



heritage
foundation

Letchworth Garden City

Letchworth Garden City Heritage Foundation
Report and Accounts to 30 September 2013

About Us

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

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

Our purpose was defined by the 1995 Letchworth Garden City Heritage Foundation Act, which transferred the assets, role and responsibilities of the former Letchworth Garden City Corporation, a public sector body, to us. We are an Industrial and Provident Society with charitable status, registered number 28211R.



Charitable Commitments

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

Environment and Heritage

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

Recreation and Leisure

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

Education and Learning

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

Health and Wellbeing

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

Charities

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

Charitable Activities

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

2013 Review

Our charitable commitments are at the forefront of everything we do. Each project we undertake or decision made is done so to further our commitments either through the generation of income or in delivering charitable activities to the community.

Entirely self-funding, the effective management of our assets and income has this year allowed us to re-invest £4,116,000 back into the Garden City through charitable activities.

2013 saw a number of key projects moving forward in support of our corporate objectives and supporting strategies such as our 5 Year Property strategy and Town Centre strategy.

Following the installation of digital projection at Broadway Cinema in 2012, this year saw the technology really make an impact. As well as an uplift in sound and picture quality for blockbuster films, for the first time we were able to screen live broadcasts of ballet, opera and theatre performances, frequently selling out in our largest screen.

We have extended the audience for the cinema and positioned it at the centre of our ambition to develop arts and cultural facilities, and new programming as a driver for vibrancy and economic activity in the town centre.

Plans continue to develop for the creation of a new arts centre we hope to launch in 2017. In advance of 2017 the decision was made to commence a conversion project for Broadway Cinema, allowing the cinema to stage live productions and thus fulfil the theatre element of the proposed new arts centre, this can be achieved whilst still offering a programme of film and live broadcasts. This approach makes best use of our current resources whilst aiming to reduce the costs of the new arts centre and allowing greater flexibility of design. A planning application will be submitted in early 2014 and it is hoped our first productions will take place in late 2015.

Further supporting our bid to enhance the arts offering in the town and our commitment to education we purchased the former Grammar School on Broadway Gardens. By securing the site we have enabled North Hertfordshire College to bring the Da Vinci Studio School of Creative Enterprise to Letchworth. The new school is now up and running and will continue to grow once refurbishment works are complete late in 2014.

Building upon the national and international interest in the Garden City movement we have transformed the First Garden City Heritage Museum to create a high quality brand new exhibition. Officially launched in October, the former drawing offices of Barry Parker, one of the Garden City's master planners are now known as the International Garden Cities Exhibition. The exhibition examines the early days of Letchworth, celebrates the history of the building and takes the story across the continents.

We updated our community grants programme in order to raise awareness of the availability of grants and target funds into the areas of greatest need. Grants are now available in three categories; 'Club Together', 'General Grants' and 'Be The Best' - the new programme was developed throughout the year, presented to the public in June and officially opened to applications from 1st October 2013.

The Ernest Gardiner Day Hospital underwent a full review in 2013 including registration with the Care Quality Commission and a new name. Now known as the Ernest Gardiner Treatment Centre, the centre has refocused many of its services ensuring it offers the greatest possible care to local residents. We are actively encouraging GPs to refer patients and building awareness in the community, sometimes perceived as a facility for the elderly, the care on offer can actually support all adults over 18.

We published new Design Principles to help guide homeowners who are considering making external changes to their homes. Following the year end, a new Heritage Advisory Team was established to support the Principles and provide advice to homeowners making an application. Applications can now be made online to help make the process simpler.

Commercially we continue to feel the strain of the economic climate; however we are constantly improving the effective management of our property portfolio, which this year included the outsourcing of our commercial property operation, these efforts combined with savings from previous restructuring has seen us deliver an overall surplus of £2,000.

As a final note, we would like to thank Keith Emsall, who this year retired as a trustee after many years of service and contribution.

Property Income

Our charitable activities are underpinned by our commercial assets and other income generating operations. Our commercial property portfolio remains the cornerstone of our income, this year returning an annual rent of £7,590,000.

The portfolio is made up of around 762,000 square feet of commercial floor space, consisting of shops (16%), offices (24%) and industrial units (60%), in addition we let out 104 residential properties, lock-up garages and caravan storage. In September 2013, 82% of the commercial portfolio was let.

With the long term performance of our portfolio core to our success as a charitable organisation we are constantly striving to ensure the portfolio is managed as effectively as possible. In order to achieve this the decision was taken to outsource our commercial property operation to Rapleys, a highly experienced managing agent with extensive experience and resources. Working in partnership with this specialist team allows us to continuously search for opportunities and challenge the potential of the portfolio.

The current economic climate continues to pose challenges, both for us as a landlord and our tenants. We carefully monitor economic and market trends and adapt accordingly. We aim to retain and secure long term income whilst being flexible with new lease terms supporting new, expanding or relocating businesses. Towards the close of the year the number of property enquiries increased showing early signs that the market may be improving.

In line with our five year commercial property strategy we have begun to invest in our portfolio aiming to create best in class premises better meeting the needs of current tenants and making them more desirable to new companies. The tenant catering offering at The Spirella Building was greatly enhanced, with its operation outsourced to ensure the improved environment is supported by a high quality menu. Further investment is planned across the portfolio during 2014.

Spanning across commercial and charitable goals we continue to move ahead with the Town Centre strategy, after securing a deal with Prezzo a new restaurant is due to open in late spring 2014, drawing in a well-known brand name has proved a catalyst to generate further enquiries.

Non-Property Income

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

The Local and Tourist Information Centre and the former First Garden City Heritage Museum both sell souvenirs, supporting the full experience of visiting the world's first Garden City. The Spirella Ballroom is available for commercial and charitable hire. Combined, the three services generated an income of £108,000. The success of Broadway Cinema's switch to digital and extended range of content we can offer has enabled us to reach new customers and secure an income of £1,245,000.

Our subsidiary, Garden City Technologies Limited trades for profit, with all surpluses transferred to the Foundation via a qualifying charitable donation. This year its surplus of £104,000 was retained in the company as group tax relief means that no tax is payable.

During the year, Letchworth Cottages & Buildings Limited (LCB) placed a further £2,000,000 cash investment with Schroder's taking it to a £3,000,000 investment portfolio. This generated a return of £153,000 in line with expectations.

Charitable Activities

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

Our directly managed charitable services are:

- **Broadway Cinema**
A four-screen digital cinema located in an Art Deco building in the heart of the town centre.
- **Community Hub**
Providing free community meeting space and information on the work of the Foundation.
- **Ernest Gardiner Treatment Centre (formerly the Ernest Gardiner Day Hospital)**
A treatment centre offering physiotherapy and nursing care for local residents. The hospital receives no NHS funding, but is supported by the League of Friends, an independent charity (registered number 289018) which raises funds to purchase equipment.

- **The International Garden Cities Exhibition (formerly the First Garden City Heritage Museum)**
A new exhibition charting the influence of the Garden City movement across the world. Located in the former drawing offices of Barry Parker, one of the Garden City's master planners, the exhibition examines the early days of Letchworth, celebrates the history of the building and takes the story across the continents.
- **Local and Tourist Information Centre**
The Local and Tourist Information Centre guides residents and visitors on how to make the most of the Garden City. Receiving over 30,000 visitors a year, the centre also provides information on other UK destinations.
- **Minibus Service**
Providing free transport to local groups.
- **Standalone Farm**
A recreation and educational farm and family attraction.
- **Shopmobility Service**
Free use of motorised scooters or manual wheelchairs, to those needing assistance to get around the town centre.
- **The Spirella Ballroom**
Available for commercial, private and community hire.

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

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

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

Our grants programme operates across all 6 commitments making net awards totalling £317,243. These grants ranged from £70 to £47,000 addressing needs and activities as diverse as support for the Citizens Advice Bureau to employ Welfare Rights

Supervisor and First Level Money Advice Administrator, Home-start to Family Support Groups and Crossroads Care etc.

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

Public Benefit

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

Looking Ahead

As we look forward to 2014 our core objectives remain the same:

1. Proactively managing assets and income

The successful management of our property portfolio is critical to our success and the level of funds we reinvest in the town. As we continue to operate in uncertain and challenging economic times our property strategy becomes an essential tool in generating and maintaining value.

In line with our 5-year strategy, we will continue to manage a constant stream of property maintenance with further investment planned to enhance the portfolio. We will also actively consider opportunities for development.

