content and relevance of the school sessions that have been designed and a number of local schools agreed to participate in the pre-launch pilot of the various activities.
- Volunteers have been recruited to lead new "Explore Bradgate" school sessions as well as holiday activities for families and "Bite Sized" introductory walks looking at various aspects of the Park's heritage.

Strategic Priority 4 *Raising sufficient funds, from a range of sources, to ensure the delivery of these objectives to meet the needs of the landscape, heritage and wildlife, our visitors and the wider community*

- The highest-profile fundraising project in the year was the Memorial Wood that was developed with the generous support of Leicestershire Freemasons and the United Grand Lodge of England to mark their tercentenary, with additional contributions from Leicestershire County Council. Between the launch of the scheme in September and the end of the financial year, over 350 bronze memorial oak leaves were sold, representing a net income to the Charity of over £50,000.
- As part of the Transition project, a range of new fundraising material was produced including a legacy giving booklet and a Corporate Support brochure.
- Fundraising activity has centred around raising the profile of the Bradgate Park Trust as a charity - there is still a perception among the public that the Park is run by a local authority – and making the case for support. This increase in fundraising activity was reflected in the increase in the number and value of donations received in the year.

Strategic Priority 5 *Building the capacity, and capability of the Trust to deliver its objectives, improve our services and support the growth and development of the Trust*

- Heritage Lottery Fund Transition funding enabled the Charity to pilot the post of Volunteer Coordinator for 12 months, at the end of which time the position having proved its worth, it was added to the permanent staffing establishment. During the year over 10,000 volunteer hours were donated by over 200 registered volunteers and the benefits of this additional support have been felt across all areas of the Charity's operations.
- Also as part of the Transition project, a new suite of policies and procedures have been produced and a new management structure introduced. The temporary post of Development Manager has been redefined following the successful completion of Transition and added to the permanent staffing establishment as Engagement Manager. The movement of a long-serving member of staff to part-time hours has enabled administrative staffing to be increased by 20% at no additional cost.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

- A new website has been developed with the aid of a £18,000 grant from the Transform IT Foundation. Among many improvements, the new site has enabled the Charity to process its own online tickets sales for events instead of relying on a third-party provider.

Governance

A new Scheme of Delegation was adopted during the year and a Trustee Working Group was established to oversee the development of new policies and procedures, the first time that Trustees have worked in this way. Subsequently, a number of Task & Finish Groups have been established to deal with pieces of work that required Trustee input outside of the quarterly meeting cycle. There were two changes in Trustees during the year with a further three new nominees expected in 2018/19, along with the recruitment of two new Board-appointed Trustees. In January 2018 Trustees resolved to introduce a limit on Trustee tenure of two four-year terms, with Trustees able to serve a ninth year if required to ease transition, in line with the recommendations of the Charity Governance Code.

Risk Management

Trustees keep under review the major risks to which the Charity is exposed. A robust programme of internal audit is in place and a new Health & Safety policy was adopted in March 2013 and a Health & Safety Committee established with Trustee representation. Risk assessments are carried out for all activities and staff engaged in potentially hazardous activities such as chainsaw use are given appropriate training and issued with the necessary Personal Protective Equipment. In February 2016, the Charity appointed consultants Safety Revolution for a three-year period to carry out a thorough review of safety management and practices and support management in implementing its recommendations.

The top risks identified and the measures taken to mitigate them are summarised in the extract from the Charity's Risk Register:

| Risk Category | Risk | Owner | Mitigation |
|----------------------|---|----------------|--|
| Governance | Board lacks appropriate skills and commitment | Board | Liaison with appointing bodies; Trustee education & training programme; composition of the Board kept under review |
| Operational | Physical risks to the health and safety of staff and visitors | Board/Director | Health & Safety Committee set up; risk assessments for all activities; staff training |
| Financial | Reduction in income | Director | Diversify income sources; regular monitoring of performance against budget |
| Compliance | Failure to comply with Charity Commission requirements | Director | Membership of relevant bodies to keep up to date; use of external advisors |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

The establishment of the Fundraising Regulator in July 2017 and subsequent publication of a new Code of Fundraising Practice have increased Trustees' responsibilities in this area. The Bradgate Park and Swithland Wood Charity acknowledges the importance of good practice in fundraising as being essential in maintaining public confidence in the charity. The new regulatory regime comes at a time when the Charity is in the early stages of developing its fundraising activities gives us the opportunity to ensure that best practice is embedded in all that we do from the very beginning.

Public Benefit

The Trustees have considered the Charity Commission's requirement for all charities to demonstrate public benefit.

Given the wording of the Charity's objects it is the view of Trustees that all activities carried out in pursuit of these objects are, by definition, for the benefit of the public.

In 2017/18 the Trust has continued to operate the Visitor Centre as a free attraction, and developed a number of free activities for the public such as guided tours and the Wildlife Weekend and Living History Weekend events. The volunteering programme offers opportunities for people to make new friends and learn new skills in addition to the benefits it brings to the Charity.

Financial Review

Income generated by on-site activities in 2017/18 totalled £1,160,968 which was 0.7% higher than in 2016/17. For the first time, income from shop and refreshment sales was the largest component of this at £598,132, an increase of 4%. Income from car parking declined by 3% to £562,836. This was a disappointing outcome in view of the fact that performance had been on target at the end of the third quarter to achieve the ambitious growth targets built into the budget but a combination of particularly poor weather in the fourth quarter coupled with the increasing tendency of visitors to 'pass on' unexpired parking tickets led to performance falling short of expectations. Whilst the Trustees can do nothing about the weather, investment is planned in 2018/19 to upgrade the Pay & Display machines to require the entry of vehicle registration numbers to enable more effective enforcement of parking charges.

The continuing popularity of Bradgate Park Venison, together with increased demand for firewood as a result of increased publicity and an improved ordering and delivery process, led to Deer and Timber Sales increasing by 67% to £43,180.

Events income increased by 30%, reflecting the expanded events programme and continued growth in ticket sales.

The Trustees continue to explore new opportunities to further diversify the Charity's sources of income.

In comparison with the previous year, there was modest capital expenditure from the reserve funds during the course of the year. Expenditure from the restricted and designated funds totaled £112,085, the majority of which related to Memorial Wood and was matched by donations, initially from funders for the development of the wood and, subsequently, from the purchase of 'memorial oak leaves'.

The Trustees have now committed to commissioning an annual actuarial valuation of the Charity's portion of the Leicestershire County Council Defined Benefit Pension Scheme. As at 31 March 2018 this showed a liability of £690,000 (2017: £731,000). Further details can be found in Note 19 to the Financial Statements. The Charity's portion of the scheme was closed to new entrants some years ago and there are currently 3 employees contributing. Employers' contribution rates and the level of additional "top up" contributions are set by the scheme actuaries every three years.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Reserves Policy

It is the policy of the Trustees to maintain a range of Reserve Funds as set out in Note 20, the Funds Analysis section of the Notes to the Financial Statements. As at the 31 March 2018, the Charity has funds amounting to £726,552 (2017: £697,849), of which £245,768 (2017: £291,095) are restricted funds.

Of these remaining Funds, the Vehicle Renewals Fund and Equipment Renewals Fund are designed to build up sufficient balances by way of annual contributions to enable the Charity to fund the replacement of vehicles and equipment. The Development Fund is designed to fund significant new developments and improvements to the Park's Infrastructure. Trustees designate additional Funds from time to time for specific purposes.

In addition to these Designated Funds, the Charity maintains a General Reserve in order to meet the cost of any unexpected events or future contingencies and to cover any deficit on the Income and Expenditure Account, the balance on the revenue fund at 31 March 2018 is £229,123 (2017: £294,009).

The fixed assets revaluation fund of the charity amounts to £460,736 (2017: £448,810) included as part of the unrestricted funds will only be realised on the sale of the investment properties.

The Charity keeps all salaries, including of key management personnel, under review by considering against salaries for comparable roles in similar organisations as part of an annual review process.

Investment Policy

The Trustees have considered the way in which the charity invests its funds and considers the most appropriate approach for the funds to be held is in bank accounts on short term deposit where the money is readily available. The Trustees are in the process of examining the funding requirements of the Charity and it is possible that this policy may change in future years.

The Charity owns two residential properties that are remote from the core estate, one in Newtown Linford and one in Anstey. These are shown in the Financial Statements as Investment Properties. Both are let under Assured Shorthold Tenancies, one to a member of staff at 60% of market rent and the other to a private tenant at full market rent. The rental value of all the residential properties is reassessed every three years by a qualified external Valuer. The latest revaluation was in March 2018. The Trustees have adopted a Staff Housing Policy that sets out the categories of staff eligible to live in a Charity property at a discounted rent.

Plans for Future Periods

In June 2018, planning permission was granted for the installation of a catering kiosk at Hunts Hill. This project will involve capital expenditure of around £40,000 and lead to future income from food and drink sales. No contracts have yet been entered into for either the construction or operation of the kiosk.

Disclosure of Information to the Auditors

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware. Additionally the Trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

RSM UK Audit LLP has indicated their willingness to be reappointed as auditors and a resolution will be put to the members.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Trustees' Responsibilities in relation to the financial statements

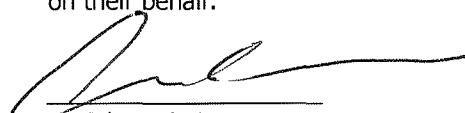
The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial 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 clients for the period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in Charities SORP;
- make judgments 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the Provisions of the Trust Deeds. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved on behalf of the Board of Trustees on 10 September and signed on their behalf. 2018



Mr Adam Clarke
Chairman

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

Opinion

We have audited the financial statements of The Bradgate Park and Swithland Wood Charity (the 'charity') for the year ended 31 March 2018 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and 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.

Basis for opinion

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BRADGATE PARK AND SWITHLAND WOOD CHARITY (CONTINUED)

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 financial statements is inconsistent in any material respect with the Trustees' Report; 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court, Grove Park
Enderby
Leicestershire
LE19 1SD

Date: *29 January 2019*

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|--|--------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and legacies | 4 | 156,063 | 16,727 | 172,790 | 218,721 |
| Charitable activities | 5 | 1,375,379 | 30,921 | 1,406,300 | 1,390,930 |
| Investment income | 6 | 83,180 | - | 83,180 | 86,629 |
| Other income | 7 | 4,500 | - | 4,500 | 11,250 |
| Total | | <u>1,619,122</u> | <u>47,648</u> | <u>1,666,770</u> | <u>1,707,530</u> |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| Visitor Services | | 1,043,628 | 42,407 | 1,086,035 | 1,056,070 |
| Estate Maintenance and Management | | 571,758 | 38,200 | 609,958 | 578,837 |
| Total | 8 | <u>1,615,386</u> | <u>80,607</u> | <u>1,695,993</u> | <u>1,634,907</u> |
| Net gains on investment properties | 14 | 11,926 | - | 11,926 | - |
| Net (expenditure)/income | | <u>15,662</u> | <u>(32,959)</u> | <u>(17,297)</u> | <u>72,623</u> |
| Transfer between funds | | <u>12,368</u> | <u>(12,368)</u> | <u>-</u> | <u>-</u> |
| Other recognised gains/(losses) | | | | | |
| Actuarial gains/(losses) on defined benefit pension scheme | 19 | 46,000 | - | 46,000 | (190,000) |
| Net movement in funds | | <u>74,030</u> | <u>(45,327)</u> | <u>28,703</u> | <u>(117,377)</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>406,754</u> | <u>291,095</u> | <u>697,849</u> | <u>815,226</u> |
| Total funds carried forward | | <u>480,784</u> | <u>245,768</u> | <u>726,552</u> | <u>697,849</u> |

The statement of the financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.


Details of the comparative Statement of Financial Activities are included in note 25.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

BALANCE SHEET AS AT 31 MARCH 2018

| | Notes | 31 March 2018 £ | 31 March 2017 £ |
|--|--------------|--------------------------------|--------------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 252,756 | 269,671 |
| Heritage assets | 13 | 435,364 | 426,626 |
| Investments properties | 14 | 474,000 | 462,074 |
| Total fixed assets | | <u>1,162,120</u> | <u>1,158,371</u> |
| Current assets | | | |
| Stocks | 15 | 74,422 | 55,717 |
| Debtors | 16 | 83,558 | 94,909 |
| Cash at bank and in hand | | 233,760 | 295,284 |
| Total current assets | | <u>391,740</u> | <u>445,910</u> |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | 17 | (137,308) | (175,432) |
| Net current assets | | <u>254,432</u> | <u>270,478</u> |
| Total assets less current liabilities excluding pension liability | | <u>1,416,552</u> | <u>1,428,849</u> |
| Defined benefit pension scheme liability | 19 | (690,000) | (731,000) |
| Total net assets | | <u>726,552</u> | <u>697,849</u> |
| The funds of the charity | | | |
| Restricted funds | 20 | 245,768 | 291,095 |
| | | <u>245,768</u> | <u>291,095</u> |
| Unrestricted funds | | | |
| - Designated funds | | 433,393 | 347,403 |
| - General funds | | 737,391 | 790,351 |
| Total unrestricted funds | 20 | <u>1,170,784</u> | <u>1,137,754</u> |
| Pension reserve | 20 | (690,000) | (731,000) |
| Total charity funds | | <u>726,552</u> | <u>697,849</u> |

The financial statements on pages 13 to 33 were approved by the Board of Trustees and authorised for issue on 10 September 2018 and are signed on their behalf by:


Mr Adam Clarke - Chairman


Judith Spence - Treasurer

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

| | Note | 2018 | | 2017 | |
|---|-------------|----------------|---|------------------|---|
| | | £ | £ | £ | £ |
| Cash flows from operating activities: | | | | | |
| <i>Net cash (used in)/provided by operating activities</i> | 23 | (88,756) | | 48,734 | |
| Cash flows from investing activities: | | | | | |
| Investment income | | 83,180 | | 86,629 | |
| Proceeds from the sale of tangible assets | | 4,500 | | 11,250 | |
| Purchases of investment property | | - | | (2,074) | |
| Purchase of tangible and heritage assets | | (60,448) | | (373,701) | |
| <i>Net cash provided by/(used in) investing activities</i> | | <u>27,232</u> | | <u>(277,896)</u> | |
| Change in Cash and cash equivalents in the reporting period | | (61,524) | | (229,162) | |
| Cash and cash equivalents at the beginning of the reporting period | | <u>295,284</u> | | <u>524,446</u> | |
| Cash and cash equivalents at the end of the reporting period | | <u>233,760</u> | | <u>295,284</u> | |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Legal Status of the Charity

The Bradgate Park and Swithland Wood Charity is an unincorporated charity which is constituted under Charity Commission Scheme of 4 September 1980 as amended by resolution dated 8 December 2008 and 8 September 2014. The charity is registered with the Charity Commission under charity's number 521476. The registered office is Estate Office, Deer Barn Buildings, Bradgate Park, Newtown Linford, Leicester, LE6 0HE.

