



Agenda

Meeting: **Folkestone Parks and Pleasure Grounds Charity**
Date: **20 January 2021**
Time: **4.00 pm**
Place: **Zoom - remote meeting**

To: Councillors John Collier, Ray Field, David Godfrey,
Mrs Jennifer Hollingsbee, David Monk, Stuart Peall, Tim Prater,
Lesley Whybrow and David Wimble

1. **Apologies for absence**
2. **Declarations of interest (Pages 3 - 4)**
3. **Minutes (Pages 5 - 8)**
4. **Folkestone Parks and Pleasure Grounds Charity - Revenue Budget for 2021/22**

This report presents the Charity's budget statement of financial activities for the financial year ended 31 March 2022. The report also recommends fees and charges for 2021/22.

5. **Annual report and accounts for 2019/20**

This report presents the Charity's Annual Report and Accounts for the year ended 31 March 2020, which have been audited.

6. **Folkestone Parks and Pleasure Grounds - Update Report**

This report provides the Board with an update in relation to all those decisions taken by the (now) Director – Housing & Operations since July 2018 under his delegated authority to deal with charity assets. This report also covers other matters relating to charity land.

Queries about the agenda? Need a different format?

Contact Jemma West – Tel: 01303 853 369
Email: committee@folkestone-hythe.gov.uk or download from our
website

www.folkestone-hythe.gov.uk

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Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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Minutes

Folkestone Parks and Pleasure Grounds Charity - Board of Trustees

Held at:	Council Chamber - Civic Centre Folkestone
Date	Wednesday, 22 January 2020
Present	Councillors John Collier, David Godfrey, *Mrs Jennifer Hollingsbee, David Monk (Chairman) and David Wimble
Apologies for Absence	Councillors Ian Meyers and Stuart Peall. Councillor Mrs Hollingsbee gave an apology for lateness.
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Amandeep Khroud (Assistant Director), Susan Priest (Head of Paid Service), Charlotte Spendley (Director of Corporate Services) and Jemma West (Committee Service Specialist)
Others Present:	Allan Hickie (Hacker Young) (* Present for part of the meeting)

20. **Declarations of interest**

There were no declarations of interest at the meeting.

21. **Minutes**

The minutes of the meeting held on 16 October 2019 were submitted, approved and signed by the Chairman.

22. **Access to meetings and related papers**

The report proposed rules governing access to the meetings and related papers of the Council when meeting as the trustee of the Charity.

Proposed by Councillor Monk,
Seconded by Councillor Collier; and

RESOLVED:

- 1. That report FPPG/19/03 be received and noted.**

2. That the rules set out in appendix 1 of the report providing for access to the meetings of the Council as trustee and related papers be adopted.
3. That the workings of the rules be reviewed after one year.

(Voting figures: 4 for, 0 against, 0 abstentions).

23. **Folkestone Parks and Pleasure Grounds Charity - Revenue Budget for 2020/21**

The report presented the Charity's budget statement of financial activities for the financial year ended 31 March 2021. The report also recommended fees and charges for 2020/21.

Proposed by Councillor Wimble,
Seconded by Councillor Collier; and

RESOLVED:

1. That report FPPG/19/05 be received and noted.
2. That the proposed fees and charges for 2020/21, as set out at paragraph 5.2 of the report, be approved
3. That the budget of financial activities for the year ended 31 March 2021 for the Folkestone Parks and Pleasure Grounds Charity, as set out in Appendix 1 of the report, be approved.
4. That the proposed replenishment of the unrestricted fund during 2020/21 by £71,245 be approved.

(Voting figures: 5 for, 0 against, 0 abstentions).

Councillor Mrs Hollingsbee arrived at the meeting prior to the vote on this item.

24. **Folkestone Parks and Pleasure Grounds Charity - Annual report and accounts for 2018/19**

This report presented the Charity's Annual Report and Accounts for the year ended 31 March 2019, which had been audited.

Allan Hickie of Hacker Young was present at the meeting to answer any questions in relation to this report.