Year on year we lead significant activity to attract tenants to properties in Letchworth. With high streets continuing to suffer across the country much of our recent focus has been on the town centre. We are building long term relationships with potential investors and advisers and working hard to make Letchworth an attractive destination.

Moving into 2014, we will be extending our activities with a regional campaign designed to generate interest and inward investment across industry sectors and property types.

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

2. Driving organisational efficiencies

Incorporating a defined change plan, this objective looks to improve our operational performance combined with a continued search for cost savings and other efficiencies.

We are now in the final phase of a 3 stage change plan designed specifically to drive efficiency. To date, the changes implemented have significantly reduced our annual operating costs, creating a £2 million per annum saving without impacting our levels of service. Every pound saved on internal costs adds to the benefits we can offer the town – it allows us to further invest in our charitable commitments and the maintenance and improvement of our property portfolio.

'Project 2014' the final stage of the plan now looks to the future ensuring continuous improvement moving forward. Focused on making significant changes during the coming year, the project has identified 4 work streams which when delivered will lead to further efficiencies. Cutting across systems, working practices and processes the project is a organisation-wide activity involving multi-disciplinary teams, working towards a simple goal of delivering a better service more efficiently.

In spring 2014 we are launching a new organisation wide training programme focused on skills and career development, coaching and leadership. This will be supported by a new performance management scheme ensuring teams are consistently focused on delivering our goals.

Reflecting the diverse nature of our responsibilities and ambitions, we plan to strengthen our leadership team ensuring we have the necessary skills and experience to drive forward and reach our goals.

3. Building positive relationships with communities

Our success is defined by the communities we work with. It is essential that we build and maintain positive relationships engaging people in all matters which impact them and the fabric of the Garden City. The coming year will see us continue to work with the community and business to understand 'need' issues across the town. This insight is essential to help us identify where to target our support.

Expanding upon recent online research, we are building an ongoing research and engagement programme to ensure we gather the views from a cross section of the community. This programme will include open sessions at the Hub, involvement in community events, engagement via online forums and social media and further research.

Following the Year End, in November 2013, we carried out a major community engagement exercise focused on gaining views on the potential need for new housing to the north of the town.

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

Linked to the long-term sustainability of the Garden City we actively deliver projects designed to enhance the physical, economic and social environment within the town.

This will see a number of projects move forward in support of our town centre strategy and continuous commitment to heritage. After securing a joint project with the Royal Horticultural Society (RHS), the world's leading horticultural charity we are now pursuing the creation of three new demonstration gardens in The Wynd.

Our new cultural programme launches in March 2014, with the aim of creating interest on a regional scale, drawing in visitors from across Hertfordshire and beyond. We are launching a new project to bring live theatre to the stage at Broadway, all without impacting our existing programme of film and live broadcasts. 2014 will see our Garden City Collection fully accessible to the public for the first time. Visitors will have full access to artefacts and documents from the history of the world's first Garden City. The collection will also be available online, with new elements of the catalogue added to the internet throughout the year.

These objectives are revisited annually and form the structure for our corporate plan. They have been consistent since 2011, maintaining focus whilst we manage change and react to the economic climate.

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

The Board of Management

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

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

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

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

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

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

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

Grant Making Policies

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

Risk Management

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

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

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

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

Directors, with the assistance of the Business Process Manager, review the risk analysis table and risk register on a quarterly basis. This review ensures there are effective processes and controls in place. Risk management is discussed at every Senior Managers Team meeting, with managers attending awareness workshops.

The Letchworth Commissioner

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

In his October 2012 to September 2013 report, the Letchworth Commissioner stated that he had received no complaints.

The current Letchworth Commissioner is:

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

The Board of Management

C Chatfield (Chairman)
W G Armitage
I C Cotterill (Vice Chairman)
H Edwards-Hedley
T Hone* (Appointed 10 July 2013)
L A Needham**
M J Underwood
D A Poynter
D Walker
K Emsall* (Retired 9 April 2013)

* Deputy for Hertfordshire County Council

** Deputy for North Hertfordshire District Council

The Board re-appointed C Chatfield as Foundation Chairman and re-appointed I C Cotterill as Vice-Chairman at its meeting on 9 April 2013.

At the 18th AGM, to be held on 27 March 2014, W Armitage, D Walker, and H Edwards-Hedley are required to retire for having the longest service. All are eligible to stand for re-election to the Board of Management.

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

Officers and Registered Office

Directors

J M Lewis, Chief Executive

I Webb, Director of Finance (Resigned 24 June 2013)

T Roxburgh, Director of Projects (Appointed 7 January 2013)

Secretary

J Kaur

J M Lewis, Deputy

Foundation House

Icknield Way

LETCHWORTH GARDEN CITY

SG6 1GD

Registered Office

Letchworth Garden City Heritage Foundation

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Auditors

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Property Consultant

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WC2N 6NJ

Trowers & Hamlin LLP
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EC3N 4DX

Machins Solicitors LLP
Victoria Street
LUTON
LU1 2BS

Financial Performance (Statement of Financial Activities)

Despite the continued economic uncertainty the financial results for the year report an overall "Net Movement in Funds" of £2,000, increasing the Fund Balances carried forward to £128,472,000. A brief summary of the activities follows:

Total Incoming Resources decreased by £386,000 to £9,887,000.

- Property Income decreased by £364,000 of which £141,000 was due to new leases to charity tenants to remove the need for grants to subsidise the rent.
- Non Property income decreased reflecting the closure of Plinston Hall in mid 2012 and the temporary closure of Café Spirella.
- Investment income decreased slightly reflecting lower interest rates.
- Other incoming charitable resources fell slightly due to lower donations.
- Cinema Income increased strongly due to the extended content now being screened.

Total Resources Expended decreased by £3,369,000 to £13,689,000.

- Property and related costs increased due to restructuring costs related to outsourcing to Rapleys.
- Property impairment losses were lower this year reflecting smaller permanent devaluations on specific properties including the Spirella Building and Nexus office complexes.
- Properties held within the Wynd project were further impaired this year to market value.
- Non Property costs decreased, more than offsetting the reduction in the associated income, due to cost savings through efficiencies.
- Charitable Activity costs increased primarily due to the increase in the direct costs of the cinema in line with the increased income.
- Governance costs were in line with the prior year.

Net Outgoing Resources before Other Recognised Gains and Losses decreased by £2,983,000 to £3,802,000.

Other Recognised Gains and Losses

- A net surplus from the sale of investment properties has been recognised within the results compared with a small net deficit in the previous year.
- The revaluation of investment properties reflects the overall uplift in the market value of the Property Portfolio. Whilst some commercial properties were devalued (remaining above their original value) the net uplift was 3.1%.
- The revaluation of non property assets reflects the increase in the value of investments held by Letchworth Cottages and Buildings Limited.
- The Actuarial gain on the Pension Scheme was derived from the annual FRS17 pension valuation carried out by independent actuaries on behalf of the fund.

Property Portfolio

The value of the Foundation's investment property portfolio overall increased from £108,334,000 in 2012 to £112,273,000 in 2013.

Subsidiary company results

As an Industrial and Provident Society with charitable status, the Foundation cannot trade commercially for profit. Accordingly, it operates subsidiary companies, which can make qualifying charitable donations from their relevant profits to the Foundation. Three of its subsidiary companies did not trade during the year and were struck off on 2 February 2014. These three companies contributed a net £79,000 net incoming resources in 2012 and £6,000 in 2013.

Garden City Technologies Limited reported a break even result in the prior year after making a qualifying charitable donation to the Foundation of £48,000. In the current year the company made a profit of £104,000 which was retained in the company as group tax relief means that no tax is payable.

Letchworth Cottages and Buildings Limited (An Industrial and Provident Society) reported a surplus of £77,000 (2012 a surplus of £71,000).

Funds Policy

Unrestricted Fund: This represents the statutory reserves of the Foundation other than the Endowment Fund plus the reserves of its wholly owned subsidiary Garden City Technologies Ltd. The Fund is maintained for the day to day operating activities of the Foundation in order to meet the objectives of the organisation. At least annually the trustees review the level of the fund to ensure that it is sufficient for the anticipated net result for the year ahead. The 'available funds' element is assessed by excluding those assets and liabilities which are held for the long term namely operational properties, an investment property and the pension fund deficit. At 30 September 2013 the balance on the fund was £(397,000) compared to an opening balance of £(451,000) but the 'available funds' balance was £470,000 compared to an opening balance of £1,121,000. At 30 September 2013 the balance on the fund included £250,000 of unrealised gains arising on the revaluation of the investment property.