The Charity's principal objectives are disclosed in the Trustee Report.

2. Accounting Policies

Accounts conversion

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102), (Charities SORP (FRS102)) "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the requirements of the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 April 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The Bradgate Park and Swithland Wood Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the Charity's resources and the challenges presented by the current economic climate, the trustees are satisfied that the Charity has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.

There are no significant financial uncertainties which the trustees consider are a significant risk to the ability of the Charity to trade as a going concern in the foreseeable future.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Committee of Management in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds set aside at the discretion of the Committee of Management for particular purposes. The aim and the use of each fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Incoming resources

All incoming resources are recognised once the trust has entitlement to the resources, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

- Voluntary income, including donations, and contributions from holding trustees are recognised where there is entitlement, receipt is probable and the amount can be measured reliably.
- Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term.
- Investment income is recognised on a receivable basis.
- Income from charitable activities is recognised when the trust is legally entitled to income and the amount can be measured reliably. The income from annual car park passes are recognised as income when received.

Voluntary help

In accordance with the Charities SORP (FRS 102), no value has been put on the help received by the Charity during the year from friends or volunteers of the Charity. More information about the contribution made by volunteers, is included within the Trustees Report.

Expenditure and irrecoverable VAT

To provide more useful information to users of the financial statements, expenditure is classified under the headings of Staff Costs, Other Direct Costs and Support Costs.

Charitable activities expenditure comprises of those costs incurred by the Charity in the delivery of its activities including both costs that can be allocated directly to such activities and also those costs of an indirect nature necessary to support them. Costs also include irrecoverable VAT.

All costs have been allocated to reflect use. Costs relating to a particular activity are allocated directly, support costs are apportioned according to estimated usage.

Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at costs and subsequently measured at cost net of depreciation and any impairment losses. Tangible fixed assets with a life of one year or less, or those that are below £5,000 are charged to the Statement of Financial Activities in the year incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of the asset less any residual value, except for land over its estimated useful economic life. It is calculated at the following annual rates:

| | |
|---------------------------------|--------------|
| Heritage assets | Nil |
| Improvements to heritage assets | 50 years |
| Motor Vehicles | 5 years |
| Plant and equipment | 5 - 10 years |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Heritage assets

With the exception of the two areas of woodland known as White's Wood and Stocking Wood, which adjoin Swithland Wood, purchased during 2013/14 and also improvements to the heritage assets held, all land and buildings contained within the boundaries of the Estate are excluded from the Balance Sheet due to the heritage nature of the Estate, in accordance with Charities SORP (FRS 102). No market value has been assigned to this land or property, but information regarding the acreage of land and the number of premises held are given in the notes of the financial statements. The land purchased during 2013/14 and improvements to the heritage assets have been included at its purchase cost.

Heritage assets are valued and capitalised on the balance sheet where reliable cost information is available or conventional valuation approaches are appropriate.

It is the Charity's policy to maintain its heritage assets in order to preserve their historic and cultural value and these maintenance costs are charged through the Statement of Financial Activities when incurred.

There is no express power granted by the Governing Document to dispose of heritage assets and so application would need to be made to the Charity Commission for the consent of any disposal.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the charity estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in Statement of Financial Activities.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in Statement of Financial Activities or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in statement of financial activities.

Stocks

The Charity owns a herd of red and fallow deer. For stock valuation purposes they are valued at the lower of cost and net realisable value on a dead weight basis, determined annually by the Land Agent and Surveyor. All other stock is purchased for resale through three trading outlets and is valued at the lower of cost and net realisable value, subject to due provision for obsolescence.

At each reporting date, the charity assesses whether stocks are impaired or if any impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in Statement of Financial Activities.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Operating leases

Lessee

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Lessor

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight line basis over the lease term.

Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of complex nature. Such financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with exception of investments in properties. The investments are initially recognised at transaction value and subsequently measured at fair value through the Statement of Financial Activities.

Debtors

Other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash and monies on short-term deposits at the bank, other short-term liquid investments with original maturities of three months or less.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Taxation

No provision for corporation tax has been made as the Charity is exempt from corporation tax on its income and gains to the extent that these are applied to its charitable activities.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The Charity's holiday period covers the period 1 January to 31 December each year. The Charity does not recognise any accrual at the year end for any cost of unused or any advancement of holiday entitlement, as it considers the year on year effect is immaterial.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Accounting policies (*continued*)

Retirement benefits

Defined contribution schemes

For defined contribution schemes the amount charged to Statement of Financial Activities is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit schemes

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in Statement of Financial Activities as a support cost.

Re-measurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in the Statement of Financial Activities, as other recognised gains/(losses) in the year in which they occur and are not reclassified to the Statement of Financial Activities in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

3. 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.

Critical accounting estimates and assumptions

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

3. **Judgements and key sources of estimation uncertainty (*continued*)**

Pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19 will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The trustees do not consider the Charity as any critical judgements that will have the most significant effect on amounts recognised in the financial statements.

| 4. Donation and legacies | Unrestricted funds | Restricted funds | Total 2018 | Total 2017 |
|-------------------------------------|---------------------------|-------------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Contributions from Holding Trustees | 24,000 | - | 24,000 | 34,000 |
| Donations and similar income | 132,063 | 16,727 | 148,790 | 184,721 |
| | <u>156,063</u> | <u>16,727</u> | <u>172,790</u> | <u>218,721</u> |

| 5. Income from charitable activities | Unrestricted funds | Restricted funds | Total 2018 | Total 2017 |
|---|---------------------------|-------------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Visitor services | | | | |
| Car parking | 562,836 | - | 562,836 | 580,160 |
| Shop and refreshments sales | 598,132 | - | 598,132 | 572,956 |
| Deer and timber sales | 43,180 | - | 43,180 | 25,804 |
| Other | 42,636 | - | 42,636 | 32,186 |
| Grants receivable | 128,595 | 30,921 | 159,516 | 179,824 |
| | <u>1,375,379</u> | <u>30,921</u> | <u>1,406,300</u> | <u>1,390,930</u> |

| 6. Investment income | Unrestricted funds | 2018 | 2017 |
|---------------------------------|---------------------------|---------------|---------------|
| | £ | £ | £ |
| Interest from costs investments | | 165 | 510 |
| Rents income from properties | | 83,015 | 86,119 |
| | | <u>83,180</u> | <u>86,629</u> |

| 7. Other income | Unrestricted funds | 2018 | 2017 |
|------------------------|---------------------------|-------------|-------------|
| | £ | £ | £ |
| Sale of fixed assets | | 4,500 | 11,250 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

8. Expenditure Analysis

Charitable Activities

| | Visitor Services £ | Estate Maintenance and Management £ | Total 2018 £ | Total 2017 £ |
|----------------------------|-----------------------------------|--|-----------------------------|-----------------------------|
| Staff costs (see note 10) | 606,752 | 326,713 | 933,465 | 853,506 |
| Other direct costs | 306,706 | 178,341 | 485,047 | 554,550 |
| Support costs (see note 9) | 172,577 | 104,904 | 277,481 | 226,851 |
| | <hr/> 1,086,035 | <hr/> 609,958 | <hr/> 1,695,993 | <hr/> 1,634,907 |

9. Analysis of support costs

| | Visitor Services £ | Estate Maintenance and Management £ | Total 2018 £ | Total 2017 £ |
|---|-----------------------------------|--|-----------------------------|-----------------------------|
| Electricity, water and rates | 36,962 | 9,241 | 46,203 | 44,398 |
| Insurance, administration and overheads | 87,149 | 54,625 | 141,774 | 103,814 |
| Depreciation | 34,063 | 34,062 | 68,125 | 55,639 |
| Pension finance cost | 11,700 | 6,300 | 18,000 | 19,000 |
| Governance costs | 2,703 | 676 | 3,379 | 4,000 |
| | <hr/> 172,577 | <hr/> 104,904 | <hr/> 277,481 | <hr/> 226,851 |

The governance costs amounting to £3,379 (2017: £4,000) relates to the cost of trustees indemnity insurance.

10. Analysis of staff costs and numbers

Total staff costs are analysed as follows:

| | 2018 £ | 2017 £ |
|-----------------------|-------------------|-------------------|
| Salaries costs | 808,109 | 754,869 |
| Social security costs | 54,582 | 50,985 |
| Pension contributions | 63,986 | 39,246 |
| Training | 6,788 | 8,406 |
| | <hr/> 933,465 | <hr/> 853,506 |

The average number of persons employed, including part time and seasonal/casual staff, was as follows:

| | 2018 No | 2017 No |
|----------------------|--------------------|--------------------|
| Management and admin | 8 | 5 |
| Rangers | 11 | 12 |
| Car parks | 16 | 12 |
| Tea rooms | 30 | 26 |
| Visitors centre | 3 | 1 |
| | <hr/> 68 | <hr/> 56 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

10. Analysis of staff costs and numbers (*continued*)

The full time equivalent numbers of employees are as follows:

| | 2018 | 2017 |
|----------------------|-------------|-------------|
| | No | No |
| Management and admin | 7 | 4 |
| Rangers | 11 | 11 |
| Car parks | 6 | 6 |
| Tea rooms | 13 | 13 |
| Visitors centre | 1 | 1 |
| | <hr/> | <hr/> |
| | 38 | 35 |
| | <hr/> | <hr/> |

No employee received remuneration amounting to more than £60,000 in either year.

11. Trustees remuneration and expenses and cost of key management personnel

Trustees received no remuneration in their capacity as trustees and were not reimbursed for any of their expenses in the year or in the previous year.

Trustee indemnity insurance was purchased to indemnify the trustee against default on their part, for a premium of £3,379 (2017: £4,000).

The trustees through their attendance and support of The Bradgate Park and Swithland Wood Charity give voluntary donations to the Charity throughout the year. Unless the aggregate amount received over the year exceeds £5,000, these are not considered to be material individual donations from the trustees or in total to report in the accounts.

The key management personnel of the Charity comprise of the trustees and the Charity director who is responsible for the day to day running of the Charity. The total employee benefits for key management personnel of the Charity, was £67,100 (2017: £64,872).

12. Net income/(expenditure)

This is arrived after charging/(crediting):-

| | 2018 | 2017 |
|--|-------------|-------------|
| | £ | £ |
| Depreciation of owned fixed tangible and heritage assets | 68,125 | 55,639 |
| Profit on disposal of fixed tangible assets | (4,500) | (11,250) |
| Operating rentals receivables | (37,550) | (38,128) |
| | <hr/> | <hr/> |

Fees payable to RSM UK Audit LLP in respect of audit services are paid by Leicester City Council and financial advice is provided by Leicestershire County Council in accordance with responsibilities stated between Holding Trustees as stated in the Trust Deed.

The Charity has paid other fees to associates of RSM UK Audit LLP amounting to £9,600 (2017: £4,950) during the year.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

13. Tangible and heritage fixed assets

| | Heritage assets £ | Improvements to heritage assets £ | Plant and equipment £ | Motor vehicles £ | Total £ |
|------------------------|----------------------------------|--|--------------------------------------|---------------------------------|--------------------|
| Cost | | | | | |
| At 1 April 2017 | 110,000 | 323,764 | 207,367 | 195,978 | 837,109 |
| Additions | - | 15,907 | 29,041 | 15,500 | 60,448 |
| Disposals | - | (500) | - | (19,979) | (20,479) |
| At 31 March 2018 | 110,000 | 339,171 | 236,408 | 191,499 | 877,078 |
| Depreciation | | | | | |
| At 1 April 2017 | - | 7,138 | 22,662 | 111,012 | 140,812 |
| Charge during the year | - | 6,669 | 28,087 | 33,369 | 68,125 |
| Eliminated on disposal | - | - | - | (19,979) | (19,979) |
| At 31 March 2018 | - | 13,807 | 50,749 | 124,402 | 188,958 |
| Net book value | | | | | |
| At 31 March 2018 | 110,000 | 325,364 | 185,659 | 67,097 | 688,120 |
| At 31 March 2017 | 110,000 | 316,626 | 184,705 | 84,966 | 696,297 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

13. Tangible fixed assets (continued)

Details of assets owned by the Charity are given below:

| 2017 | | 2018 |
|-------------|---|-------------|
| | Heritage assets: | |
| 1289 | Land (acres) comprising Bradgate Park and Swithland Wood Country Park and associated protective cordon of agricultural land and woodland. | 1289 |
| | Buildings: | |
| 1 | Deer Barn Buildings | 1 |
| 1 | Ruins of Bradgate House | 1 |
| 1 | Old John Tower | 1 |
| 1 | Yeomanry War Memorial | 1 |
| 1 | Country Park Tea Room & Shop | 1 |
| 3 | Toilet Blocks | 3 |
| 4 | Residential Properties | 4 |
| | Assets capitalised | |
| 8 | Vehicles | 8 |
| 2 | Residential properties | 2 |

Further information on the Heritage Assets can be found in the Trustees Report. Heritage assets (other than White's and Stocking Wood purchased and capitalised at cost in 2013/14) were acquired in past accounting periods and are not capitalised, as reliable cost information is not available and conventional valuation approaches are inappropriate. Any improvements made to these heritage properties since 1 April 2015 have been capitalised at cost.

Capital commitments

At the year end, the Charity had capital commitments amounting to £16,380 (2017: £7,181).

14. Investment properties

The investment properties comprise of two properties held by the charity which are leased to a third parties.

| | £ |
|------------------|----------|
| At 1 April 2017 | 462,074 |
| Fair value gains | 11,926 |
| | <hr/> |
| At 31 March 2018 | 474,000 |
| | <hr/> |

Investment properties were revalued by R C H Harrison, DIP.Surv, DIP.CPA, FRICS FAAV on behalf of Andrew Grangers and Co. Limited since the year end and stated the valuation of the investments properties as at 31 March 2018 at £474,000. The historical cost of the investment properties is £13,264 (2017: £13,264).

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

15. Stocks

| | 2018 | 2017 |
|------------------|--------------|--------------|
| | £ | £ |
| Deer herd | 28,958 | 11,000 |
| Stock for resale | 45,464 | 44,717 |
| | <hr/> 74,422 | <hr/> 55,717 |

The cost of stock recognised as an expense in the year was £203,728 (2017: £189,539).