Proposed by Councillor Godfrey,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:

1. That report FPPG/19/06 be received and noted.
2. That the Annual Report and Accounts of the Folkestone Parks and Pleasure Grounds Charity for the financial year ending 31 March 2019 be approved.
3. That the Letter of Representation from Hacker Young as the Charity's Auditor for the accounts ending 31st March 2019 be

signed.

(Voting figures: 5 for, 0 against, 0 abstentions).

25. **New lease for the Little Switzerland Caravan Site off Swiss Way, Folkestone ('the Site')**

The report provided information in relation to the grant of a proposed new, short-term lease for the Little Switzerland Caravan Site off Swiss Way, Folkestone.

Proposed by Councillor Collier,
Seconded by Councillor Godfrey; and

RESOLVED:

1. **That report FPPG/19/04 be received and noted.**
2. **That a new lease for the Site be granted on the terms set out in the report.**
3. **That the Director of Housing and Operations in his capacity as Corporate Property Officer be authorised to complete the proposed lease in the best interest of Folkestone & Hythe District Council and the Folkestone Parks and Pleasure Grounds Charity.**

(Voting figures: 5 for, 0 against, 0 abstentions).

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This Report will be made public on 12 January 2021

Report Number **FPPG/20/01**

To: Folkestone Parks and Pleasure Grounds Charity –
Board of Trustees
Date: 20 January 2021
Responsible Officer: Charlotte Spendley, Financial Advisor to the
Charity

**SUBJECT: FOLKESTONE PARKS AND PLEASURE GROUNDS
CHARITY – REVENUE BUDGET FOR 2021/22**

SUMMARY: This report presents the Charity's budget statement of financial activities for the financial year ended 31 March 2022. The report also recommends fees and charges for 2021/22.

REASON FOR RECOMMENDATIONS:

Consideration and approval of the budget are essential elements of the Charity Trustees' duty of public accountability and stewardship.

RECOMMENDATIONS:

1. To receive and note Report FPPG/20/01.
2. To approve the proposed fees and charges for 2021/22, as set out at paragraph 5.2
3. To approve the budget of financial activities for the year ended 31 March 2022 for the Folkestone Parks and Pleasure Grounds Charity, as set out in Appendix 1.
4. To approve the proposed replenishment of the unrestricted fund during 2021/22 by £36,040.

INTRODUCTION

- 1.1 This report presents the Charity's budget statement of financial activities for the financial year ended 31 March 2022. The report also recommends fees and charges for 2021/22.
- 1.2 The budget statement is shown as an appendix to this report.
- 1.3 Consideration and approval of the budget are essential elements of the Charity Trustees' duty of public accountability and stewardship.
- 1.4 The net expenditure of the Charity is met from the resources of Folkestone & Hythe District Council and is treated as a special expense chargeable through Council Tax on the area of the former Borough of Folkestone (the current areas of Folkestone and Sandgate).

2. BUDGET 2021/22

- 2.1 Net revenue expenditure to be financed by Folkestone & Hythe in 2021/22 is estimated at £558,730 compared to the original estimate of £555,940 in 2020/21. This is an increase of £2,790.
- 2.2 The key movements in the budget are:

	£
Increased Income from Beach Huts	(17,170)
Increased depreciation (new assets)	16,050
Increased governance costs (Audit & Valuations)	1,200
Other Net Changes	2,710
Net movement on Special Expense	<u>2,790</u>

3. DEVELOPMENT PROJECTS 2020/21 AND 2021/22

3.1 CAR PARKS

- 3.1.1 The Lower Sandgate Road car park continues to be well used and income levels have continued to increase in 2020/21. However, it is not clear whether the increased income in year is an indication of future activity levels or a one-off due to travel restrictions imposed as part of the Government's national lockdown in response to the Covid-19 pandemic, meaning people have stayed closer to home visiting local attractions. As part of the Council's Fees and Charges review it was agreed that car parking charges would remain at 2020/21 levels to acknowledge the impact the pandemic has had on the local economy and to encourage visitors to the area. There has therefore been no change to the car parking income budgets for 2021/22.