Endowment Fund: This represents the funds endowed to the Foundation on 1 October 1995. On that date investment properties were vested to the Foundation as an expendable endowment. The fund increases due to valuation surpluses and surpluses on disposals, and decreases where properties fall in value or are impaired and for deficits on disposals. Where an investment property is disposed of the trustees may retain the proceeds for reinvestment in other investment properties to maintain the endowment fund or may decide to transfer them to the Unrestricted Fund to spend on other charitable objects. The Endowment Fund is represented by investment properties, assets in the course of construction and bank balances relating to the proceeds of investment property disposals yet to be reinvested. At 30 September 2013 the balance on the fund was £115,956,000 compared to an opening balance of £116,813,000. At 30 September 2013 the balance on the fund included £44,162,000 of unrealised gains arising on the revaluation of investment properties.

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

that are available. At 30 September 2013 the balance was £12,913,000 an increase of £805,000 for the year. This balance included £5,529,000 of unrealised gains arising from the revaluation of the investment properties and other investments.

Defined Benefit Pension Scheme

The Foundation is a member of the Small Admitted Bodies pool of the Hertfordshire County Council Pension Fund. This scheme provides benefits based on pensionable earnings near retirement. The assets of the scheme are held separately from those of the Foundation. The most recent valuation was carried out as at 31 March 2010 using the projected unit method. The schemes assets were taken into account at their full market value at the valuation date. This valuation revealed a shortfall of assets compared to the past service liabilities. This shortfall under FRS17 has remained consistently at a similar level since 2010 (£5.108m), 2011 (£5.097m), 2012 (£4.968m), 2013 (£4.831m). Currently the deficit equates to only 3.8% of Total Funds. The current level of deficit has little impact upon the resources available. Subsequent to the year end, the draft results of the 31 March 2013 formal valuation for funding purposes was released and showed a reduced deficit and a lower future additional contributions requirement.

Investment Policy

The Foundation's balanced, well managed and diverse property portfolio is the primary source of income that facilitates the charitable spend each year benefiting existing residents and tenants, but also providing the appropriate property offerings to attract new residents and commercial businesses to the area. The income being received is derived from its freehold property estate, from long leasehold interests, and rack-rented properties in the industrial, commercial, retail and residential sectors. Additional income is received from the Foundation's trading subsidiaries, where relevant profits can be gift-aided to the Foundation.

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

All proposals are option tested, including robust financial appraisals, and are then scrutinised by Directors in terms of consistency with the Foundation's objectives, priorities and cash flow implications. Only when Directors are satisfied with the proposals are they submitted to the Board of Management.

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

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

The Board of Management of the Foundation is required to prepare accounts for each financial year which comply with the Industrial & Provident Societies Act 1965, the Friendly and Industrial & Provident Societies Act 1968, the Letchworth Garden City Heritage Foundation Act 1995 and Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005). In preparing these accounts the Board of Management:

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

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

Disclosure of information to the auditors

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

C Chatfield

Chairman

By order of the Board of Management

11 February 2014

Independent Auditors' Report

To the members of Letchworth Garden City Heritage Foundation

We have audited the financial statements of Letchworth Garden City Heritage Foundation for the year ended 30 September 2013 which comprise the Consolidated Statement of Financial Activities, the consolidated and Foundation balance sheets, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Foundation's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Foundation's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board members and auditors

As explained more fully in the statement of Board of Management responsibilities, the Board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements: give a true and fair view of the state of the Group and Foundation's affairs as at 30 September 2013 and of its surplus for the year then ended; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002.

Matters on which we are required to report by exception

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

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

BDO LLP, Statutory Auditor
Gatwick
United Kingdom
11 March 2014

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

Consolidated Statement of Financial Activities

for the year ended 30 September 2013

	Notes	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming Resources						
Activities for generating funds:						
Property income		7,491	-	99	7,590	7,954
Non property income		705	-	-	705	787
Investment income and interest	9	74	-	153	227	246
Profit on disposal of operating assets		12	-	-	12	192
Activities in furtherance of the charity's objects:						
Other incoming charitable resources		108	-	-	108	124
Cinema income		1,245	-	-	1,245	970
Total Incoming Resources		9,635	-	252	9,887	10,273
Resources Expended						
Costs of generating funds:						
Property and related costs		4,606	-	103	4,709	4,480
Impairment losses	7	-	2,444	-	2,444	5,437
Impairments for assets in the course of construction	7	-	1,120	-	1,120	2,023
Non property costs		1,003	-	-	1,003	1,272
		5,609	3,564	103	9,276	13,212
Charitable Activities	3	4,044	-	72	4,116	3,557
Governance Costs	3	297	-	-	297	289
Total Resources Expended	3	9,950	3,564	175	13,689	17,058
Net Incoming/(Outgoing) Resources Before Other Recognised Gains & Losses		(315)	(3,564)	77	(3,802)	(6,785)
Other Recognised Gains and Losses						
Surplus/(deficit) on sale and leasing of investment properties		-	144	-	144	(32)
Revaluation of investment properties	12	250	2,563	571	3,384	8,549
Revaluation of non property assets		-	-	157	157	37
Actuarial gain/(loss) on pension scheme	21	119	-	-	119	(137)
		369	2,707	728	3,804	8,417
Net Movement In Funds		54	(857)	805	2	1,632
Fund Balances Brought Forward at 1 October - as restated	22	(451)	116,813	12,108	128,470	126,838
Fund Balances Carried Forward at 30 September	22	(397)	115,956	12,913	128,472	128,470

Consolidated Summary Income and Expenditure Account

for the year ended 30 September 2013

	Notes	2013 £'000	2012 As restated £'000
Income			
Gross income from continuing operations		9,660	10,027
Interest receivable	9	227	246
		<u>9,887</u>	<u>10,273</u>
Expenditure			
Expenditure on continuing operations		10,125	9,598
Expenditure on impairment losses	7	-	978
		<u>10,125</u>	<u>10,576</u>
		<u>(238)</u>	<u>(303)</u>
Deficit for the Year			
Taxation		-	-
		<u>(238)</u>	<u>(303)</u>
Retained Deficit for the Year	6		

The comparatives for 2012 have been restated due to the endowment fund as explained in Note 1, 'Changes in accounting policies' on page 23.

Balance Sheets

as at 30 September 2013

	Notes	Group		Foundation	
		2013	2012	2013	2012
		£'000	As restated £'000	£'000	As restated £'000
Fixed Assets					
Tangible assets:					
Investment properties	12	112,273	108,334	105,899	102,531
Operational assets	13	3,464	3,393	3,464	3,393
		<u>115,737</u>	<u>111,727</u>	<u>109,363</u>	<u>105,924</u>
Tangible assets in course of construction	14	3,856	6,793	3,856	6,793
Other investments	15	3,233	1,037	815	815
		<u>122,826</u>	<u>119,557</u>	<u>114,034</u>	<u>113,532</u>
Current Assets					
Stocks	16	29	63	29	63
Debtors	17	4,435	4,016	4,495	4,226
Loans due within one year	18	27	39	27	39
Loans due after one year	18	342	387	342	387
Money market deposits		5,300	5,000	2,200	5,000
Cash at bank and on deposit		5,615	10,000	4,390	2,646
		<u>15,748</u>	<u>19,505</u>	<u>11,483</u>	<u>12,361</u>
Creditors					
Amounts falling due within one year	19	<u>(5,151)</u>	<u>(5,305)</u>	<u>(5,022)</u>	<u>(5,219)</u>
Net Current Assets		<u>10,597</u>	<u>14,200</u>	<u>6,461</u>	<u>7,142</u>
Total Assets Less Current Liabilities		<u>133,423</u>	<u>133,757</u>	<u>120,495</u>	<u>120,674</u>
Creditors					
Amounts falling due after more than one year	19	-	(199)	-	(199)
Provisions for liabilities and charges	20	(120)	(120)	(120)	(120)
Net Assets Before Pension Scheme Deficit		<u>133,303</u>	<u>133,438</u>	<u>120,375</u>	<u>120,355</u>
Pension scheme deficit	21	(4,831)	(4,968)	(4,831)	(4,968)
Net Assets After Pension Scheme Deficit		<u>128,472</u>	<u>128,470</u>	<u>115,544</u>	<u>115,387</u>
Capital Funds					
Unrestricted fund	22	(397)	(451)	(412)	(1,426)
Endowment fund	22	115,956	116,813	115,956	116,813
Restricted fund	22	12,913	12,108	-	-
	22	<u>128,472</u>	<u>128,470</u>	<u>115,544</u>	<u>115,387</u>