16. Debtors

| | 2018 | 2017 |
|---------------|--------------|--------------|
| | £ | £ |
| Trade debtors | 15,280 | - |
| Other debtors | 68,278 | 94,909 |
| | <hr/> 83,558 | <hr/> 94,909 |

17. Creditors: Amounts falling due within one year

| | 2018 | 2017 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 65,442 | 44,098 |
| Taxes and social security | 36,037 | 32,445 |
| Other creditors | - | 64,004 |
| Accruals and deferred income | 35,829 | 34,885 |
| | <hr/> 137,308 | <hr/> 175,432 |

18. Financial instruments

| | 2018 | 2017 |
|--|-----------------|-----------------|
| | £ | £ |
| Financial assets | | |
| Debt instruments measured at amortised cost | 41,030 | 45,700 |
| Instruments measured at fair value through the statement of financial activities | 474,000 | 462,074 |
| | <hr/> 515,030 | <hr/> 507,774 |
| | 2018 | 2017 |
| | £ | £ |
| Financial liabilities | | |
| Debt instruments measured at amortised cost | 101,271 | 142,987 |

19. Retirement benefit schemes

(a) Defined contribution scheme

The Charity operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The contributions payable by the charity charged to Statement of Financial Activities amounted to £22,986 (2017: £15,663).

Contributions totalling £1,312 (2017: £2,905) were payable to the fund at the year end but were not included in creditors within the financial statements.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

19. Retirement benefit schemes (*continued*)

(b) Defined benefit schemes

The Charity participates in a defined benefit scheme for qualifying employees which is administrated by Leicestershire County Council and the assets of the scheme are separately administrated from those of the Charity. The scheme is run in such a way that the client can separately identify its share of the assets and liabilities from that of the Leicestershire County Council pension scheme.

Contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuation. The most recent actuarial valuation of the plan assets and the parent value of the defined benefit obligation were carried out at 31 March 2018.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

The contributions payable by the charity to the scheme for the year of £54,000 (2017: £44,000). Future contributions will be made on the advice of the actuaries.

The principal assumptions used in the calculations of the valuation of the plan assets and the present value of the defined benefit obligation.

| | 2018 | 2017 |
|--|-------------|-------------|
| | % | % |
| Discount rate | 2.6 | 2.5 |
| Future expected rate of increase of pensions | 2.4 | 2.4 |
| Future expected rate of increase in salaries | 3.4 | 3.4 |
| Post-retirement mortality | 1.3 | 1.3 |

Mortality assumptions

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

| | 2018 | 2017 |
|----------------------|--------------|--------------|
| | Years | Years |
| Retiring today | | |
| - Males | 22.1 | 22.1 |
| - Females | 24.3 | 24.3 |
| Retiring in 20 years | | |
| - Males | 23.8 | 23.8 |
| - Females | 26.2 | 26.2 |

Amounts recognised in the statement of financial activities in respect of the defined benefit scheme are as follows:

| | 2018 | 2017 |
|---|--------------|--------------|
| | £ | £ |
| Net interest on defined benefit liabilities | 18,000 | 19,000 |
| Current service cost | 41,000 | 23,000 |
| | <hr/> 59,000 | <hr/> 42,000 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

19. Retirement benefit schemes (*continued*)

The amounts included in the statement of financial position arising from the charity's obligations in respect of defined benefit plans are as follows:

| | 2018 £ | 2017 £ |
|--|-------------------------|-------------------------|
| Present value of defined benefit obligations | (1,726,000) | (1,724,000) |
| Fair value of plan assets | 1,036,000 | 993,000 |
| | <hr/> | <hr/> |
| Deficit in scheme | (690,000) | (731,000) |
| | <hr/> | <hr/> |

Movements in the present value of defined benefit obligations:

| | £ |
|---------------------------------------|-----------|
| Liabilities at 1 April 2017 | 1,724,000 |
| Current service cost | 41,000 |
| Interest cost | 43,000 |
| Contributions by scheme participants' | 6,000 |
| Benefits paid | (61,000) |
| Actuarial gains and losses | (27,000) |
| | <hr/> |
| Liabilities at 31 March 2018 | 1,726,000 |
| | <hr/> |

Movements in the fair value of plan assets:

| | £ |
|--|-----------|
| Fair value of assets at 1 April 2017 | 993,000 |
| Interest income | 25,000 |
| Return on plan assets (excluding amounts included in net interest) | 19,000 |
| Plan contribution by scheme | 6,000 |
| Benefits paid | (61,000) |
| Contributions by the employer | 54,000 |
| | <hr/> |
| Fair value of assets at 31 March 2018 | 1,036,000 |
| | <hr/> |

The actual return on plan assets was £19,000 (2017: £164,000)

The analysis of the scheme assets at the reporting date were as follows:

| | 2018 £ | 2017 £ |
|--------------------|-------------------------|-------------------------|
| Equity instruments | 600,880 | 605,730 |
| Bonds | 300,440 | 248,250 |
| Property | 93,240 | 79,440 |
| Cash | 41,440 | 59,580 |
| | <hr/> | <hr/> |
| | 1,036,000 | 993,000 |
| | <hr/> | <hr/> |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

20. Funds analysis

Reconciliation and analysis of movement of funds for the year ended 31 March 2018:

| | Balance at 1 April 2017 £ | Income £ | Expenditure £ | Pension gains and transfers £ | Balance at 31 March 2018 £ |
|------------------------------------|---------------------------------|------------------|--------------------|--|-------------------------------------|
| Restricted funds | | | | | |
| Heritage fund | 110,000 | - | - | - | 110,000 |
| Leicester Rotary | 97,125 | - | (10,500) | - | 86,625 |
| TS Shipman | 8,629 | - | (933) | - | 7,696 |
| Biffa Grant | 46,250 | - | (5,000) | - | 41,250 |
| Big Lottery Fund | 4,847 | - | (4,650) | - | 197 |
| Memorial Wood Fund | 24,244 | 16,727 | (4,209) | (36,762) | - |
| Heritage lottery fund | - | 30,921 | (55,315) | 24,394 | - |
| Total restricted funds | 291,095 | 47,648 | (80,607) | (12,368) | 245,768 |
| Unrestricted funds | | | | | |
| Designated funds: | | | | | |
| Development fund | 109,249 | 54 | (1,829) | - | 107,474 |
| Vehicles renewals fund | 123,179 | 4,564 | - | - | 127,743 |
| Equipment renewals fund | 54,363 | 24 | - | - | 54,387 |
| Visitor centre development fund | - | 2,994 | - | - | 2,994 |
| Property maintenance fund | 60,612 | 30 | (202) | - | 60,440 |
| Memorial Wood Development fund | - | 82,552 | (29,447) | - | 53,105 |
| Life Long learning Fund | - | 27,250 | - | - | 27,250 |
| Total designated fund | 347,403 | 117,468 | (31,478) | - | 433,393 |
| General funds: | | | | | |
| Revenue reserve | 294,009 | 1,501,654 | (1,578,908) | 12,368 | 229,123 |
| Fixed asset revaluation | 448,810 | - | - | 11,926 | 460,736 |
| Capital financing | 47,532 | - | - | - | 47,532 |
| Total general funds | 790,351 | 1,501,654 | (1,578,908) | 24,294 | 737,391 |
| Total unrestricted funds | 1,137,754 | 1,619,122 | (1,610,386) | 24,294 | 1,170,784 |
| Pension reserve | (731,000) | - | (5,000) | 46,000 | (690,000) |
| Total charity funds | 697,849 | 1,666,770 | (1,695,993) | 57,926 | 726,552 |

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

20. Funds analysis (*continued*)

In addition to the general funds, there are seven restricted funds and seven designated funds:-

Restricted fund

- (a) **Heritage fund**
Donations were received to acquire additional land at Swithland Wood.
- (b) **Leicester Rotary, TS Shipman and Biffa grant**
These are donations received from the donors towards the redesign, extension and refurbishment of the existing visitor centre.
- (c) **Big Lottery fund**
This was a grant received for purchase of celebration items for the park.
- (d) **Memorial Wood fund**
This was a grant received to develop a memorial area from a section of the park's woodland.
- (e) **Heritage Lottery Fund**
Grants received from the Heritage Lottery Fund to be spent on agreed projects with specified objectives.

Designated funds

- (a) **Development fund**
Trustee's policy is to transfer any surplus funds that are not required for specific purposes or to maintain the level of the Revenue Reserve sufficiently high to cover contingencies (current policy is £200k = 6 months net expenditure if no visitors) to the Development Fund.
- (b) **Vehicles renewals fund**
To provide for the renewal of motor vehicles at the end of their useful life. The annual contribution to the fund is based on the estimated life of the vehicles. The fund is invested and earns interest.
- (c) **Equipment renewals fund**
To provide for the periodical renewal and upgrading of major items of equipment including IT equipment and Pay and Display ticket machines. The fund is invested and earns interest.
- (d) **Visitor centre development fund**
To provide for the redesign, extension and refurbishment of the existing Visitor Centre. The fund is invested and earns interest.
- (e) **Property maintenance fund**
To provide a financial resource to smooth the significant periodic costs of maintaining the estate's six residential properties. £100,000 was transferred into this fund in 2014/15, following a commissioned survey, which gave a comprehensive picture of the Charity's current and future maintenance liabilities. The fund is invested and earns interest.
- (f) **Memorial Wood Development Fund**
Income received from purchasers of memorial bronze oak leaves and expenditure on paying the foundry for the leaves together with costs of routine maintenance and further development of Memorial Wood. The surplus on this fund will be periodically transferred to the Development Fund.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

20. Funds analysis (*continued*)

(g) Life Long Learning Fund

Income from grants and donations with a specified educational/life-long learning purpose in furtherance of the Charity's second Object. Expenditure on delivering projects to further these purposes.

Capital financing

The Capital Financing Reserve represents expenditure on fixed assets in accordance with the Charities SORP and the capitalisation policy of charity stated in note 2 of the accounts.

21. Analysis of group net assets between funds

| | Restricted funds £ | Designated funds £ | General fund £ | Total £ |
|---|--------------------------|--------------------------|----------------------|----------------|
| Fund balances at 31 March 2018 are represented by: | | | | |
| Fixed assets | 245,571 | - | 916,549 | 1,162,120 |
| Net current assets | 197 | 433,393 | (179,158) | 254,432 |
| Defined benefit pension scheme liability | - | - | (690,000) | (690,000) |
| | <u>245,768</u> | <u>433,393</u> | <u>47,391</u> | <u>726,552</u> |

22. Commitments under operating leases

Charity as lessor

At the year end, the charity had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

| | 2018 £ | 2017 £ |
|---------------------|--------------|--------------|
| Amounts receivable: | | |
| Less than one year | <u>2,780</u> | <u>2,780</u> |

The operating leases represent leases of which one property is rented on a annual renewable lease at 1 August each year. All other properties owned either included with investment properties or in heritage assets, are leased with an initial six months term for new tenants and then ongoing on a monthly basis with a two month notice period.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

23. Reconciliation of net (expenditure)/income to net cash flow from operating activities

| | 2018 | 2017 |
|--|-----------------|---------------|
| | £ | £ |
| Net (expenditure)/income for the reporting year | (17,297) | 72,623 |
| Adjustments for: | | |
| Depreciation charges | 68,125 | 55,639 |
| Net gains on investment properties | (11,926) | - |
| Defined benefit pension scheme | 5,000 | (2,000) |
| Investment income | (83,180) | (86,629) |
| Profit on sale of tangible fixed assets | (4,500) | (11,250) |
| Increase in stocks | (18,705) | (6,218) |
| Decrease/(increase) in debtors | 11,351 | (47,160) |
| (Decrease)/increase in creditors | (37,624) | 73,729 |
| Net cash (used in)/provided by operating activities | <u>(88,756)</u> | <u>48,734</u> |

24. Related party transactions

The Charity's Trustees include appointees from Leicestershire County Council and Leicester City Council. The charity receives grant income from both these parties as disclosed in note 4.

Leicestershire County Council provides financial advice and payroll services to the Charity free of charge. Leicester City Council provides legal services and pays the audit fee on behalf of the Charity.

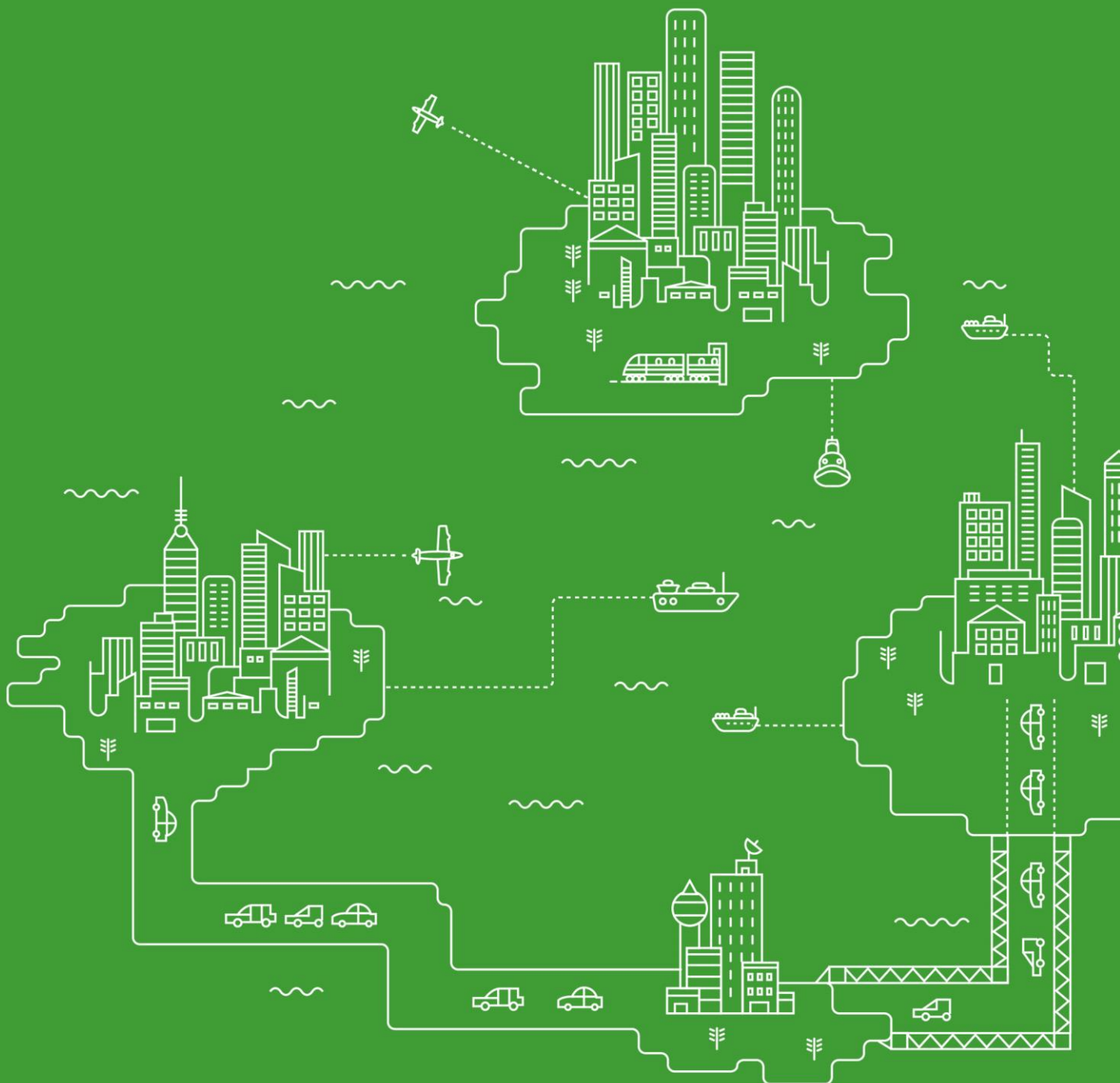
Mr S Alcock an employee of the National Trust and appointed trustee of the Charity provides advice on health and safety and heritage matters to the charity free of charge.