3.2 BEACH HUTS

- 3.2.1 In October 2019 the Trustees approved a capital project for the future of the beach huts at Marine Parade which will see existing huts replaced with

wooden huts and the number of huts uplifted from 74 to 131 with rents increased to between £850 and £1,100 per annum. The scheme provides for the renovation of 16 existing beach chalets, the demolition of the remaining 59 chalets and the acquisition and installation of 120 new chalets on land owned by the Charity at Marine Walk, Folkestone. In November 2019 the Council approved a capital contribution of £500,000 to the Charity to be repaid over a period of 10 years, with an indicative annual capital financing cost of £82,000.

3.2.2 Leases were surrendered in January 2020 to enable works to commence in March 2020, however due to the Covid-19 pandemic and resulting business closures and access restrictions, work was delayed and started in June 2020. The project is now well underway and the beach huts are expected to be occupied by Summer 2021 and will be leased on a two-year term.

3.2.3 The revenue budget for 2021/22 has been based on year 2 of the financial model for the proposed scheme with some amendments to take into account the anticipated impact of the delays. The budget includes income of £132,000 based on 95% occupation due to the high demand for chalets, and operating costs (including financing costs) of £95,960. This will result in a net surplus of £36,040.

3.2.4 For the past few years as part of the budget setting process it has been agreed that a contribution to reserves will be made to replenish the charity's funds in order to move the charity to a more sustainable financial position. This practice has eliminated the deficit on the General Fund reserve and at the end of 2019/20 the charity had a surplus of £13,039. In 2020/21 it was agreed that the surplus from the beach hut service be earmarked to replenish the charity's funds, rather than reducing the special expense. It is recommended that this practice continues and that the anticipated surplus in 2021/22 of £36,040 is applied as a contribution to reserves rather than reducing the special expense.

4. CHARITY RESERVES 20/21 AND 21/22

4.1 The forecast balance on the charity General Fund reserve at 31st March 2021 is a surplus of £84,279.

4.2 Included within this revenue budget for 21/22 is an earmarked contribution to reserves of £36,040 from the anticipated surplus from the beach huts service. This will increase the General Fund reserve balance to £120,319 as at 31st March 2022.

5. REVIEW OF FEES AND CHARGES FOR 2021/22

5.1 The Charity receives income from pay and play sports facilities at East Cliff and the hire of Radnor Park for amusements and boot fairs. The Council's policy on fees and charges for 2021/22 is to apply an inflationary increase, in line with the current economic state and forecasts of inflation.

5.2 The Board is asked to approve the following schedule of fees and Charges for 2021/22. The fees proposed for 2021/22 are set out in the table below. The increased fees will generate only a small increase in income.

These are detailed in the table below:

Description	Current Charge 2020/21		Proposed Charge 2021/22		VAT Category
	<i>Exc. VAT</i>	<i>Inc. VAT</i>	<i>Exc. VAT</i>	<i>Inc. VAT</i>	
	£	£	£	£	
East Cliff Pay and Play					
Tennis – per half hour	2.92	3.50	2.94	3.50	Standard rated
Tennis – per hour	5.42	6.50	5.46	6.60	Standard rated
Pitch and Putt – per round	6.25	7.50	6.30	7.60	Standard rated
Pitch and Putt – per round (concession)	4.58	5.50	4.62	5.50	Standard rated
Pitch and Putt – per round (family)	15.00	18.00	15.12	18.10	Standard rated
Pitch and Putt – deposit for clubs	6.25	7.50	6.30	7.60	Standard rated
Pitch and Putt – lost ball	3.06	3.50	3.08	3.70	Standard rated
Putting – per round	3.75	4.50	3.78	4.50	Standard rated
Putting – per round (concession)	2.92	3.50	2.94	3.50	Standard rated
Bowls – per game per person	6.12	6.50	6.30	7.60	Standard rated
Bowls – per game (family)	15.00	18.00	15.12	18.10	Standard rated
Bowls – per week	17.92	21.50	18.06	21.70	Standard rated
Bowls – per week (concession)	12.50	15.00	12.60	15.10	Standard rated
Bowls – per season	100.00	120.00	100.80	121.00	Standard rated
Bowls – per season (concession)	70.00	84.00	70.56	84.70	Standard rated
Bowls – deposit for bowls and mat	6.25	7.50	6.30	7.60	Standard rated
Bowls – visiting teams per person	2.92	3.50	2.94	3.50	Standard rated