C Chatfield
Chairman

I C Cotterill
Vice Chairman

J M Lewis
Chief Executive Officer

11 February 2014

Consolidated Cash Flow Statement

for the year ended 30 September 2013

	2013	2012
Notes	£'000	As restated £'000
Net Cash (Outflow) from Operating Activities	26 <u>(737)</u>	<u>(55)</u>
Returns on Investments and Servicing of Finance		
Interest received	227	246
Net Cash Inflow from Returns on Investments and Servicing of Finance	<u>227</u>	<u>246</u>
Capital Expenditure and Financial Investment		
Purchases of operational assets	(633)	(196)
Sales of operational assets	15	354
Loans to, less repayments from, staff, businesses and local organisations	57	(12)
Investment in stocks and shares	(2,039)	(1,000)
Net Cash Outflow from Capital Expenditure and Financial Investment	<u>(2,600)</u>	<u>(854)</u>
Net Cash Outflow before Use of Liquid Resources and Financing	<u>(3,110)</u>	<u>(663)</u>
Financing		
Sales of endowment fund investment properties	272	110
Endowment fund assets in course of construction	(1,115)	(646)
Sales of endowment fund assets in course of construction	-	23
Repayment of capital element of finance lease and hire purchase obligations	<u>-</u>	<u>(4)</u>
Net Cash Outflow from Financing	<u>(843)</u>	<u>(517)</u>
Decrease in Cash	27 <u>(3,953)</u>	<u>(1,180)</u>

The comparatives for 2012 have been restated due to the endowment fund as explained in Note 1, 'Changes in accounting policies' on page 23.

Notes to the Accounts

for the year ended 30 September 2013

1. Accounting Policies

Accounting convention

The accounts which are prepared in accordance with the Industrial and Provident Societies Act 1965, the Friendly and Industrial & Provident Societies Act 1968, the Letchworth Garden City Heritage Foundation Act 1995 and with applicable accounting standards including the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005 2nd Edition) issued February 2005 and are prepared under the historical cost convention modified by the revaluation of investment properties.

Basis of consolidation

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

Incoming resources

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

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

Exceptional items

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

Notes to the Accounts

for the year ended 30 September 2013

1. Accounting Policies (continued)

Resources expended

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

Property and related costs	Include repairs and maintenance costs, property void costs, property lettings, and provision for property related income considered irrecoverable.
Cost of business services and retail activities	Include souvenirs, café bar and catering stock sales together with equipment costs, advertising, professional fees, IT support and depreciation.
Farm costs	Include maintenance of plant, equipment, buildings and grounds, farm vehicle costs and contractor costs.
Provision of educational farm	Include maintenance of plant, equipment, buildings and grounds, farm vehicle costs, purchase of livestock, animal food and care costs, costs of goods sold in farm shop.
Interest payable	Comprises any net FRS 17 notional interest payable on the pension scheme plus sundry interest charges incurred within the group.
Charitable activities	
Cinema	Include film rentals, concession purchases, advertising, depreciation and maintenance of equipment.
Treatment centre	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, equipment hire and patient meals.
Heritage museum	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, equipment hire, exhibit costs, reproduction expenses, archive maintenance and display costs.
Minibus service	Include training, recruitment, vehicle maintenance costs and equipment hire.
Environmental improvements	Include CCTV costs, landscaping and planting costs.
Community information	Include publishing and distribution costs, the local and tourist information centre and the community hub.
Miscellaneous charitable expenditure	Include the provision of Christmas lights and shop mobility.
Provision of community hall and facilities	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, machinery rental, equipment hire, security, artistes' fees and ticketing costs.

Notes to the Accounts

for the year ended 30 September 2013

1. Accounting Policies (continued)

Grants payable

Grants payable are grants made to third parties in the furtherance of the charitable objects of the Foundation. Single or multiple grants are accounted for once the Board have agreed to the grant without condition.

Governance costs

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

Support costs

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

Investment Properties

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

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

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

Depreciation of tangible fixed assets

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

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

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

Notes to the Accounts

for the year ended 30 September 2013

1. Accounting Policies (continued)

Investments

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

Stocks

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

Leases and Hire Purchase

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

Funds

Unrestricted Fund: This represents the statutory reserves of the Foundation, an industrial and provident society with charitable status, other than those designated as the Endowment Fund, plus the reserves of its wholly owned subsidiary Garden City Technologies Ltd. The Fund is maintained for the day to day operating activities of the Foundation in order to meet the objectives of the organisation.

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

Restricted Fund: This represents the statutory reserves of Letchworth Cottages and Buildings Ltd (LCB), an industrial and provident society with charitable status. The fund exists in order to provide LCB with the ability to undertake new developments in Letchworth, which meet current and future identifiable social housing needs.

Irrecoverable VAT

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

Provisions

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

Notes to the Accounts

for the year ended 30 September 2013

1. Accounting Policies (continued)

Pensions

Defined Benefit Scheme

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

Changes in accounting policies

The Board of Management has adopted the accounting policy of reporting endowment funds separately from other unrestricted funds. The Endowment Fund is an unrestricted expendable endowment arising from the transfer of funds under the 1995 Act. The Board of Management believes that reporting the Endowment Fund separately gives a clearer view of the movements in the total unrestricted funds and the rationale for the relative levels of funds at each period end. The comparative results for 2012 reflected in the Consolidated Statement of Financial Activities ("SOFA") are unchanged from those reported last year but the fund balances brought forward at 1 October 2012 for the Unrestricted Fund and Endowment Fund were reported in the 2012 statutory accounts as one fund, the 'General Fund', in the SOFA and balance sheets. The results for the current year are allocated between the funds in the SOFA reflecting the nature of the transactions with the total figures unaffected. The change in accounting policy only requires restatement of the 2012 comparatives in respect of the brought forward funds balances in the SOFA, balance sheets and notes 22 and 23. In the Cash Flow Statement, cash flows arising from endowment assets are now reflected within Financing activities and the Income and Expenditure Account excludes items related to the endowment.

2. Trading Results of Subsidiaries

The Foundation has one wholly owned trading subsidiary, Garden City Technologies Ltd (company number 03530307) which is incorporated in England and Wales and provides telephony services. In addition it has a further three non-trading subsidiaries incorporated in England and Wales: Letchworth Garden City Services Ltd (company number 3090647) and Broadway Cinema Ltd (company number 3100031) which ceased to trade in 2011 and Letchworth Garden City Farms Ltd (company number 3082251) which ceased to trade on 30 September 2012 and their previous operations are now run by the Foundation. The three non-trading subsidiaries have been put into liquidation and were struck off in January 2014. Where appropriate, the trading subsidiaries make qualifying charitable donations to the Foundation and pay rent and interest on intra group loans.

In addition, Letchworth Cottages and Buildings Ltd (registered number 18750R), which is an Industrial and Provident society is also considered to be a subsidiary by virtue of the Foundation's control over its activities. It retains its own surplus and constitutes a restricted fund within the Group accounts of the Foundation.

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

	Garden City Technologies Ltd		Letchworth Cottages & Buildings Ltd	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Turnover	238	260	99	94
Profit before qualifying charitable donation and tax	56	48	77	71
Qualifying charitable donation (calculated based on taxable profits)	48	(48)	-	-
Corporation tax charge	-	-	-	-
Net incoming resources	104	-	77	71
Gross assets	979	817	13,007	12,150
Gross liabilities	(149)	(91)	(93)	(42)
Net assets	830	726	12,914	12,108

Notes to the Accounts

for the year ended 30 September 2013

2. Trading Results of Subsidiaries (continued)

Garden City Technologies Ltd reflected a qualifying charitable donation in 2012 but this was not paid to the parent entity and was therefore credited to profit in 2013. During 2013, in total the non-trading subsidiaries had turnover of £nil (2012: £327,000), net incoming resources of £6,000 (2012: £79,000) and net assets of £nil (2012: £1,065,000). Letchworth Cottages and Buildings Ltd has a revaluation surplus arising in the year of £728,000 (2012: £439,000 deficit). None of the other subsidiaries has any recognised gains or losses other than the surplus/ (deficit) before tax.