During the year, members of the Charity's director's family were engaged on a casual basis by the Charity to fulfil specific business needs, at a cost of £869 (2017: £5,466) to the Charity.

THE BRADGATE PARK AND SWITHLAND WOOD CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

25. Statement of Financial Activities for the year ended 31 March 2017

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ |
|--|----------------------------|--------------------------|--------------------|
| Income from: | | | |
| Donations and legacies | 46,446 | 172,275 | 218,721 |
| Charitable activities | 1,363,220 | 27,710 | 1,390,930 |
| Investment income | 86,629 | - | 86,629 |
| Other income | 11,250 | - | 11,250 |
| Total | <u>1,507,545</u> | <u>199,985</u> | <u>1,707,530</u> |
| Expenditure on: | | | |
| Charitable activities: | | | |
| Visitor services | 1,043,288 | 12,782 | 1,056,070 |
| Estate maintenance and management | 543,400 | 35,437 | 578,837 |
| Total | <u>1,586,688</u> | <u>48,219</u> | <u>1,634,907</u> |
| Net (expenditure)/income | (79,143) | 151,766 | 72,623 |
| Other recognised losses | | | |
| Actuarial losses on defined benefit pension scheme | (190,000) | - | (190,000) |
| Net movement in funds | <u>(269,143)</u> | <u>151,766</u> | <u>(117,377)</u> |



THE BRADGATE PARK AND SWITHLAND WOOD CHARITY

Final Audit Findings Report

Year ended 31 March 2018

Presented to the Trustees
By RSM UK Audit LLP

on 30 August 2018

Updated to date of signing: 29 January 2019

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING





CONTENTS

| | | |
|--|--|----|
| 1 | Introduction and coverage..... | 2 |
| 2 | Audit and accounting issues identified at planning stage | 3 |
| 3 | Audit and accounting issues identified during the audit | 4 |
| 4 | Unadjusted/adjusted misstatements | 9 |
| 5 | Significant deficiencies in internal control | 12 |
| 6 | Significant findings from the audit | 16 |
| 7 | Fees | 17 |
| 8 | Independence | 17 |
| Appendix A - Draft letter of representation..... | | 18 |
| Appendix B - Updated regulatory update..... | | 22 |
| 1 | Regulatory Issues And Other Matters | 23 |
| 2 | Charity Commission | 30 |
| 3 | FINANcial REporting update | 35 |
| 4 | Scottish Charities | 37 |
| 5 | TAXATION indirect – all charities | 39 |
| 6 | Seminars | 44 |

This report has been prepared for the sole use of The Bradgate Park and Swithland Wood Charity and must not be disclosed to any third party, or quoted or referred to, without our written consent. No responsibility is assumed to any other person in respect of this report.

1 INTRODUCTION AND COVERAGE

This report summarises our key findings in connection with the audit of the financial statements of The Bradgate Park and Swithland Wood Charity in respect of the year ended 31 March 2018.

The scope of our work has already been communicated to you via our Audit Plan document dated 10 May 2018.

A summary of adjusted and unadjusted misstatements identified during the audit has been prepared and is included in Section 4.

We consider that the audit approach adopted will provide the Trustees with the required confidence that a thorough and robust audit has been carried out.

We can confirm that, at the date of this report, we anticipate no modifications from our pro-forma audit report provided in the Audit Plan previously communicated to you.

2 AUDIT AND ACCOUNTING ISSUES IDENTIFIED AT PLANNING STAGE

Management over ride of internal controls

| | |
|----------------------------|--|
| Area of audit focus | As for all control systems, there is the unavoidable risk that control systems can be by-passed by those senior members of the management team with the ability to initiate and execute transactions and accounting entries without the need to follow the established control systems and procedures. |
| Our approach | <p>Review of journals and procedures for authorising and posting journal entries.</p> <p>Review of any large unusual items outside the normal course of business.</p> <p>Analytical review procedures and investigation/corroboation of material variances.</p> |
| Response | From the work carried out there appears to be appropriate controls in place in relation to the size and nature of the charity and appropriate overview from the trustees to management. However, we have noted that there are no formal approval processes in place for the posting of journals, we would recommend that an approval process is introduced. Whilst no issues were identified during the audit testing, it is recommended that a regular review over internal controls and procedures is carried out to ensure they remain fit for purpose and are operating correctly as the charity expands its operations. |

Defined benefit pension scheme

| | |
|----------------------------|---|
| Area of audit focus | <p>The charity is part of a defined benefit multi-scheme and the assets and liabilities are separately disclosed in the scheme for the charity. The amount recognised is based on a valuation undertaken by an actuary. The actuary also provides the disclosure for inclusion in the financial statements.</p> <p>There is a risk that the amount may be materially misstated where the data and assumptions used are not appropriate.</p> |
| Our approach | We will review the latest actuarial report received and the disclosure made by the trustees to ascertain that this is compliant with the reporting requirements of the Statement of Recommended Practice. |
| Response | The pension scheme liability has decreased by £41,000, to £690,000 at the year end. The pension liability has been recognised on the balance sheet in line with accounting standards. Disclosures provided in respect of the pension scheme are adequate and compliant with the reporting requirements of the Statement of Recommended Practice. |

3 AUDIT AND ACCOUNTING ISSUES IDENTIFIED DURING THE AUDIT

Capitalisation of assets

| | |
|-------------------|--|
| Issue | In the current year, from review of expenditure, it was identified certain expenditure in the year on capital items had been expensed rather than capitalised. As Bradgate Park Trust does not maintain its own fixed asset register or capitalise assets, the statutory accounts preparation uses information provided by the Trust which is subject to audit. |
| Resolution | Adjustments have been made to recognise the capital nature of expenditure which met the appropriate value and enhancement criteria. Adjustments have also been made for the depreciation on these assets in line with the stated depreciation policies. These are in relation to the mower where only 50% of the costs have been capitalised, the memorial wood fence and coffee machine which met capitalisation criteria. Further adjustments have been made to account for additions on the Memorial Wood paid for and funded by donations granted where no income or costs have been noted in the charity draft financial statements. |

Investment properties

| | |
|-------------------|---|
| Issue | As part of the audit, we have assessed the value of the investment properties which were last valued at 31 March 2015. The charity's policy is to value the investment properties on a three-year basis. |
| Resolution | The Trust has obtained a valuation of the investment properties at the year-end in line with the policy noted and this has identified a proposed uplift in the cost of the properties by £11,926 to £474,000, and therefore an adjustment has been noted to ensure this is reflected in the draft financial statements. |

Stock – Deer stock valuation

| | |
|-------------------|---|
| Issue | At the year end, the Trust has performed a review of the deer valuation which has suggested an increase in the potential value of the deer herd. |
| Resolution | We have audited the valuation and the assumptions are reasonable and the value in line with a realisable level over the next year and with reference to annual sales of venison. The overall value remains immaterial, but the accounting policy has been updated and an adjustment to reflect the increase has been made to the accounts as detailed in section 4. |

Stock – Slow moving stock lines

| | |
|-------------------|--|
| Issue | As part of our audit work carried out, we have noted that there are several slow-moving stock lines which were identified from a review of the stock reconciliation listings. |
| Resolution | An unadjusted misstatement has been proposed to provide against slow moving stock lines. A control recommendation has also been noted in relation to stock control and we would recommend that the charity undertakes a regular review of the levels of stock. |

Banking controls

| | |
|-------------------|---|
| Issue | <p>From review of the bank reconciliations as part of the audit work carried out, we have noted several matters which have been documented below:</p> <ul style="list-style-type: none">• At the year end and as part of the year end procedures, several proposed payments are accounted for to reduce the value of trade creditors at the year end to nil, as these payments have not been made until post year end, a proposed adjustment has been raised to reallocate these reconciling items on the bank reconciliation to trade creditors at the year end• The grant account is deemed to be overstated at the year end because of an error in posting on the accounting system for which the charity is in the process of obtaining advice due to the posting of duplicate payments and duplicate corrections, we have proposed an adjustment to remove the overstatement on this account and ensure the balance on the account agrees to the bank statements and bank letters• We have identified several historical items included within the bank reconciliation which should be removed as will never be cleared due to the aged nature of the items, we have proposed an adjustment to remove these historical items |
| Resolution | As documented above, we have proposed a series of adjustments to correct the matters noted on the review of the bank reconciliations. |

Income banking discrepancies

| | |
|--------------|--|
| Issue | Throughout our testing over income and the cash controls at the charity, we have noted that there have been several occasions where the charity till records agreed to the weekly banking sheet, however there is then a discrepancy to the amounts received on the bank statements. |
|--------------|--|

Income banking discrepancies

Resolution

In the vast majority of these cases, the amounts are highly trivial below £5, however we did note one instance where the bank disputed that £108 was missing from the paying in slip and this is an ongoing discussion with the bank. We also noted an instance of a forged note being banked leading to a £20 discrepancy. From discussions with management the controls in place are deemed to be sufficient to reduce risk to an acceptable level, further monitoring of these controls will be carried out to ensure that the are appropriate safeguards against the risks noted from the operation of cash within the organisation.

Accounts preparation adjustments

Issue

As noted above, on a day to day basis, the charity operates a cash based accounting system and therefore does not account for balance sheet items such as fixed assets, debtors, creditors, accruals and prepayments on a day to day basis. The statutory accounts preparation team uses information provided by the charity in the preparation of the financial statements which are subject to audit.

Resolution

Adjustments have been made to update the draft financial statements for omissions identified in the information used to prepare the draft statutory financial statements.

Annual car park passes

Issue

We have noted that Bradgate Park offers annual car parking passes to customers. These are for a one-off payment and cover the period of 1 year, we have noted that the charity does not defer the income in respect of these if the passes run over the year end.

Resolution

Due to an improved recording method by way of a rolling spreadsheet, it may be possible to calculate the value of deferral. However, the level of income remains very stable year on year, and therefore it would be unlikely to result in a material misstatement.

SOFA and funds allocations

Issue

As part of our audit work, we have noted several discrepancies in the allocation of income and expenditure within the SOFA and the funds note, these have been noted below for clarification and discussions during the clearance meeting with the Charity.

SOFA and funds allocations

- Treatment of the prior year memorial wood income, HLF income and related expenditure
- Treatment of the current year memorial wood donation income from the Leicestershire and Rutland Freemasons, United Grand Lodge of England and Leicestershire County Council including recognition of income used to purchase assets on behalf of the Charity and related expenditure
- Treatment of the current year memorial wood oak leaves income and related expenditure including consideration of income received for leaves not yet delivered
- Treatment of the HLF and HLS grant income and related expenditure
- Treatment of the Leicestershire Adult School Union income and related expenditure and the use of an education reserve as agreed by the Trustees from review of the meeting minutes
- Treatment of the Leicestershire and Rutland County Nursing Association income and related expenditure, given for the use in the purchase of defibrillators
- Treatment of the big lottery fund income and related expenditure along with consideration of the description of the fund as noted in the draft financial statements
- Consideration of the use of the capital financing fund and the link to fixed assets
- Consideration if any transfers required to funds to allocate funds to designated funding which is at the discretion of the Charity

Resolution

The draft accounts have been updated to consider the points noted above and ensure that funds are restricted and designated as appropriate and in line with the nature of the income and expenditure during the period.

Potential non-primary purpose activities

Issue

The Charity is permitted to generate up to £50,000 of non-primary purpose/trading income before it will be subject to corporation tax on any associated profits or losses. The Charity appears to have generated income from a number of different sources, some of which may be classed as trading for corporation tax purposes and may in turn result in a tax liability and/or a requirement to file a corporation tax return.

Resolution

The Board of Trustees are responsible for monitoring and reporting any tax liabilities to HM Revenue & Customs. As such, the Board should ensure that a detailed review of the corporation tax position is completed on an annual basis, in order to conclude whether the Charity is subject to any

Potential non-primary purpose activities

corporation tax liabilities and in order to ensure that due care is taken. HMRC can issue penalties where an entity does not properly consider and monitor its liability to taxation.

Ongoing VAT discussions

Issue

We are aware of on-going VAT discussions with HMRC around the treatment of charitable income and the recovery of VAT.

Resolution

We have obtained an update on the VAT discussions with HMRC up to the date of sign off, in summary, all matters now resolved, there is no cause to provide for or disclose any potential liability.

4 UNADJUSTED/ADJUSTED MISSTATEMENTS

A summary of the unadjusted/adjusted errors identified during the course of our work is set out below, analysed between errors of fact and differences in judgement.

We have not disclosed below those items that we consider to be “clearly trivial” in the context of our audit. For this purpose we consider “clearly trivial” to be any matter less than £1,000 individually and £3,000 in aggregate.

We advised management of all these misstatements on 21 August 2018 and requested management to correct them.

| | Profit (£) | Net assets (£) | |
|--|---------------|-------------------|---|
| Adjusted misstatements | Dr/(Cr) | Dr/(Cr) | |
| Tangible fixed assets, Plant and equipment additions | - | 8,000 | |
| Charitable activities | (8,000) | - | Being the adjustment to recognise the additional cost for the mower addition and the related depreciation charge |
| Charitable activities - depreciation | 1,067 | - | |
| Tangible fixed assets, Plant and equipment depreciation charge | - | (1,067) | |
| <hr/> | | | |
| Tangible fixed assets, Improvements to heritage assets additions | - | 5,919 | |
| Donations and similar income | (6,739) | - | Being the adjustment to recognise the memorial wood additions paid for and funded by donations granted where no income or costs have been noted in the draft financial statements |
| Charitable activities | 820 | - | |
| Charitable activities - depreciation | 21 | - | |
| Tangible fixed assets, Improvements to heritage assets depreciation charge | - | (21) | |
| <hr/> | | | |
| Tangible fixed assets, Improvements to heritage assets additions | - | 9,988 | |
| Charitable activities | (9,988) | - | Being the adjustment to recognise the memorial wood fence addition and the related depreciation charge |
| Charitable activities - depreciation | 183 | - | |
| Tangible fixed assets, Improvements to heritage assets depreciation charge | - | (183) | |
| <hr/> | | | |
| Tangible fixed assets, Plant and equipment additions | - | 5,860 | |
| Charitable activities | (5,860) | - | Being the adjustment to recognise the coffee machine addition and the related depreciation charge |
| Charitable activities - depreciation | 391 | - | |
| Tangible fixed assets, Plant and equipment depreciation charge | - | (391) | |

| | | | |
|--|-----------------|---------------|--|
| Investment properties revaluation | - | 11,926 | Being the adjustment to recognise the |
| Gain on revaluation of investment properties | (11,926) | - | movement on the valuation report on the investment properties |
| Stock, Deer herd | - | 17,958 | Being the adjustment to recognise the |
| Charitable activities | (17,958) | - | movement on the Charity prepared valuation of the deer herd |
| Trade debtors | - | 15,280 | Being the adjustment to recognise the |
| Other debtors | - | (15,280) | reallocation of the trade debtors balance included within other debtors |
| Other debtors, prepayments | - | 4,550 | Being the adjustment to recognise the |
| Charitable activities | (4,550) | - | health and safety prepayment at the year end |
| Other debtors, prepayments | - | 37,365 | Being the adjustment to recognise the |
| Trade creditors | - | (37,365) | insurance prepayment at the year end |
| Cash at bank and in hand | - | 28,077 | Being the adjustment to recognise the |
| Trade creditors | - | (28,077) | reallocation of the trade creditors balance included within bank reconciling items |
| Other creditors | - | 30,601 | Being the adjustment to recognise the |
| Charitable activities - staff costs | (30,601) | - | causal staff cost accrual which has been included within both other creditors and accruals and deferred income at the year end |
| Cash at bank and in hand | - | 14,814 | Being the adjustment to recognise the |
| Taxes and social security | - | (14,814) | reallocation of the March 2018 payroll PAYE and NI creditor at the year end |
| Charitable activities | 4,500 | - | Being the adjustment to recognise the 2018 |
| Accruals and deferred income | - | (4,500) | RSM accounts preparation accrual at the year end |
| Underlying total | (88,640) | 88,640 | |

| | Profit (£) | Net assets (£) | |
|------------------------------|---------------|-------------------|--|
| Unadjusted misstatements | Dr/(Cr) | Dr/(Cr) | |
| Charitable activities | 8,429 | - | Being the adjustment to recognise the provision against slow moving stock identified |
| Stock, Stock for resale | - | (8,429) | |
| Trade creditors | - | 3,462 | Being the adjustment to recognise various accruals at the year end |
| Accruals and deferred income | - | (2,885) | |
| Taxes and social security | - | (577) | |
| Underlying total | 8,429 | (8,429) | |

5 SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

We have set out below significant deficiencies in internal control which came to our attention during the course of our audit work. This does not constitute a comprehensive statement of all deficiencies that may exist in internal controls or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the procedures performed. An audit is not designed to identify all matters that may be relevant to you and accordingly the audit does not ordinarily identify all such matters.

IT control recommendations

Fact and potential consequence

Within our assessment of the general IT environment, there are several control weaknesses which we would recommend being strengthened. These control weaknesses include:

1. There does not appear to be a formal disaster recovery plan in operation. This mean that the entity is vulnerable to a loss of data should there be a significant incident that affects the IT systems.
2. With regards to password maintenance, there does not appear to be the inclusion of password rotation. This increases the risk of unauthorised access being granted to the IT systems.
3. The new server installed in April 2017, is kept within the charity premises, however there are no security or environmental controls surrounding the server, and therefore this increases the risk of significant loss of data should there be a significant incident at the premises, however we do note that there is an off-site cloud back-ups of the server to safeguard against the risk of loss of data.
4. We have noted that there is currently no formal leaver process in place should a member of staff leave the charity to prevent unauthorised access to the IT systems.

Possible action

The potential actions that we have noted to address these risks are:

1. Ensure that a formal disaster recovery plan is implemented and communication in order to ensure the effect of any significant incident is minimal.
2. Implement the regular rotation of passwords for key IT systems, with there being password requirements for each.
3. Implement security and environmental controls surrounding the server, to protect the sever location and hence the data and IT systems of the charity.
4. Implement a formal leaver process to cover areas such as the changing of passwords to prevent unauthorised access to the systems.

Management response

IT control recommendations

Timing of implementation and responsibility

Trustee's Interests

| | |
|---------------------------------------|--|
| Fact and potential consequence | As part of the audit we have noted that not all Trustees are not completing the declarations of interest as requested. This may result in related party transactions not being identified and disclosed in the financial statements. |
|---------------------------------------|--|

| | |
|------------------------|--|
| Possible action | We would recommend that these are completed on an annual basis or sooner if any known changes are identified. This will ensure that the financial statements are in line with the accounting standards. We would also recommend that the management team complete a declaration of interests form. |
|------------------------|--|

Management response

Timing of implementation and responsibility

Stock control

| | |
|---------------------------------------|---|
| Fact and potential consequence | Our audit work on stock identified some potential misstatements to the stock figure. Whilst not material there is potential for this to accumulate. |
|---------------------------------------|---|

| | |
|------------------------|---|
| Possible action | We would recommend that the Charity undertakes a regular review of the levels of stock held in order to ensure that all slow-moving stock lines are identified and a provision is raised for any slow moving stock lines. |
|------------------------|---|

Management response

Timing of implementation and responsibility

Payroll outsourcing

| | |
|---------------------------------------|---|
| Fact and potential consequence | It was noted during testing that there does not appear to be a service agreement in place with the payroll provider and was noted that this will be changed in the near future such that the payroll provider will be directly contracted with the Charity. A lack of service agreement means that there is an increased risk of issues arising on cancellation or problems with service. |
|---------------------------------------|---|

Payroll outsourcing

| | |
|------------------------|--|
| Possible action | Obtain and retain a copy of service agreement when this is updated / changed in the near future. |
|------------------------|--|

| |
|----------------------------|
| Management response |
|----------------------------|

| |
|--|
| Timing of implementation and responsibility |
|--|

Governance

| | |
|---------------------------------------|---|
| Fact and potential consequence | The charity must ensure it is adapting to the strategic plan set by the organisation and have appropriate skills and oversight within its structure. Failure to do this may result in incorrect or delayed decision making and impede progress on the strategic plan. |
|---------------------------------------|---|

| | |
|------------------------|---|
| Possible action | Consideration needs to be given to the most appropriate board structure for the organisation. |
|------------------------|---|

| |
|----------------------------|
| Management response |
|----------------------------|

| |
|--|
| Timing of implementation and responsibility |
|--|

Journals

| | |
|---------------------------------------|---|
| Fact and potential consequence | We have identified that there is no formal approval process in place for the posting of journals, therefore there is a risk of material misstatement or error arising from the mis posting of journals. |
|---------------------------------------|---|

| | |
|------------------------|--|
| Possible action | We would recommend that a formal process is introduced for the approval of journals both within the day to day accounting processes and also on an ad hoc basis. |
|------------------------|--|

| |
|----------------------------|
| Management response |
|----------------------------|

| |
|--|
| Timing of implementation and responsibility |
|--|

Fixed assets

| | |
|---------------------------------------|--|
| Fact and potential consequence | As Bradgate Park Trust does not maintain its own fixed asset register or capitalise assets, the statutory accounts preparation uses information provided by the Trust which is subject to audit. |
|---------------------------------------|--|

Fixed assets

Possible action

We would recommend that the charity maintains a record of fixed assets to ensure that the statutory financial statements reflect the assets purchased during the year.

Management response

Timing of implementation and responsibility

6 SIGNIFICANT FINDINGS FROM THE AUDIT

Accounting practices, including accounting policies and estimates

During the course of our audit, we reviewed the adequacy of the accounting estimates and their compliance with both relevant accounting standards, including the applicable Statement of Recommended Practice 'Accounting and Reporting by Charities' ('Charities SORP'), and the requirements of the Charities Act 2011. No issues were identified from our review of accounting estimates.

Financial statement disclosures

During the course of our audit, we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards, including the applicable Statement of Recommended Practice 'Accounting and Reporting by Charities' ('Charities SORP'), and the requirements of the Charities Act 2011. The identified disclosure matters were brought to your attention and subsequently reflected in the revised financial statements.

7 FEES

We confirm that the fees charged during the year in respect of services performed for The Bradgate Park and Swithland Wood Charity are consistent with those contained within our Audit Plan submitted to you and dated 10 May 2018.

8 INDEPENDENCE

In accordance with International Standard on Auditing (UK) 260 “Communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP and its related entities and The Bradgate Park and Swithland Wood Charity and its related entities and directors that may reasonably be thought to bear on RSM UK Audit LLP’s independence and the objectivity of the audit principal, Gareth Jones and the audit staff and the related safeguards from those disclosed in the Audit Plan dated 10 May 2018.

APPENDIX A - DRAFT LETTER OF REPRESENTATION

Date

RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicester
LE19 1SD

Dear Sirs

Audit of Financial Statement – Year ended 31 March 2018

This representation letter is provided in connection with your audit of the financial statements of The Bradgate Park and Swithland Wood Charity for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in accordance with the applicable financial reporting framework. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Generally Accepted Accounting Practice.

We confirm that to the best of our knowledge and belief, and having made appropriate enquiries of other Trustee and officials of the charity:

Financial Statements

1. We acknowledge and have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 11 April 2018, for ensuring that the charity maintains adequate accounting records and for the preparation of the financial statements in accordance with the applicable financial reporting framework, in particular the financial statements give a true and fair view in accordance therewith.
2. Significant assumptions used by us in making accounting estimates, including those relating to items measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. In particular, full disclosure is made in the financial statements of:
 - a any advances and credits granted by the charity to [directors/governors/trustees] and guarantees of any kind entered into on behalf of the trustees;
 - b the identity of the party which controls and (if different) the party which ultimately controls the charity, if any;
 - c transactions and balances with related parties including:

- the names of the transacting party or parties;
- a description of the relationship between the parties (including the interest of the related party/parties in the transaction);
- a description of the transactions;
- the amounts involved (even if nil);
- the amounts due to or from related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date;
- amounts written off in the period in respect of debts due to or from related parties;
- the terms and conditions, including any security and the nature of the consideration to be provided in settlement;
- details of any guarantees given or received; and
- any other elements of the transactions necessary for an understanding of the financial statements.

4. Full disclosure is made in the financial statements of:

- a outstanding capital commitments contracted for at the balance sheet date;
- b all contingent liabilities including details of pending litigation and material claims against the charity;
- c all guarantees or warranties or other financial commitments.

5. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

6. There have been no events (e.g. loss or reduction of source of income, loss of key customer, supplier or member of staff, change in credit terms offered by suppliers, breaches of bank or other covenants, changes in banking or insurance arrangements or facilities) since the balance sheet date that would impact on the ability of the charity to continue as a going concern. Should such events occur prior to your signature of the audit report we will advise you immediately. Except as already incorporated into our cash flow and profit forecasts we have no plans or intentions that would impact on the ability of the charity to continue as a going concern.

7. All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed. Should such further material events occur prior to your signature of the audit report we will advise you accordingly.

8. The effects of uncorrected misstatements (whether arising from differences in amount, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the applicable financial reporting framework) are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements including those in relation to disclosures is attached to this representation letter.

9. All charities, companies and trusts controlled by the charity have been consolidated in the group financial statements.
10. All designated and restricted fund balances are correctly shown in the accounts.

Information Provided

1. As agreed in the terms of engagement, we have provided you with:
 - a Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters including minutes of members the Trustees meetings, committees of the Trustees, management held between the beginning of the accounting period and the date of this letter;
 - b Additional information that you have requested from us for the purpose of the audit; and
 - c Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the charity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. We have also notified you of the actual or contingent consequences which may arise from such non-compliance, including any potential effects on the charity's ability to conduct its activities.
7. We have disclosed to you the identity of the charity's related parties and all the related party relationships and transactions of which we are aware.
8. We have disclosed to you details of all known actual or possible litigation and claims whose effect should be considered when preparing the financial statements.

9. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
10. We confirm that we have disclosed to you details of all banking and financing arrangements including related contracts and hedging products.
11. We confirm that we have informed you of all tax avoidance schemes used by the charity.

Charitable Status

1. We have not conducted, or permitted to be conducted any activities which call into question the charitable nature of the charity.
2. There have been no communications with the Charity Commission or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any administrative duty.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

The contents of this letter were considered and approved by the board at its meeting on insert date of board approval of financial statements

Yours faithfully

Signed on behalf of the board of The Bradgate Park and Swithland Wood Charity

Trustee

Date

Attachment: List of uncorrected misstatements including those in relation to disclosures

APPENDIX B - UPDATED REGULATORY UPDATE

This section details relevant changes in the regulatory and financial reporting environment. Further details of many changes are set out on our charities sector pages: <https://www.rsmuk.com/what-we-offer/by-industry/charities>

1 REGULATORY ISSUES AND OTHER MATTERS

Mind the Gender Pay Gap

The difference in pay between men and women has been a debate for some time. The Office of National Statistics is reporting that on average women earn 19.2 per cent less than men in full time roles. In an attempt to overcome the gender pay gap the government has published draft regulations.

The new regulations apply to all employers in the private and voluntary sector with 250 employees or more. From April 2017 these new regulations require reports to be published on the charity's website on an annual basis. Even if you are a smaller charity our advice is to keep listening. As your employees become aware of the regulations and start to query the gender pay differences in your organisation you could be left open to sex discrimination, equal pay and/or constructive dismissal claims.

Reporting requirements

All reports will need to be published using the calculations below:

- the mean gender pay gap;
- the median gender pay gap;
- the gender bonus gap;
- the numbers of men and women who received bonuses; and
- salary quartiles.

These figures should be calculated using gross pay, before any deductions are made. They are defined in the regulations as including basic pay, maternity pay, paid leave, sick pay and bonuses. Clarity on whether bonus reporting should include bonuses earned but not yet received is still to come, but as an initial overview organisations should report on:

- payments in relation to profit sharing, productivity and performance;
- long term incentive plans or schemes; and
- the cash equivalent value of shares on the date of payment.