3. Analysis of Total Resources Expended

	Direct Costs	Support Costs	Total 2013	Total 2012
	£'000	£'000	£'000	£'000
Costs of Generating Funds				
Property and related costs	3,210	1,499	4,709	4,480
Impairment losses (note 7)	3,564	-	3,564	7,460
Cost of business services and retail activities	309	181	490	719
Farm costs	-	-	-	117
Provision of an educational farm	346	167	513	436
Total resources expended	<u>7,429</u>	<u>1,847</u>	<u>9,276</u>	<u>13,212</u>
			Total 2013	Total 2012
			£'000	£'000

Analysis of Charitable Activities

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

Provision of community hall and facilities	-	365
Provision of treatment centre	312	331
Provision of cinema	1,058	836
Provision of heritage museum	405	202
Provision of minibus service	177	157
Provision of environmental improvements	370	8
Provision of community information	174	2
Miscellaneous charitable expenditure	97	120
Grants payable	30	354
Support costs	1,493	1,182
	<u>4,116</u>	<u>3,557</u>

Analysis of Governance Costs

Legal and company secretarial	56	49
Internal audit	55	55
Publication of Foundation's annual report and accounts	1	1
External audit of the Foundation	54	49
Support costs	131	135
	<u>297</u>	<u>289</u>

Notes to the Accounts

for the year ended 30 September 2013

4. Grants Payable

	2013 £	2012 £
The commitments made in the year comprise:		
Institutional grants:		
Grants greater than £1,000: 34 (2012: 37)	286,353	323,133
Smaller grants	25,389	32,169
Total institutional grants	<u>311,742</u>	<u>355,302</u>
Individual grants:		
Community grants - grants over £1,000 to 3 [^] individuals (2012: 3 individuals)	4,650	3,000
Small community grants to individuals	1,886	5,135
Total individual grants	<u>6,536</u>	<u>8,135</u>
 ^ Two paid under object 2(ii) and one paid under object 2(iii)		
 Total commitments made in the year	318,278	363,437
Grants cancelled or recovered	(1,035)	(9,471)
Grants cancelled due to change in lease terms	(230,719)	-
Total grants payable	<u>86,524</u>	<u>353,966</u>
 Reconciliation of grants payable:		
Commitments at 1 October 2012	352,785	406,139
Total grants payable	86,524	353,966
Grants payable	<u>439,309</u>	<u>760,105</u>
Grants paid during the year	(336,581)	(407,320)
Commitments at 30 September 2013	<u>102,728</u>	<u>352,785</u>
 Commitments at 30 September are payable as follows:		
Within one year	102,728	153,827
After more than one year	-	198,958
	<u>102,728</u>	<u>352,785</u>

Notes to the Accounts

for the year ended 30 September 2013

4. Grants Payable (continued)

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

Object	2013		2012	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(a) Providing, facilitating and encouraging housing and any associated amenities	3	71,625	4	79,600
(i) Preservation of buildings and other environmental features	3	15,262	5	38,325
(ii) Assisting in the provision of facilities for recreation	10	100,446	11	119,307
(iii) Advancement of education and learning	13	44,526	9	31,470
(iv) Relief of poverty and sickness	2	45,394	3	41,202
(v) Supporting Garden City charitable organisations	2	7,100	4	12,229
(vi) Supporting other charitable purposes	1	2,000	1	1,000
	<u>34</u>	<u>286,353</u>	<u>37</u>	<u>323,133</u>

Grants made under object (a) are made by Letchworth Cottages and Buildings Ltd. Grants made under the other objects are made by the Foundation.

(a) Providing, facilitating and encouraging housing and any associated amenities	2013		2012	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
Extra Smile Project*	-	-	1	4,100
Howard Cottage Housing Association*	1	19,125	1	25,500
Herts Young Homeless Group *	1	40,000	1	40,000
Home Start North Herts*	1	12,500	1	10,000
* paid by Letchworth Cottages and Buildings Ltd under its own objects.	<u>3</u>	<u>71,625</u>	<u>4</u>	<u>79,600</u>
(i) Preservation of buildings and other environmental features				
Norton Community Archaeology Group	1	1,762	2	15,775
The Settlement	1	12,000	1	5,000
Spring Clean Letchworth	1	1,500	-	-
St George's Church	-	-	1	7,550
St Mary's the Virgin Church	-	-	1	10,000
	<u>3</u>	<u>15,262</u>	<u>5</u>	<u>38,325</u>

Notes to the Accounts

for the year ended 30 September 2013

4. Grants Payable (continued)

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

	2013		2012	
	Number	Total Value of Grants (£)	Number	Total Value of Grants (£)
(ii) Assisting in the provision of facilities for recreation				
Academy Badminton	-	-	1	1,000
Angels Support Group	1	4,712	-	-
City Chorus	-	-	1	2,568
Cross Roads Care	1	2,590	-	-
Howard Garden Social & Day Care Centre	-	-	1	4,100
Jackie's Drop in Centre	-	-	1	1,810
Jackmans Community Funday Group	1	1,100	-	-
Khalsa Football Academy	1	4,363	-	-
Leisure Direct	1	5,000	-	-
Letchworth Arts Centre	2	32,337	2	76,795
Letchworth Corner Sports Club	1	45,000	-	-
Letchworth Festival Steering Group	1	4,344	1	1,000
Letchworth Golf Club	-	-	1	12,534
New Youth Foundation Workshop	1	1,000	-	-
North Herts Bowls Club	-	-	1	3,000
St Francis College	-	-	1	15,500
Wednesday Dance Club	-	-	1	1,000
	<u>10</u>	<u>100,446</u>	<u>11</u>	<u>119,307</u>

(iii) Advancement of education and learning

Apna Punjabi School	1	1,000	-	-
Cross Roads Care Hertfordshire North	-	-	1	2,800
Digswell Arts Trust	1	5,000	-	-
Fit4Caring	1	4,582	-	-
Friends of Learn IT	-	-	1	3,970
Groundwork Hertfordshire & Bedfordshire	1	5,000	-	-
Hertfordshire Constabulary	-	-	1	1,500
Herts at War Project	1	1,400	-	-
Hitchin Town Community Football Club	1	1,000	-	-
Home Start North Herts	1	1,200	-	-
Howard Cottage Housing Association	1	1,200	1	1,000
Learn IT	1	4,000	-	-
Letchworth & Baldock District Scouts	-	-	1	1,000
Letchworth Baptist Church	1	1,180	1	1,200
Letchworth Caribbean Harmony Group	-	-	1	1,000
Letchworth Civic Trust	1	15,000	1	15,000
Letchworth Festival	-	-	1	4,000
Letchworth Local Partnership of Schools	1	2,200	-	-
North Herts Education Support Centre	1	1,764	-	-
	<u>13</u>	<u>44,526</u>	<u>9</u>	<u>31,470</u>

Notes to the Accounts

for the year ended 30 September 2013

4. Grants Payable (continued)

	Number	2013 Total Value of Grants (£)	Number	2012 Total Value of Grants (£)
(iv) Relief of poverty and sickness				
Cheap as Chips	1	2,000	1	1,200
Letchworth Food Bank	-	-	1	1,500
North Herts & District Citizens Advice Bureau	1	43,394	1	38,502
	<u>2</u>	<u>45,394</u>	<u>3</u>	<u>41,202</u>
(v) Supporting Garden City charitable organisations				
Garden House Hospice	-	-	1	6,829
Letchworth Garden City & Baldock Lions Club	1	2,100	1	1,900
Rhapsode	1	5,000	-	-
Royal Air Force Association - Letchworth & Hitchin	-	-	1	1,500
St John Ambulance	-	-	1	2,000
	<u>2</u>	<u>7,100</u>	<u>4</u>	<u>12,229</u>
(vi) Supporting other charitable purposes				
ARCH Community Group	-	-	1	1,000
Tilehouse Counselling	1	2,000	-	-
	<u>1</u>	<u>2,000</u>	<u>1</u>	<u>1,000</u>

Notes to the Accounts

for the year ended 30 September 2013

5. Support Costs

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

These costs were allocated to the following activity cost categories:

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

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

Communications	Percentage of the time spent
Finance, Strategic Planning, Executive and Information Technology	Work done
Human Resources	Head count
Support Centre	See following note

Support Centre:

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

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

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

	Comms	Finance	Strategic Planning	Executive	Human Resources	Information Technology	Support Centre	2013 Total	2012 Total
Property and related costs	118	475	122	181	59	403	141	1,499	1,419
Cost of business services and retail activities	4	46	12	18	56	39	6	181	229
Farm costs	-	-	-	-	-	-	-	-	44
Provision of educational farm	8	52	14	20	24	45	4	167	123
Charitable activities	225	440	113	168	130	372	45	1,493	1,182
Governance costs	59	26	7	10	2	22	5	131	135
Total costs allocated	<u>414</u>	<u>1,039</u>	<u>268</u>	<u>397</u>	<u>271</u>	<u>881</u>	<u>201</u>	<u>3,471</u>	<u>3,132</u>

Notes to the Accounts

for the year ended 30 September 2013

6. Retained Deficit for the Year

This is stated after charging:	2013 £'000	2012 £'000
Depreciation of tangible fixed assets		
On owned assets	364	351
Auditors' remuneration and expenses:		
- audit of the Foundation financial statements	38	37
- audit of the subsidiary financial statements	8	8
- VAT	-	23
- tax compliance	5	6
- advisory	6	38
Operating lease rentals:		
Land and buildings	158	159

7. Exceptional Items

Included in costs of generating funds:	2013 £'000	2012 £'000
During the year the following exceptional items were incurred:		
Included in property and related costs:		
Impairment losses on investment properties	2,444	4,459
Impairment losses on assets in course of construction	1,120	2,023
Impairment losses on operational assets	-	978
	<u>3,564</u>	<u>7,460</u>
Allocated within support costs across charitable activities are:		
Redundancy costs	211	190
	<u>211</u>	<u>190</u>

During the year £2,444,000 (2012: £4,459,000) of impairment losses were incurred on investment properties to reduce the value of those properties to their recoverable amount. Amounts included in assets in course of construction were considered to be impaired by £1,120,000 (2012: £2,023,000). No operational assets were considered to be impaired during 2013 (2012: £978,000).

Notes to the Accounts

for the year ended 30 September 2013

8. Employees

	2013 £'000	2012 £'000
Staff costs for the Group during the year amounted to:		
Wages and salaries	3,072	3,185
Social security costs	255	279
Other pension costs	348	361
Agency staff costs	9	32
Redundancy costs	211	190
	<u>3,895</u>	<u>4,047</u>

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

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

	2013 Number	2012 Number
Charitable activities	30	33
Broadway Cinema	15	14
Property management and maintenance	30	37
Agricultural	11	7
Administration	27	22
Communications	4	4
	<u>117</u>	<u>117</u>

Members of the defined benefits pension scheme

Active members	64	69
Deferred pensioners (includes undecided leavers and frozen refunds)	103	99
Pensioners	85	82
	<u>252</u>	<u>250</u>

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

£60,001 - £90,000	5	2
£90,001 - £100,000	-	1
£130,001 - £180,000	-	1
£180,001 - £190,000	1	-
£200,001 - £210,000	1	1
	<u>7</u>	<u>5</u>

Board of Management

Members of the Board of Management, who are the trustees of the charity, neither received nor waived any emoluments during the year (2012: £nil). The Chairman was reimbursed out of pocket expenses to a value less than £75.

Notes to the Accounts

for the year ended 30 September 2013

9. Investment Income & Interest

	2013 £'000	2012 £'000
Bank interest	51	43
Money market deposit interest	88	198
Dividends receivable	86	-
Other interest receivable	2	5
	<u>227</u>	<u>246</u>

10. Taxation

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

11. Deficit Attributable to Letchworth Garden City Heritage Foundation

The deficit for the year after surplus on sale of properties but before property revaluation surpluses dealt within the accounts of the Foundation amounted to £3,677,000 (2012: deficit £5,630,000). The total incoming resources for the Foundation for the year was £9,414,000 (2012: £9,298,000).

Notes to the Accounts

for the year ended 30 September 2013

12. Tangible Assets - Investment Properties

Group	Freehold property £'000	Long Leasehold property £'000	Buildings & freehold land subject to finance leases £'000	Total £'000
At 30 September 2012 - at valuation	103,514	2,115	2,705	108,334
Transfers from assets in course of construction	3,548	-	-	3,548
Transfers from operational assets	195	-	-	195
Disposals	(128)	-	-	(128)
Impairment losses	(2,249)	(195)	-	(2,444)
Transfers to assets in course of construction	(616)	-	-	(616)
Revaluation	3,434	(105)	55	3,384
Net book value:				
At 30 September 2013	<u>107,698</u>	<u>1,815</u>	<u>2,760</u>	<u>112,273</u>
At 30 September 2012	<u>103,514</u>	<u>2,115</u>	<u>2,705</u>	<u>108,334</u>
Foundation				
At 30 September 2012 - at valuation	97,711	2,115	2,705	102,531
Transfers from assets in course of construction	3,548	-	-	3,548
Transfers from operational assets	195	-	-	195
Disposals	(128)	-	-	(128)
Impairment losses	(2,249)	(195)	-	(2,444)
Transfers to assets in course of construction	(616)	-	-	(616)
Revaluation	2,863	(105)	55	2,813
Net book value:				
At 30 September 2013	<u>101,324</u>	<u>1,815</u>	<u>2,760</u>	<u>105,899</u>
At 30 September 2012	<u>97,711</u>	<u>2,115</u>	<u>2,705</u>	<u>102,531</u>

Notes to the Accounts

for the year ended 30 September 2013

12. Tangible Assets - Investment Properties (continued)

The investment properties other than short leasehold properties and sundry residential properties were valued at 30 September 2013 by Bidwells LLP as Independent External Valuers in accordance with the RICS Valuation – Professional Standards issued by the Royal Institution of Chartered Surveyors. The valuation of each property was on the basis of Market Value. The valuer's opinion of market Value was primarily derived using comparable recent market transactions on arm's length terms.

The valuation of these properties amounted to: Group £112,273,000 and Foundation £105,899,000 (2012: Group £108,334,000 and Foundation £102,531,000).

Bidwells was instructed to inspect a sample (Approximately 20%) of the properties and read a sample of the lease documents only. For all other properties they have relied on information provided by the Foundation and the accuracy of the valuation depends on the accuracy of the information provided.

The Foundation recognises that there are mixed motive properties to the value of £28,147,000 (2012: £25,453,000) held within the total Investment Property portfolio. Mixed motive properties are investments that are held partly for their investment potential and partly for furthering the aims of the Foundation.

The total value of investment properties whose valuation is primarily based on the development value of land is £1,955,000 (2012: £1,455,000).

The original 'cost' of investment properties held at valuation comprises the value at which those properties were vested to the Foundation on 1 October 1995 together with additions to those properties and the cost of properties acquired since that date. The cost of these properties at 30 September 2013 was Group £61,993,000 and Foundation £61,148,000 (2012: Group £60,858,000 and Foundation £61,705,000).

In accordance with the Valuation Standards, Bidwells confirm that they last valued the properties in 2012, that year being the eighth valuation of the assets they carried out since 1999. In relation to the firm's preceding year the total fees paid by Letchworth Garden City Heritage Foundation as a percentage of the firm's total fee income was less than 5%. It is not anticipated there will be a material increase. The Valuer signing the Valuation has signed five previous Asset Valuations for Letchworth Garden City Heritage Foundation within the last five years.

Notes to the Accounts

for the year ended 30 September 2013

13. Tangible Assets - Operational Assets

	Freehold property £'000	Plant and equipment £'000	Total £'000
Group and Foundation			
Cost:			
At 30 September 2012	6,134	3,881	10,015
Additions	-	633	633
Transfers to investment properties	(1,436)	-	(1,436)
Disposals	-	(51)	(51)
At 30 September 2013	<u>4,698</u>	<u>4,463</u>	<u>9,161</u>
Depreciation:			
At 30 September 2012	3,417	3,205	6,622
Charge for the year	38	326	364
Transfers to investment properties	(1,241)	-	(1,241)
Disposals	-	(48)	(48)
At 30 September 2013	<u>2,214</u>	<u>3,483</u>	<u>5,697</u>
Net book value:			
At 30 September 2013	<u>2,484</u>	<u>980</u>	<u>3,464</u>
At 30 September 2012	<u>2,717</u>	<u>676</u>	<u>3,393</u>

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

14. Assets in Course of Construction

	2013 £'000	2012 £'000
Group and Foundation		
At 30 September 2012	6,793	7,545
Additions	1,115	646
Disposals	-	(23)
Transfers to investment properties	(3,548)	(702)
Transfers from investment properties	616	1,350
Impairment	(1,120)	(2,023)
At 30 September 2013	<u>3,856</u>	<u>6,793</u>

Assets in course of construction relate to costs of on-going property projects, principally the progress to date made on the town centre regeneration schemes. Properties owned or acquired in connection with the Wynd regeneration scheme are transferred to assets in the course of construction until completion of the scheme. During 2013 an impairment of £1,086,000 (2012: £2,000,000) was made against the Wynd regeneration scheme while other impairments amounted to £34,000 (2012: £23,000).