Publishing information that highlights inequalities in pay could have significant implications to your organisation. These include damage to your employer reputation, negative press or costly equal pay claims. By being proactive and carrying out an equal pay audit you will be able to identify any gender pay gap issues and address these.

Apprenticeship levy

The apprenticeship levy is part of the government's plan to increase apprenticeships across the UK; a manifesto commitment given at the last election to generate three million new apprenticeships by 2020. The government's aim is that the new levy should help improve both the quantity and the quality of apprenticeships which came in to effect on 6 April 2017.

The levy applies to all public and private sector organisations, charities and educational providers, including academy trusts. The levy is charged at a rate of 0.5 per cent of an employer's annual pay bill, though there will be an allowance

of £15,000 per year to offset against the levy. In effect, this means employers will only start to pay the levy if their pay bill exceeds £3m in a given tax year. The employer will pay the levy monthly to HMRC through the normal pay as you earn (PAYE) process.

Employers in England will be able to reclaim their apprenticeship levy contributions as digital vouchers to pay approved providers for training employees on apprenticeship programmes. Different systems will apply in Scotland, Wales and Northern Ireland.

The government has announced that unspent funds in an employer's digital account will expire after 24 months. Therefore, funds entering the account in April 2017 will expire in March 2019 unless the employer uses them by that time. The digital account works on a 'first-in, first-out' basis, so payments are automatically drawn from the funds that entered the account first.

Employers that pay the apprenticeship levy in England will also receive a 10 per cent top-up from the government to their total monthly contributions. As a result, for every £1 an employer pays in, they can draw down £1.10 to spend on apprenticeship training.

'Connected' employers can pool their funds into a single digital account to pay for apprenticeship training. For example, academy trusts operating under an overarching umbrella trust arrangement could pool their individual contributions and use the combined funds to support one or more apprentices working across all trust members.

The government is continuing to make amendments to the proposals and we anticipate more will follow before final commencement of the levy. Recently announced changes include:

- an extra 20 per cent of funding to train 16-18 year olds;
- more money for employers to train apprentices in the poorest parts of England; and
- more money for employers who take on apprentices under 24 years old who are in care or who have special educational needs.

GDPR

On 25 May 2018 the General Data Protection Regulation ("GDPR") replaced the Data Protection Act 1998 ("DPA").

This changes the way charities collect, store and process personal data. The new legal framework is the biggest change to data privacy legislation in over 20 years. Digital advancements over this time have meant that consumer data is created, collected and stored within seconds. It is more important now, than ever, to have clear laws and safeguards in place given the growing digital economy and associated cyber security risk.

The GDPR aims to protect EU citizens' personal data, regardless of borders or where the data is processed. The new rules are much broader than the 1995 Data Protection Act with a more expansive definition of personal identifiers, such as an IP address, which is now classified as personal data.

Entities based outside the EU will still need to be compliant if they hold to information on EU beneficiaries / individuals. As such the UK's decision to leave the EU will not affect the need to comply with GDPR.

Penalties

The penalties are significant, fines for non-compliance of up to €20m or four per cent of annual global turnover could be imposed.

Impact

Any charity that processes consumers' personal data will need to comply with the new obligations. That means firstly understanding the changes to the existing processes under the new rules.

As a first step the charity should consider:

1. Consent or Legal basis – do you have explicit consent from individuals for the data you hold about them or documentation to support the legal basis for holding information?
2. Data protection officer – does your charity have a 'Data Protection Officer' ("DPO") to monitor responsibilities to comply with the GDPR if this is required? Under the GDPR, you must appoint a DPO if you:
 - are a public authority (except for courts acting in their judicial capacity);
 - Your core activities include large scale systematic monitoring of individuals (for example, online behaviour tracking); or
 - Your core activities include large scale processing of special categories of data or data relating to criminal convictions and offences.
3. Accountability – do you have a data protection programme and are you able to provide evidence of how you will comply with the requirements of the GDPR?
4. Mandatory breach notification – would you be able to notify a data protection supervisory authority of a data breach within 72 hours?
5. New rights – do you know how you will comply with the new rights; the right to be forgotten, the right to data portability, and the right to object to data profiling?

The ICO have published specific guidance for not for profit organisations <https://ico.org.uk/for-organisations/charity/>

Fines

Charities and their subsidiaries need to act promptly to avoid a possible Information Commissioner Office (ICO) fee of £2,900 being levied later this year. From 25 May 2018, a new charging structure has been introduced by the ICO. Under this new structure, charities may be liable to pay a default annual fee of £2,900 unless either:

- the ICO is likely to know from information it already holds that the organisation is a charity; or
- the charity provides information to the ICO to evidence its charitable status

Charities satisfying the ICO of their charitable status will be eligible to pay a reduced fee of £40 or could be wholly exempt from the charging structure.

Modern Slavery Act

The Modern Slavery Act 2015 came into force in March 2015, The Modern Slavery Act was introduced for periods ending 31 March 2016 and after. It applies to entities that:

- are a corporate or partnership body, irrespective of where they are incorporated;
- undertake business, or part of a business, in the UK;
- supply goods or services; and

- have a global annual turnover of £36m or more.

If a charity's annual income, including that of any subsidiaries, is £36m or more then they will need to comply with the legislation.

A key provision of the Modern Slavery Act 2015 requires organisations meeting the criteria above to produce an annual slavery and human trafficking statement that sets out what action has been taken to eradicate it within their business or supply chains.

The Modern Slavery Act 2015 does not dictate what information must be included within the statement. There is, however, a general consensus as to what information would generally be considered good practice to include:

- the organisation's structure, business and supply chain;
- policies relating to slavery and human trafficking;
- slavery and human trafficking due diligence processes across its business and supply chains;
- the parts of the business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage this risk;
- an assessment of the effectiveness of arrangements to ensure slavery and human trafficking is not taking place, including performance against any relevant performance indicators established; and
- details of training available to staff.

Fundraising rules

New Charities Act fundraising rules came into force from 1 November 2016. The changes are introduced by the fundraising sections of the [Charities \(Protection and Social Investment\) Act 2016](#).

Disclosure requirements

Registered charities that, by law, must have their accounts audited must include extra information about fundraising in their [trustees' annual report](#). The extra annual statements are about the charity's:

- approach to fundraising;
- work with, and oversight of, any commercial participators/professional fundraisers;
- fundraising conforming to recognised standards;
- monitoring of fundraising carried out on its behalf;
- fundraising complaints; and
- protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

Where a charity uses a professional fundraiser or commercial participator to raise funds the compulsory written agreements between charities and these third parties must include extra information covering:

- the scheme for regulating fundraising or recognised fundraising standards that will apply to the professional fundraiser or commercial participator in carrying out the agreement;
- how the professional fundraiser or commercial participator will protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate; and

- how charities will monitor the professional fundraiser or commercial participator's compliance with these requirements.

[Charity fundraising: a guide to trustee duties \(CC20\)](#) and [Charity reporting and accounting the essentials November 2016 \(CC15d\)](#) which have been updated to reflect the new requirements.
<https://www.gov.uk/government/publications/charities-and-fundraising-cc20>

Charities (Protection and Social Investment) Act 2016

The five key changes are as follows:

- New powers to disqualify and administer official warnings.

The Charity Commission will have new powers to disqualify individuals from being trustees and holding senior management functions, and the power to issue an official warning to a charity or charity trustee where it considers that a breach of trust or duty, or other misconduct or mismanagement has been committed. The Charity Commission might issue a warning on future conduct in circumstances when it would be disproportionate to take stronger action. For example, a charity makes unauthorised payments to a connected company or that benefit a trustee and the size of the sums involved is such that stronger action would be disproportionate.

- Power for Trustees to make social investments.

Trustees of certain charities will be able to invest their charity's money to get a financial return (even if it's below a commercial rate) and, at the same time, further its charitable purposes. Note that this power is conditional in respect of permanent endowment, and is restricted in that it is not available to charities established by, or whose purposes and functions are set out in, legislation; or to charities established by Royal Charter. The Act also defines a social investment and sets out the Charity trustees' duties in relation to social investments.

- Other protective powers

Several other protective powers are to come into force, including the power for the Charity Commission to direct a charity to wind up; and the power to direct charities to not take a particular action. Some of these powers can only be used when a statutory inquiry has been opened.

- Fundraising agreements – new terms, new accounting requirements.

In addition to existing requirements already in force, agreements with commercial fundraisers will need to be clear about certain standards, how they protect the public (including vulnerable members of the public) and how the charity monitors their compliance. Auditable charities will also be required to include statements about these matters in their annual report.

- Automatic disqualification changes

The list of reasons which automatically prevent someone from acting as trustee is to be strengthened. These automatic disqualification provisions will now also cover senior managers such as those in chief executive and finance director positions.

Brexit and Charities

There is no doubt that Brexit will have far reaching impacts and many charities will be understandably concerned. However, this remains an area of uncertainty for all as the UK's exit negotiations continue and it is not possible to fully evaluate the impact.

We have published sector updates on our website: <https://www.rsmuk.com/ideas-and-insights/brexit-sector-perspectives>

Duty to report on payment practices and performance

For financial years beginning on or after 6 April 2017, large companies (including charities) have a duty to report on a half-yearly basis on their payment practices, policies and performance in relation to qualifying contracts. The Department for Business, Energy and Industrial Strategy (BEIS) has published guidance to help entities which must comply.

The report must be published on a web-based service provided by or on behalf of government within 30 days of the end of the reporting period. For example, a company whose accounting period begins on or after 1 May 2017 would need to report on its first half year by 30 November 2017.

Who does it apply to?

The requirement applies to entities if, on their last two balance sheet dates, they exceeded two or all of the thresholds for qualifying as a medium-sized company:

- £36 million annual turnover
- £18 million balance sheet total
- 250 employees

In addition:

- there is no group reporting so every member of the group must report separately;
- there is no concept of ineligible entities or ineligible groups;
- there is no requirement to report in an entity's first financial year; and
- there is an additional size criterion for parent companies/LLPs.

What is a qualifying contract?

- A qualifying contract is a contract which satisfies all of the following:
- it is between two (or more) businesses;
- it has a significant connection with the United Kingdom (i.e. UK Law applies to the contract);
- it is for goods, services or intangible property, including intellectual property; and
- it is not for financial services.

Sanctions

It is a criminal offence by the business, and every director of the company or designated member of an LLP, if the business fails to publish a report, containing the necessary information, within the specified filing period (30 days).

Overview of reporting requirements

The BEIS guidance provides details as to what should be reported and how statistics are derived. However, in essence, for each reporting period entities are required to report on the following and practices, in relation to qualifying contracts.

Narrative descriptions of:

- The standard payment terms which must include:
 - the standard contractual length of time for payment of invoices;
 - maximum contractual payment period and any changes to the standard payment terms in the reporting period; and
 - how suppliers have been notified or consulted on these changes.
- The process for resolving disputes related to payment.

Statistics on:

- The average number of days taken to make payments in the reporting period, from the date of receipt of invoice or other notice.
- The percentage of payments made within the reporting period which were paid in 30 days or fewer, between 31 and 60 days, and in 61 days or longer.
- The percentage of payments due within the reporting period which were not paid within agreed terms.

Statements which provide answers to the following:

- Are suppliers offered e-invoicing?
- Is supply chain finance available to suppliers?
- Do practices and policies cover deducting sums from payments as a charge for remaining on a supplier's list, and has this been done in the reporting period?
- Is the business a member of a payment code and, if so, what is the name of the code?

Note: Some of the reporting requirements may require entities to update their information systems to extract the necessary information eg the requirement to report on a percentage of the volume of invoices rather than the value.

To read the full guidance from the Department of Business, Energy and Industrial Strategy please visit:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/587465/payment-practices-performance-reporting-requirements.pdf

2 CHARITY COMMISSION

Charity Commission News

Charity Commission News ("CC News") is the Commission's quarterly newsletter, which provides essential information for charity trustees and their advisers. <https://www.gov.uk/government/collections/charity-commission-news>. The latest CC News, issue 60, was published in May 2018. This edition includes information on a variety of issues including safeguarding in charities, a new welcome pack for charity trustees, fraud awareness, cyber attacks and protecting your charity and General Data Protection Regulation advice.

<https://www.gov.uk/government/publications/charity-commission-news-issue-60>

Charity Commission Publications

Set out below are a number of useful Charity Commission publications and guidance:

| | |
|---|------------------|
| Make sure your charity is ready for GDPR | May 2018 |
| CC3 – The essential trustee (new version) | Updated May 2018 |
| CC3a – Charity trustee: what's involved | Updated May 2018 |
| CC30 – Finding new trustees | Updated May 2018 |
| How to report a serious incident in your charity | September 2017 |
| CC32 - Independent examination of charity accounts: examiners | September 2017 |
| CC17 – Accruals accounts pack – SORP FRS 102 for charitable companies | March 2017 |
| CC25 – Charity finances: trustee essentials | March 2017 |
| Charity governance, finance and resilience: 15 questions trustees should ask | March 2017 |
| CC15d – Charity reporting and accounting: the essentials: This guidance explains the different accounting and reporting requirements for different sizes and types of charity for financial years beginning on or after 1 November 2016 | November 2016 |
| CC38 – Charities and litigation: a guide for trustees | August 2016 |
| CC14 – Charities and investment matters: a guide for trustees (updated) | August 2016 |
| CC20 – Charity fundraising: a guide to trustee duties | June 2016 |
| CC35 – Trustees, trading and tax - how charities may lawfully trade | February 2016 |
| CC19 – Charities reserves: building resilience | January 2016 |
| CC12 – Managing a charity's finances | January 2016 |

The Charities (Annual Return) Regulations 2017

The Charities (Annual Return) Regulations 2017 were made on 20 December 2017 and came into force on 1 January 2018. <https://www.gov.uk/government/publications/charity-commission-regulations-annual-return-2017> The Regulations set out the formal requirements for Annual Returns to be submitted by charities for financial years starting in 2018 onwards.

New Governance code

The new Charity Governance was launched in July 2017, to assist charities and their trustees develop high standards of governance and is available online at <https://www.charitygovernancecode.org/en/>. The new version of the code starts with the assumption that all trustees are committed to their charity's cause and have joined its board because they want to help the charity deliver its purposes most effectively for public benefit and understand their roles and legal responsibilities as set out in the Charity Commission's guidance [The Essential Trustee \(CC3\)](#).

There are seven principles which make up the Code and each section includes recommended practice for larger and smaller charities:

[1. Organisational purpose](#)

[2. Leadership](#)

[3. Integrity](#)

[4. Decision-making, risk and control](#)

[5. Board effectiveness](#)

[6. Diversity](#)

[7. Openness and accountability](#)

The recommendations included within the code are as follows:

- more oversight when dealing with subsidiary companies; registers of interests and third parties such as fundraising agencies or commercial ventures;
- an expectation that the board will review its own performance and that of individual trustees, including the chair, every year, with an external evaluation for larger organisations every three years;
- no trustee should serve more than nine years without good reason;
- boards thinking carefully about diversity, how they recruit a range of skills and experience, and how they make trusteeship a more attractive proposition;
- boards should operate with the presumption of openness; and
- stronger emphasis on the role of the chair and vice chair in supporting and achieving good governance.

Charity finances: trustee essentials (CC25)

The Charity Commission has updated its guidance CC25 in March 2017. This update is part of a drive to ensure that trustees understand their financial responsibilities when running a charity. The Commission has stated that the trustees' legal duties regarding financial management have not changed, but charity trustees should read the updated guidance to ensure that they are best placed to protect their charity's assets and resources.

[Charity finances: trustee essentials \(CC25\)](#) covers the most common areas of managing charity resources including internal financial controls, charity reserves, and staff and volunteers, directing the reader to further material where required. Charity governance, finance and resilience: 15 questions trustees should ask was also republished in March 2017.

The Commission is conducting a wider ongoing review of how it supports trustees in this area, including working with external partners and umbrella bodies and improving navigation to its online guidance.

Protect your charity from Fraud

The Commission has issued new guidance on its website: <https://www.gov.uk/guidance/protect-your-charity-from-fraud>. Charities of all sizes are challenged by a range of fraud that can impact on all areas of the organisation. Trustees need to implement a proactive and preventative approach to the issue, rather than simply identifying and reporting a fraud when it occurs.

The guidance includes a range of templates for policies including an anti fraud and corruption policy and a whistleblowing policy template. The guidance also provides useful information on the types of fraud as well as reporting serious incidences.

Automatic disqualification rules for charity trustees and charity senior positions

From 1 August 2018, changes to the rules mean that there will be more restriction on who can run a charity. The changes introduce new disqualification reasons, and will stop disqualified people from being able to act in some charity senior manager positions.

From 1 August 2018 the 2 key changes are:

1. People who are disqualified from acting as a trustee will also be disqualified from holding certain senior manager positions in charities; and
2. An increase in the number of reasons that disqualify someone from acting. The new reasons include being on the sex offenders register and certain unspent convictions – such as for terrorism or money laundering.

Under the new rules, acting whilst disqualified will still be a criminal offence and there will be no change to the right of disqualified people to apply for a waiver.

Legislative changes affecting the Charitable Incorporated Organisation (CIO)

The Charity Commission has announced a phased timetable allowing charitable companies to convert to charitable incorporated organisations (CIOs) following legislative changes in Parliament on 23 November 2017. The new

legislation also means that all charitable incorporated organisations (CIOs) will be listed on the Business names index, held by Companies House.

The Secondary Legislation under the Charities Act 2011 contains 3 distinct elements:

1. the Charitable Incorporated Organisations (Conversion) Regulations
2. the Charitable Incorporated Organisations (Consequential Amendments) Order
3. the Index of Company Names (Listed Bodies) (England and Wales) Order

The Charity Commission (the Commission) is now preparing a programme of work to support these changes.

Accounts monitoring

The Charity Commission has published two reports following its accounts monitoring reviews, on the quality of charity accounts 2016 and the quality of small charity accounts. The report on the quality of charity accounts can be found at: <https://www.gov.uk/government/publications/accounts-monitoring-the-quality-of-charity-accounts-2016>. The review looked at the 'the percentage of charity accounts monitored found to be of acceptable quality'.

The review included a focus on whether transactions involving trustees had been adequately disclosed, and indications of potential conflicts of interest or personal benefit. The Commission found that 74% of accruals accounts had included a note on trustees' remuneration as required by the SORP, but the report goes on to highlight that a quarter of the sample had not done so.

There is detailed guidance to assist trustees with the preparation of the annual report and financial statements, including example accounts available on the Charity Commission's website: <http://www.charityscorp.org/about-the-sorp/example-trustees-annual-reports/>. This provides a useful structure for preparing documents that meet the reporting requirements under the new SORP.

The report reminds trustees that they are responsible for checking that the accounts and other information they submit on their annual returns is correct.

Would your charity have stood up to the scrutiny of the Charity Commission in their 2016 monitoring review?

RSM has produced a [charity accounts best practice checklist](#) which can be found at <http://www.rsmuk.com/ideas-and-insights/what-every-trustee-should-know-about-their-charitys-accounts> and includes annual accounts preparations, financial risks and other regulatory risks.

Charity guidance on reporting relevant matters of interest

Reporting of relevant matters of interest to UK charity regulators issued by the Charity Commission for England and Wales, the Office of the Scottish Charities Regulator and the Charity Commission for Northern Ireland includes examples of relevant matters which may be reported by auditors and Independent Examiners: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/661393/Reporting_of_relevant_matters_of_interest_to_UK_charity_regs_211117.pdf

Trustees need to be aware of the list of matters of material significance and of the duty placed upon an auditor or independent examiner to report these matters to the regulator.

Trustees have a parallel duty to report serious incidents to the regulator. Where a charity's auditor or independent examiner decides to report a matter of material significance, the trustees should consider whether they also have a duty to report a serious incident.

Regulatory alerts, inquiry and case reports

<https://www.gov.uk/government/collections/charity-commission-reports-decisions-alerts-and-statements>

As in the public interest, the Charity Commission usually:

- releases a public statement whenever it opens a statutory inquiry into a charity
- publishes a report of the inquiry.

Published statements and reports are shown on the charity's entry on the public register of charities.

The Commission may also publish reports of its non-inquiry work where:

- there is significant public interest in the issues involved and the outcome
- there are lessons that other charities can learn from them.

3 FINANCIAL REPORTING UPDATE

Practice Note 11

In November 2017 Practice Note 11 (PN11) was revised to incorporate guidance issued by Charity Regulators their guidance on reporting matters of matters of material significance and reporting relevant matters of interest to UK charity regulators.

The Practice Note has also been updated to reflect changes and developments in: UK auditing and accounting standards; the charities SORP; and relevant legislation.

Please note that PN 11 continues to provide guidance but does not of itself introduce any new requirements.

Previous guidance moved or removed

PN 11 needs to be read in conjunction with ISAs (UK) and other guidance because it no longer contains:

- material that can be found in the ISAs themselves;
- material where an ISA does not give rise to any charity specific considerations;
- guidance that can be found elsewhere (e.g. in the SORP); or
- illustrative audit reports, example trustee responsibilities or engagement letter paragraphs.

The 'Special Features of Charities' section has been integrated into the relevant ISA (UK) sections, predominantly ISAs 315, 330 and 600.

Charities SORP (FRS 102) – Update bulletin 2

An exposure draft, "update bulletin 2" has been published (February 2018) to amend the text of the underlying SORP for changes in Accounting Standards and legislation subsequent to the SORP's issue in July 2014.

Effective date

The amendments set out in this Update Bulletin apply to all charities in the United Kingdom and Republic of Ireland that follow this SORP for reporting periods beginning on or after 1 January 2019. If the charity adopts the amendments early they must all be early adopted at the same time (with limited exceptions).

The bulletin is to update the Charities SORP (FRS 102) for amendments to FRS 102 issued by the Financial Reporting Council in December 2017: Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Triennial review 2017 – Incremental improvements and clarifications.

The amendments have been classified as:

1. clarifying amendments;
2. significant amendments; and
3. other amendments;

1. Clarifying amendments are summarised as follows:

- Module 3: Accounting standards, policies, concepts and principles, including adjustment of estimates and errors: clarifying the requirement to provide comparative information;
- Module 10: Balance Sheet: removes the undue cost or effort exemption for depreciating assets comprising of two or more major components which have substantially different useful economic lives;
- Module 13: Events after the end of the reporting period: clarifying when payments by subsidiaries to their charitable parents that qualify for gift aid are adjusting events occurring after the end of the reporting period;

2. Significant amendments are those which are likely to have an impact on the financial statements of charities:

- Module 10: Balance Sheet:
 - permitting charities that rent investment property to another group entity to measure the investment property either at cost (less depreciation and impairment) or at fair value;
 - removing the undue cost or effort exemption for the investment property component of mixed use property to require measurement at fair value;
 - removing the disclosure of stocks recognised as an expense;
- Module 14: Statement of cash flows: requiring charities to prepare a reconciliation of net debt as a note to the statement of cash flows;
- Module 27: Charity mergers: including the transfer of activities to a subsidiary undertaking as an example of a charity reconstruction that should be accounted for as a merger; and
- Appendix 1: Glossary: inserting a definition of the term service potential

3. Other amendments are those which are likely to have an impact on the financial statements of a limited number of charities:

- Module 11: Accounting for financial assets and financial liabilities: amendment to table 7 common financial instruments and changes to paragraphs which cover the initial measurement of basic instruments. The SORP is also amended to encourage charities to make additional disclosures where they hold financial instruments and the risks arising from these are particularly significant. FRS 102 encourages entities to provide information to enable users of financial statements to evaluate the significance of financial instruments held.
- Module 18: Accounting for heritage assets: changes to those paragraphs which cover the initial measurement of assets at fair value.
- Module 21: Accounting for social investments is amended to change those paragraphs which cover the measurement of assets at fair value.
- Module 24: Accounting for groups and the preparation of consolidated accounts is updated:
 - to cover the exclusion of immaterial subsidiaries from consolidated financial statements;
 - to include the accounting treatment of intangible assets acquired in a business combination;
 - to include the requirement for unconsolidated interests in special purpose entities to be disclosed where consolidated accounts are prepared.
 - to introduce the requirement for the disclosure of intangible assets which are acquired in a business combination and not separately recognised.
- Appendix 1: Glossary of Terms is amended to align the glossary definition of an intangible asset with that in FRS 102.

4 SCOTTISH CHARITIES

This section details changes and current developments specifically impacting charities (including cross border charities) in Scotland.

OSCR

As OSCR registered its 10,000th new Charity in April 2017. It continues to have a primary focus on “monitoring the public's confidence in charities”, OSCR reshaped its processes and structures and in April 2016 launched a Targeted Regulation approach to better aim their efforts and energies at Charities that were likely to pose the highest risks to public trust and confidence in the sector. The key changes were:

Notifiable Events

From 1 April 2016 Scottish Charities are requested to report Notifiable Events to OSCR as soon as the Trustees have been able to assess the event and decide how to deal with it. They describe these as “events that will have a significant impact on your charity”. It will be up to Charity Trustees to decide whether or not the event is serious enough to be notified to “notifiable@oscr.org.uk” and they should detail the nature of the event and the impact and any remedial action taken or planned. The guidance gives examples of notifiable events which may be useful for Board's developing a “Notifiable Events Policy” covering areas such as fraud, allegations of abuse, investigations by other agencies or substantial donations from an unknown source. They have also issued updated guidance for auditors and independent examiners in this area.

Publishing Reports and Accounts

From 1 April 2016 OSCR began the process of publishing annual reports and accounts beginning with all charities with an income of £25,000 or more together with all SCIO accounts this continues with guidance on the website about file sizes for lodging.

On-line services

There is also a real focus on encouraging all charities to sign up for OSCR's on-line services which were upgraded in April 2016 with 92% of all Scottish Charities using these

Guidance

On 15 December 2017 OSCR updated its April 2016 *Guidance and good practice for charity trustees*, <http://www.oscr.org.uk/charities/guidance/charity-trustee-guidance>. The guidance has been updated to provide a clear and practical guide to what charity trustees must consider to meet legal requirements and ensure that their charities are well-run.

Guidance on Trustees Annual Reports (issued December 2017)

Throughout 2017 OSCR has been highlighting the importance of Trustees' Annual Reports. Although the guidance is predominantly aimed at small and medium charities it is a useful reminder for all and encourages both legal compliance and the importance of ‘telling your charity's story’.

Registering as a Charity (issued January 2018)

OSCR is currently developing an on-line application for charitable status which is expected to be launched later in 2018 trying to make registration as simple as possible.

Other OSCR Issues

Consultation on their draft **fundraising guidance** closed on 8 December 2017. Although the laws around fundraising haven't changed, OSCR believed that new guidance was necessary due to heightened awareness about fundraising practices which are governed by a system of self-regulation overseen by the Scottish Fundraising Standards Panel.

Pensions

On 24 March 2017 OSCR produced new guidance for Scottish charities about pension auto-enrolment. The guidance is aimed at small and medium charities with paid employees and explains the basic requirements of auto-enrolment and the charity trustees legal responsibilities.

Guidance on changing legal form to a SCIO

With the increase in the number of new charities forming as SCIOs (approximately 1/3 of new applications), in December 2015, OSCR issued interim guidance for unincorporated bodies changing legal form to a SCIO and also eliminated the "conversion" option from November 2016 all charities wanting to incorporate must now apply for status as a new charity and seek consent for winding up the existing charity. From 1 January 2018 all SCIOs will now appear in the Registrar's index of Company names which is maintained by Companies House. This will protect SCIO's names in the event of others looking to set up a company, SCIO or CIO with a similar name.

Charities SORP FRS 102 Update Bulletin

On 2 February 2016 Scottish Statutory Instrument 2016 No 76 – The Charities Accounts (Scotland) Amendment Regulations 2016 was issued, amending The Charities Accounts (Scotland) Regulations 2006 with effect from 1 April 2016. The outcome of the amendment is to amend the definition of the SORP to the Charities SORP FRS 102 as read with the Update Bulletin entitled "Charities SORP FRS 102 Update Bulletin". These regulations do not apply to any accounts covering a financial year which begins before 1 January 2016 and therefore Scottish or Cross Border charities will **not** be permitted to early adopt the Update Bulletin 1.

Please see the Financial Reporting Developments section overleaf for an update with regard to the availability of the disclosure exemptions for cash flow statements set out in the SORP (FRS 102) and early adoption of Charities SORP Update Bulletin 1 following guidance issued on these points by ICAS.

The Lobbying (Scotland) Act 2016

This came into force in April 2016 whereby instances of 'regulated lobbying' need to be recorded on the new lobbying register. OSCR has referred to a recent blog which sets out that a familiarisation period which ran until February 2018 has been introduced to assess whether the Act will impact on each charity it is important to review the five key steps set out at www.parliament.scot/lobbying and if any of these do not apply you are not engaged in regulated lobbying.