Notes to the Accounts

for the year ended 30 September 2013

15. Other Investments

	Listed Investments £'000
Group	
Market value as at 1 October 2012	1,037
Additions	2,039
Gain on revaluation	157
Market value as at 30 September 2013	<u>3,233</u>
Historical cost at 30 September 2013	<u>3,040</u>

All of the investments, 6,690,015 units (2012: 2,324,500 units) are held in Global equities in the Schroder Charity Multi-Asset Fund.

	Subsidiary undertakings £'000
Foundation	
Cost:	
At 30 September 2012 and 2013	<u>4,615</u>
Amount provided:	
At 30 September 2012 and 2013	<u>3,800</u>
Net book value:	
At 30 September 2012 and 2013	<u>815</u>

Details of the principal investments in which the Foundation holds more than 10% of the nominal value in any class of share capital are as follows:

Subsidiary undertakings

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

Letchworth Cottages and Buildings Ltd is a charitable housing association registered under the Industrial and Provident Societies Act 1968. In addition, at the year end the Foundation held 100% of the shares and voting rights of the three non-trading companies: Letchworth Garden City Farms Ltd, Letchworth Garden City Services Ltd and Broadway Cinema Ltd. These investments had been written down to just £2 each in prior years and all three companies were struck off on 2 February 2014.

Notes to the Accounts

for the year ended 30 September 2013

	Group		Foundation	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
16. Stocks				
Farm stocks	8	40	8	40
Retail stocks	21	23	21	23
	<u>29</u>	<u>63</u>	<u>29</u>	<u>63</u>

	Group		Foundation	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
17. Debtors				
Deposits with Herts County Council	998	998	998	998
Trade debtors	1,572	1,432	1,539	1,400
Amounts owed by subsidiary undertakings	-	-	113	275
Other debtors	336	260	336	260
Prepayments and accrued income	1,529	1,326	1,509	1,293
	<u>4,435</u>	<u>4,016</u>	<u>4,495</u>	<u>4,226</u>

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

	Group		Foundation	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
18. Loans				
Due within one year:				
Loans to staff	15	23	15	23
Loans to individuals and local organisations	<u>12</u>	<u>16</u>	<u>12</u>	<u>16</u>
	<u>27</u>	<u>39</u>	<u>27</u>	<u>39</u>
Due after one year:				
Loans to staff	51	75	51	75
Loans to individuals and local organisations	19	27	19	27
Loans relating to leasehold enfranchisement	<u>272</u>	<u>285</u>	<u>272</u>	<u>285</u>
	<u>342</u>	<u>387</u>	<u>342</u>	<u>387</u>

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

Notes to the Accounts

for the year ended 30 September 2013

	Group		Foundation	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
19. Creditors				
Amounts falling due within one year:				
Bank overdraft	-	132	-	130
Trade creditors	196	538	196	520
Taxes and social security	307	213	307	214
Other creditors	416	317	416	317
Accruals and deferred income	4,129	3,951	4,000	3,898
Grants payable	103	154	103	140
	<u>5,151</u>	<u>5,305</u>	<u>5,022</u>	<u>5,219</u>
Amounts falling due after more than one year:				
Grants payable	-	199	-	199
	<u>-</u>	<u>199</u>	<u>-</u>	<u>199</u>

Deferred Income

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

	Group		Foundation	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Deferred income at 1 October 2012	1,395	1,318	1,389	1,313
Net transferred (to)/from Statement of Financial Activities	(40)	77	(40)	76
Deferred income at 30 September 2013	<u>1,355</u>	<u>1,395</u>	<u>1,349</u>	<u>1,389</u>

20. Provisions for Liabilities

Group and Foundation	£'000
At 1 October 2012	120
Costs incurred in the year	-
Increase in provision for the year	-
At 30 September 2013	<u>120</u>

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

Notes to the Accounts

for the year ended 30 September 2013

21. Commitments to Pension Fund Defined Benefit Scheme

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

The full valuation of the scheme was undertaken as at 31 March 2010 and updated by a qualified independent Actuary to 30 September 2013 on a basis appropriate to FRS17. The major assumptions used by the Actuary for the FRS17 calculations were as follows:

	30 September 2013	30 September 2012	30 September 2011
Rate of increase in salaries	5.0% per annum	4.4% per annum	4.7% per annum
Limited price indexation pension increases	2.7% per annum	2.1% per annum	2.4% per annum
Discount rate	4.5% per annum	4.3% per annum	5.1% per annum
Inflation assumption	2.7% per annum	2.1% per annum	2.4% per annum

The underlying mortality assumption is based on the PFA92 and PMA92 tables projected based on year of birth, medium cohort and 1% per annum minimum improvements from 2007. The assets of the whole of the Hertfordshire County Council Pension Fund are invested with a number of fund managers. The fair value of the assets held by the Hertfordshire County Council Pension Fund in respect of the Foundation and the expected rates of return assumed are as follows:

	Value at 30 September 2013 £'000	Expected rate of return for year starting 30 September 2013 % per annum	Value at 30 September 2012 £'000	Expected rate of return for year starting 30 September 2012 % per annum
Equities	12,743	6.5	10,501	5.7
Bonds	3,186	3.8	2,700	3.6
Property	1,062	4.7	900	3.8
Cash	708	3.5	900	2.9
Total	<u>17,699</u>		<u>15,001</u>	

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 September 2013 and 30 September 2012:

	2013 £'000	2012 £'000
Present value of scheme liabilities	(22,530)	(19,969)
Market value of scheme assets	17,699	15,001
Deficit in the scheme	<u>(4,831)</u>	<u>(4,968)</u>

Analysis of the amounts charged to net incoming resources for the years to 30 September 2013 and 30 September 2012:

	2013 £'000	2012 £'000
Current service cost	455	418
Interest on scheme liabilities	861	910
Expected return on scheme assets	(757)	(739)
Losses on curtailments	255	4
Total	<u>814</u>	<u>593</u>

Notes to the Accounts

for the year ended 30 September 2013

21. Commitments to Pension Fund (continued)

Changes in the present value of the scheme liabilities for the year ending 30 September 2013 and 30 September 2012:

	2013 £'000	2012 £'000
Present value of scheme liabilities at beginning of period	19,969	17,970
Service cost	455	418
Employee contributions	162	159
Interest cost	862	910
Actuarial losses/(gains)	1,506	1,338
Losses on curtailments	255	4
Benefits paid	(679)	(830)
Present value of scheme liabilities at end of period	<u>22,530</u>	<u>19,969</u>

Changes in the fair value of the scheme assets for the year ending 30 September 2013 and 30 September 2012:

	2013 £'000	2012 £'000
Market value of scheme assets at beginning of period	15,001	12,873
Expected return	757	739
Actuarial gains/(losses)	1,625	1,201
Benefits paid	(679)	(830)
Contributions paid by the Foundation	833	859
Employee contributions	162	159
Market value of scheme assets at end of period	<u>17,699</u>	<u>15,001</u>

As a result of the actuarial valuation as at 31 March 2010 the Foundation made contributions to the scheme at the rate of 16.6% of pensionable salary for the year to 31 March 2012 and made contributions of 17.3% of pensionable salary for the year ending 31 March 2013. Estimated contributions for the year ended 30 September 2014 are £904,000. The amount includes an agreed contribution of £368,000 towards the triennial deficit of the fund.