5 TAXATION INDIRECT – ALL CHARITIES

Guidance on donations by a company to its parent charity

For those charities with a wholly owned trading subsidiary that makes a gift aid donation of its profits to its parent charity, the current position is:

1. For accounting periods beginning on or after 1 April 2015 HMRC will take the position that if a donation from a subsidiary constitutes an unlawful distribution then it is not a qualifying donation and so no tax deduction is available in the subsidiary.
2. For earlier periods if the enquiry window has closed HMRC would need to use discovery legislation to make adjustments. As the return normally will have been made in accordance with generally prevailing practice they cannot do this.
3. For periods within the enquiry window, generally year ended 31 March 2015 and onwards HMRC reserve the right to open enquiries.
4. Repayment by the charity does not constitute taxable income in the hands of the subsidiary (para 45 annex IV HMRC charity guidance and ICAEW paper para 25).
5. In the case of a charitable trust the balance repayable by the charity is technically a loan to a participator (ICAEW paper para 26) and section 51 Finance Act 2016 provides that if the loan was made before 25 November 2015 there is s455 tax to pay although this is repayable once the “loan” is repaid.

Gift Aid

Regulations to change the Gift Aid scheme to allow for the collection of gift aid donations via intermediaries (digital giving) have been published. The regulations come into force on 6 April 2017. So far as charities are concerned these replicate the previous regime other than for the introduction of a new 30 day time limit for sending written confirmation of an oral gift aid declaration to the donor.

The Small Charitable Donations and Childcare Payments Act 2017 is awaiting Royal Assent and will come into force from 6 April 2017. This makes changes to simplify the Gift Aid Small Donations Scheme. In addition to simplifying the basic eligibility criteria donations made in relation to activities in a community building will in future include donations made in the same local authority area as the community building for example to scout and other youth groups doing bag packs at local supermarkets. In addition charities carrying on activities in community buildings will only be able to claim the higher of the community buildings allowance and the basic charity allowance not both.

Following HM Treasury’s response to the consultation on donor benefits in 2016 a further consultation has been launched on more detailed options for reform. It is unlikely that a new regime will commence before 6 April 2018.

VAT business/non-business Issues

The question of what is a 'business' or 'non-business' activity has been the subject of many disputes with HM Revenue & Customs. This is an important distinction as 'business' activities are potentially subject to VAT, while 'non-business' activities, although not attracting VAT on any consideration received, do not afford any right of VAT recovery on related costs; albeit that non-business activities can also mean that work to certain buildings is eligible for zero-rating.

Longridge on the Thames

The Court of Appeal decision in [Longridge On the Thames](#) therefore has particular relevance to the amount of VAT relief available on the construction of a new building, with major implications throughout the charity [and further education] sectors.

In setting aside the favourable decision of the earlier (First-tier and Upper) tax tribunals, the Court of Appeal determined that below cost fees, charged by the charity to cover operational costs, (having taken account of grants, donations and by the work of unpaid volunteers), was an 'economic activity' falling within the scope of VAT. Consequently, as a result of this 'economic activity', the charity could not be afforded VAT zero-rated relief on the construction of a new building.

Of particular note was the Court of Appeal's finding that, not only can a charitable (or non-profit making) activity be an economic activity falling within the scope of VAT, but crucially, that a charity's predominant concern of furthering its charitable objectives by the charging of fees is a VAT economic activity and consequently, VAT zero-rated relief on construction services is unavailable.

The Court of Appeal is effectively stating that, in determining whether a charity's activity falls within the scope of VAT, it is not the predominant concern of the charity that needs to be assessed, but the predominant concern of the activity generating the income.

Therefore, if there is a direct link between the being fee charged and services provided by the charity, this is an economic activity falling within the scope of VAT, even if the fee charged is at a concessionary rate.

The immediate impact of this decision is that charities considered to be undertaking an economic activity will not be able to claim VAT relief on the construction of buildings.

This case is an important development as it sets VAT case-law precedence over some (much earlier) well-known VAT decisions (eg the Lord Fisher tests) which have been used by charities (and previously accepted by HMRC) to support non-business treatment, be it to secure VAT relief on the construction of qualifying buildings, or justify why certain activities do not fall within the scope of VAT.

In appropriate circumstances, charities therefore need to assess the merits of making mandatory charges if they are contemplating the construction of a new building.

Construction works provided to a community amateur sports club ('CASC')

The VAT case of [Eynsham Cricket Club](#) considered the VAT liability of the construction work undertaken a CASC. In this case, the VAT tribunal considered the interaction of the Charities Act, Finance Act and VAT Act and dismissed the

appeal finding that the construction of a new pavilion for a village cricket club was properly subject to VAT at the standard-rate.

The appellant cricket club (the 'Club') is an unincorporated association, registered as a community amateur sports club ('CASC'). To determine whether the construction works should have been zero-rated, the FTT had to address whether the Club was a 'charity' for the purposes of Schedule 8, Group 5, Note 6 of VATA 1994. This would be determined by whether the Club fell within the definitions set out in Schedule 6 of Finance Act 2010 (which provides for the definition of charities to apply to, among others, enactments relating VAT), but which in turn could only be determined by reference to Charities Act 2011.

After much deliberation on the statutory definitions within and interaction between the Charities Act 2011 and Finance Act 2010, the tribunal concluded that the fact that the Club is a CASC does not prevent it being a charity for the purposes of FA 2010.

However, although satisfied that the Club's main purpose involves the promotion of amateur sport, the tribunal determined that the existence of a separate, albeit subsidiary, social purpose meant that the Club was not established 'only for charitable purposes' pursuant to CA11. This meant that it could not fall within Schedule 6 of FA 2010, and as paragraph 7(d) of Schedule 6 includes enactments relating to VAT, it was not a 'charity' within the meaning of Note 6 to Group 5 of Schedule 8 VATA.

This conclusion was sufficient to conclude that the Club's appeal could not succeed based on domestic UK provisions.

Having found against the Club on these grounds, the tribunal nevertheless addressed whether the Club would have met the specific conditions of Notes 6(a) and 6(b) to Group 5 of Schedule 8 VATA.

From the facts, including answers provided in applications for grant funding, the FTT accepted that, at the time of construction, the intended use of the pavilion would be similar to that of a village hall within Note 6(b) of Group 5.

It was however clear from the presented facts that, when the pavilion was being built, the Club intended it to be used in at least two ways that were capable of amounting to an economic activity. Firstly, it was intended that there be a licensed bar at the pavilion at which refreshments were sold. Secondly, the pavilion itself was to be available for hire by members of the community. As the tribunal was satisfied that both of those activities involved the supply of services for a consideration, with a direct link between the services being supplied and the consideration received, the supplies amounted to an economic activity and the Club would have failed the requirements of Note 6(a) of Group 5.

Finally, in relation to the EU principles of equal treatment and fiscal neutrality, the Club argued that another local cricket club had obtained zero-rating in the construction of its pavilion. The tribunal acknowledged that, whilst it could be argued that there is no relevant difference (in an EU law sense) between a sports club with charitable objects that is registered as a CASC and an identical club that is not registered as a CASC, the EU principles preclude treating the supply of similar goods and services which are in competition with each other differently for VAT purposes. However, in this case, the Club was a recipient of the supply, and there is no EU authority to support that supplies of construction goods and services received should be treated in the same way for VAT purposes.

Free admission to an event meant no VAT recovery

On the facts as presented in the case of [Yorkshire Agricultural Society](#), the VAT tribunal dismissed the appeal finding that the holding of two events each year, and the free admission to those two events, was a non-economic activity. As there was no 'direct and immediate link' between the input tax incurred in staging the events to any taxable consideration

received, input tax was non-recoverable. Although the Society sought to argue that it received some (albeit very little) income from catering concessions, the tribunal determined that such income related to a supply between the Society and the caterers, not between the Society and attendees.

Applying the principles established in the European Court of Justice VAT decision in *Sveda*, the tribunal did accept that free admission to an event could, in principle, relate to a charity's economic activity as whole (thus questioning HMRC's guidance at [VCHAR3250](#)); however, there was insufficient evidence presented by the Society to support a sufficient direct and economic link between input tax incurred and any wider taxable income received.

In HMRC's guidance manual, at [VCHAR3250](#), it states: **Free supply of services** - *The purpose of any charity and the way that they tend to be organised means that some services will inevitably be supplied free of charge. The free supply of services is a non-business activity and is outside the scope of VAT.*

However, as observed by the tribunal, depending on the circumstances in which the services are provided free of charge, the free provision of a service might also promote a charity's economic activities as well as its charitable objects, thus engaging section 24(5), and regulation 102ZA of the VAT Act relating to recovery of costs incurred partly for business purposes and partly for non-business purposes. This was not however addressed in this case, presumably because, as noted above, there was insufficient evidence presented to establish such a scenario.

Updated HMRC guidance defining grants and contracts for VAT purposes

When deciding whether a payment is within the scope of VAT each agreement must be considered on its own merits. In principle, for a transaction to fall within the scope of VAT, there must always be a supply, consideration for that supply, and a direct link between the two. A payment is not consideration for a supply if one of these factors is missing.

HMRC has published [updated guidance](#) on the VAT treatment of grants and contracts, and has highlighted a number of points to help in deciding whether a payment is consideration for a supply for VAT purposes:

- Does the grantor receive anything in return for the payment?
- Are there any conditions attached to the payment that go beyond merely having to mention it in account statements?
- What will the payments be used for?
- If the funder does not benefit directly, does any third party receive a benefit?
- Is there a contract and what are the terms and conditions?

More detailed HMRC analysis is provided in the link above but, if charities are in any doubt, they should contact their VAT advisor.

Making tax digital – new developments for VAT

Making Tax Digital (MTD) is the requirement for businesses to keep certain mandatory records in a digital form within 'functional compatible software', able to interface with HMRC's systems. Returns will be filed electronically via the interface (no more manual keying of return data into HMRC's portal) and the interface must be able to send and receive information to/from HMRC. Taxpayers who use multiple accounting software packages to record or calculate information that drives tax return data must digitally link them to be MTD compliant.

The introduction of MTD will be phased and initially it will only apply to VAT. For VAT returns commencing on or after 1 April 2019, businesses, including charities and their trading subsidiaries, that have VAT taxable turnover in excess of

the VAT registration threshold (currently £85,000) will be required to submit their VAT returns digitally and to retain certain records in a digital format.

Whilst certain exemptions will apply for 'digitally excluded' businesses; eg businesses run by those prevented from using computers because of religious beliefs, the exemptions do not extend to VAT registered charities or other not-for-profit organizations.

Businesses, including charities, below the VAT registration threshold will be able to apply MTD for VAT on a voluntary basis and voluntary MTD for income tax will also be available prior to it becoming mandatory.

On 18 December 2017, HMRC published [draft regulations](#), [a draft explanatory memorandum](#), [a draft VAT Notice](#) and an [Addendum to the draft VAT notice](#) for [consultation](#), setting out how businesses will be able to use compatible software alongside spreadsheets to provide VAT returns under MTD. There are some important points in these documents that charities falling within MTD need to be aware of, and several aspects requiring clarification from HMRC. For example:

- HMRC envisages that the electronic accounting records should identify, on an invoice by invoice basis, the amount of recoverable input tax subsequent to any partial exemption calculation;
- information transfer between internal interfaces and with HMRC must be digital where the records are part of the making tax digital for business (MTDfB) 'journey'; and
- whilst there is no mandatory requirement for spreadsheets used (for example in partial exemption calculations) to be kept in a digital format, the Addendum sets out a number of circumstances where there would have to be a 'digital link' between the spreadsheet and the bridging/linking software which transfers data from that spreadsheet to HMRC.

Along with Brexit, MTD is the most significant change in the administration of the UK tax system in a generation; it will fundamentally change the way that taxpayers communicate and interact with HMRC. Whilst much of the detail on how it will work in practice is still yet to emerge, and hence compatible software has yet to be fully developed, the intended legislative framework and guidance issued in respect of MTD for VAT provides an outline structure for software developers and gives an indication of the direction of travel.

Charities that currently use accounting software packages should confirm with their software providers that they are in the process of developing data capture and transfer (including application program interface (API) reporting) capability that meets HMRC's requirements and will ensure they are able to meet the MTD requirements from 1 April 2019. Whilst MTD is not mandatory till 1 April 2019, charities may want to consider becoming an early adopter to get familiar with the MTD compliance obligations. This may be particularly beneficial where they have a complex VAT status, or are reliant upon a number of different software packages for compiling VAT return data.

Charities that are relatively unsophisticated and are largely reliant upon manual records will need to quickly ensure that they invest in appropriate accounting software so that they are able to meet the MTD requirements.

6 SEMINARS

RSM Charity events

RSM hold regular seminars, training and events at our offices around the UK. More information on our latest events can be found at <https://www.rsmuk.com/events>

Charity reserves

In turbulent times, financial resilience helps charities stay flexible and adaptable so they can continue to fulfil their commitments to beneficiaries. A well-thought-out reserves policy is now critical to weathering uncertainty.

Reserves are much more than a statement about the financial health of your charity. Amid growing media and public interest in fundraising practices, a robust reserves policy will send a clear message to donors and beneficiaries that you are well-led, well-managed and well-run.

Our research shows many charities are struggling to produce an effective reserves policy. Our seminar will reveal the common mistakes charities are making that undermine their position. We'll also outline a step-by-step guide to help you produce a fit-for-purpose reserves policy. You can view our locations and register for a specific seminar by following the link: <https://www.rsmuk.com/ideas-and-insights/charity-reserves-resilience-in-2018>

Charity Audit and Finance Committee Effectiveness

In a time of financial anxiety charities must improve decision making and become more accountable for the way funds are raised. Audit, finance and risk committees have an important role to play. But with little central guidance, how can charities make sure their committees are fit for purpose and contribute to good governance?

We undertook a survey of the charity sector in October 2016 assessing current practice and the sector's approach to audit and finance committees. Our survey report provides you with an opportunity to benchmark your charity against others in the sector and our best practice guide will serve as a helpful reference point, even for charities that have good governance. For more information please visit: <http://www.rsmuk.com/ideas-and-insights/charity-audit-and-finance-committees>.

Charity Governance 2020

Good governance has always been key in all sectors, but nowhere is governance more important than in the charity sector. Those with ultimate responsibility in not for profit organisations are giving their time voluntarily, but this does not absolve them from blame if things go wrong. Therefore the systems and structures within which they operate have to be especially clear and robust. Charity Governance 2020 is about being as effective as possible. Raising average to good and good to outstanding, to enable a rise in the standards of delivery and outcomes.

Our best practice guide will help you embed good governance in your charity. The guide uses our wealth of knowledge to not just provide a handy overview of the main issues and areas of debate, but frames them both individually and as a cohesive whole. It draws on that experience to highlight common problems and suggest practical solutions, remembering all the time that good governance is not set in stone once reviewed, and improved, but is a fluid process, that evolves within a robust structure. For more information please visit: <http://www.rsmuk.com/ideas-and-insights/charity-governance-2020>