Analysis of the amounts recognised as other recognised gains and losses in the Statement of Financial Activities for the year ended 30 September 2013 and 30 September 2012:

	2013 £'000	2012 £'000
Actuarial gains/(losses) on scheme assets	1,625	1,201
Changes in assumptions underlying present value of scheme liabilities	(1,506)	(1,338)
Actuarial gain/(loss) recognised in statement of recognised gains and losses	<u>119</u>	<u>(137)</u>

Cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities for the year ending 30 September 2013 and 30 September 2012:

	2013 £'000	2012 £'000
Cumulative actuarial loss at beginning of period	(3,295)	(3,158)
Recognised during the period	119	(137)
Cumulative actuarial loss at end of period	<u>(3,176)</u>	<u>(3,295)</u>

Notes to the Accounts

for the year ended 30 September 2013

21. Commitments to Pension Fund (continued)

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

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of scheme liabilities	(22,530)	(19,969)	(17,970)	(17,807)	(16,037)
Market value of scheme assets	17,699	15,001	12,873	12,699	11,213
Deficit in the scheme	(4,831)	(4,968)	(5,097)	(5,108)	(4,824)
Actual return less expected return on scheme assets	1,625	1,201	1,201	584	(110)
Experience gain/(loss) arising on scheme liabilities	(8)	(215)	(1,533)	-	190
Change in assumptions underlying present value of scheme liabilities	(1,506)	(1,338)	(1,338)	(683)	(2,900)

22. Funds

	Unrestricted Fund As restated £'000	Endowment Fund As restated £'000	Restricted Fund £'000	Total £'000
Group				
At 1 October 2012	(451)	116,813	12,108	128,470
Retained surplus/(deficit) for the year	(315)	(3,420)	77	(3,658)
Surplus on revaluation	250	2,563	728	3,541
Actuarial gain on pension scheme	119	-	-	119
Balance at 30 September 2013	(397)	115,956	12,913	128,472
Foundation				
At 1 October 2012	(1,426)	116,813	-	115,387
Retained surplus/(deficit) for the year	645	(3,420)	-	(2,775)
Surplus on revaluation	250	2,563	-	2,813
Actuarial gain on pension scheme	119	-	-	119
Balance at 30 September 2013	(412)	115,956	-	115,544

On appointment Governors are required to subscribe for a £1 Ordinary Share in the Foundation which is forfeited on their retirement and the subscription is taken to income. At 30 September 2013 there were 27 (30 September 2012: 29) shares in issue.

Notes to the Accounts

for the year ended 30 September 2013

23. Analysis of Group Net Assets Between Funds

Changes in the present value of the scheme liabilities for the year ending 30 September 2013 and 30 September 2012:

	Unrestricted Fund As restated £'000	Endowment Fund As restated £'000	Restricted Fund £'000	Total £'000
Fund Balances at 30 September 2013 are represented by:				
Investment properties	500	105,399	6,374	112,273
Other investments	-	-	3,233	3,233
Operational properties	3,464	-	-	3,464
Assets in course of construction	-	3,856	-	3,856
Pension scheme deficit	(4,831)	-	-	(4,831)
Fixed assets and pension scheme deficit	<u>(867)</u>	<u>109,255</u>	<u>9,607</u>	<u>117,995</u>
Other Items	<u>470</u>	<u>6,701</u>	<u>3,306</u>	<u>10,477</u>
	<u>(397)</u>	<u>115,956</u>	<u>12,913</u>	<u>128,472</u>

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

Unrealised gains at 30 September 2012	-	41,671	4,958	46,629
Surplus on revaluation	250	2,563	571	3,384
Realised on disposals	-	(72)	-	(72)
Unrealised gains at 30 September 2013	<u>250</u>	<u>44,162</u>	<u>5,529</u>	<u>49,941</u>

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

Unrealised gains at 30 September 2012	-	-	37	37
Surplus on revaluation	-	-	156	156
Unrealised gains at 30 September 2013	<u>-</u>	<u>-</u>	<u>193</u>	<u>193</u>

24. Financial Commitments

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

	2013 £'000	2012 £'000
Group and Foundation		
Erection, purchase and redevelopment of premises	<u>710</u>	<u>570</u>

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

Group and Foundation

Land and building leases expiring:

Within two to five years	1	2
In over five years	<u>157</u>	<u>157</u>
	<u>158</u>	<u>159</u>

Notes to the Accounts

for the year ended 30 September 2013

25. Related Parties Transactions

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

Organisation	Position Held	Name	No.	2013 Total Value of Grants (£)	No.	2012 Total Value of Grants (£)
City Chorus	Group Member	Charmaine Rogers	-	-	1	2,568
Digswell Arts Trust	Member	William Armitage	1	5,000	-	-
Home-Start North Hertfordshire	Manager	Charmaine Rogers	1	13,700	1	10,000
Home-Start North Hertfordshire	Trustee	Pat Walker*	1	13,700	1	10,000
Letchworth Arts Centre	Chair	David Walker	2	32,337	2	76,795
Letchworth Arts Centre	Trustee	Denise Poynter	2	32,337	2	76,795
Letchworth Civic Trust	Trustee	Ian Cotterill	1	15,000	1	15,000
Letchworth Civic Trust	Trustee	William Armitage	1	15,000	1	15,000
Letchworth Civic Trust	Trustee	Linda Needham	1	15,000	1	15,000
Letchworth Civic Trust	Trustee	Keith Emsall	1	15,000	1	15,000
Letchworth Civic Trust	Trustee	Pat Walker*	1	15,000	1	15,000
Letchworth Corner Sports Club	Chair	Colin Chatfield	1	45,000	-	-
Letchworth Festival Steering Group	Committee Member	William Armitage	2	4,344	2	5,000
Rotary Club Letchworth Howard	Member	David Walker	-	-	1	229
Royal Air Force Association - Letchworth & Hitchin	Secretary/ Treasurer	Ken Needham*	-	-	1	1,500
St John Ambulance	Secretary	David Larke	-	-	1	2,000
26 Club	Member	David Walker	-	-	1	196
26 Club	Member	Robin Gale	-	-	1	196
Settlement Gardening Club	Trustee	Roger MacIntyre-Brown**	2	594	2	630

Two Trustees hold long ground lease business leases with the Foundation. One has an annual rent of £22 per annum and the other has no annual rent, these transactions are at arms length. A spouse of a Trustee holds the position of member of the Letchworth Civic Trust and is a member of Home Start North Hertfordshire.

There is a related party transaction in respect of two leases granted in 2009 to a Company that has a Foundation Trustee as one of its Directors. A claim in respect of these leases, which was fully provided for in prior years, was settled during the year and the provision released.

** Roger MacIntyre-Brown is a Trustee of The Settlement

Notes to the Accounts

for the year ended 30 September 2013

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

	2013 £'000	2012 £'000
Net outgoing resources for the year	(3,802)	(6,785)
Interest payable	105	171
Interest receivable and other non-property investment income	(227)	(246)
Depreciation	364	351
Profit on disposal of operational assets	(12)	(192)
Write-offs of operational assets	-	25
Impairment losses	3,564	7,460
Decrease in stocks	34	219
(Increase)/decrease in debtors	(419)	42
Increase/(decrease) in creditors	(221)	(663)
Pension fund movements	(123)	(437)
Net cash (outflow) from operating activities	<u>(737)</u>	<u>(55)</u>

27. Analysis of Changes in Net Cash Funds

	At 1.10.12 £'000	Cash flow £'000	At 30.09.13 £'000
Cash at bank and in hand	10,000	(4,385)	5,615
Overdraft	(132)	132	-
	<u>9,868</u>	<u>(4,253)</u>	<u>5,615</u>
Money market deposits	5,000	300	5,300
Net cash funds	<u>14,868</u>	<u>(3,953)</u>	<u>10,915</u>

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

	2013 £'000	2012 £'000
Decrease in cash	(3,953)	(1,180)
Movement in net funds in the year	<u>(3,953)</u>	<u>(1,180)</u>
Net cash funds at start of the year	14,868	16,048
Net cash funds at end of the year	<u>10,915</u>	<u>14,868</u>

Letchworth Garden City Heritage Foundation

Broadway Cinema

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

Ernest Gardiner Treatment Centre

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

The International Garden Cities Exhibition

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

Heritage Foundation Community Hub

43 Station Road
LETCWORTH GARDEN CITY
SG6 3BQ
01462 476694

Heritage Foundation

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

Letchworth Cottages & Buildings Ltd

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

Letchworth Garden City

Local and Tourist Information Centre

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

Spirella Ballroom

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

Standalone Farm

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

Notes

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**heritage
foundation**

Letchworth Garden City

**Letchworth Garden City
Heritage Foundation**

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www.letchworth.com/heritage-foundation