Description	Current Charge 2020/21		Proposed Charge 2021/22		VAT Category
	£	£	£	£	
Hire of Charity Land (per day)					
Commercial Events	1,210.00	1,210.00	1,210.00	1,210.00	Non VATable
Boot Fairs	280.00	280.00	280.00	280.00	Non VATable
Charitable/Community Events (excluding Boot Fairs)	41.00	41.00	41.00	41.00	Non VATable
Description	Proposed Charge 2020/21				VAT Category
	<i>Exc VAT</i>	<i>Inc VAT</i>	<i>Exc VAT</i>	<i>Inc VAT</i>	
Small Non-Commercial Events (excluding Boot Fairs)	143.00	143.00	143.00	143.00	Non VATable
Cleaning & Restocking Charge for use of WC's used by Event Organiser	110.83	133.00	115.00	138.00	Standard rated
Refundable Deposits re Hire of Land	£	£	£	£	
Commercial Events (minimum of £500)	<i>Sliding scale up to £1,000.00</i>	<i>Sliding scale up to £1,000.00</i>	<i>Sliding scale up to £1,000.00</i>	<i>Sliding scale up to £1,000.00</i>	Non VATable
Non-Commercial Events (minimum of £100)	<i>Sliding scale up to £500.00</i>	<i>Sliding scale up to £500.00</i>	<i>Sliding scale up to £500.00</i>	<i>Sliding scale up to £500.00</i>	Non VATable
Civic Events	n/a	n/a	n/a	n/a	

6. UPDATE ON AUDIT OF 2019/20 ACCOUNTS

The audit of the 2019/20 accounts has been concluded and an unqualified audit report has been issued. Officers are currently working towards submitting the annual return to the Charity Commission by the required date of 31 January 2021.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Charlotte Spendley, Financial Advisor to the Charity
 Telephone: 01303-853387
 Email: charlotte.spendley@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

Data from financial information system

Working papers held within Financial Services

Appendix 1 – Budget Statement of Financial Activities 2021/22

BUDGET STATEMENT OF FINANCIAL ACTIVITIES 2021/22

2019/20 ACTUAL	RESTRICTED AND UNRESTRICTED FUNDS	2020/21 ORIGINAL BUDGET	2021/22 ORIGINAL BUDGET
£		£	£
	Incoming and Endowments from:		
(99,512)	Charitable Activities	(146,210)	(145,320)
(71,463)	Investment Income	(157,950)	(176,100)
(543,813)	Contribution from Folkestone & Hythe DC	(555,940)	(558,730)
(714,788)	Total Incoming Resources	(860,100)	(880,150)
	Resources Expended		
	Charitable Activities		
6,035	Employees	8,950	8,950
593,850	Premises and Grounds Expenses	587,320	661,690
59,463	Supplies and Services	148,940	147,630
37,480	Management and Support Services	36,650	17,640
31,450	Depreciation	30,100	46,150
8,670	Governance Costs	7,000	8,200
736,948	Total Resources Expended	818,960	890,260
	Net (Incoming)/Outgoing Resources		
22,160	Before Transfers	(41,140)	10,110
	Transfers Between Funds		0
	Net (Incoming)/Outgoing Resources		
22,160	Before Other Recognised Gains & Losses	(41,140)	10,110
0	Restatement of Fixed Assets	0	0
(298,833)	(Gains)/Losses on Revaluation of Fixed Assets for Charity's Own Use	0	0
-288,500	(Gains)/Losses on Revaluation of Investment Assets	0	0
(565,173)	Net Movement in Funds	(41,140)	10,110
(4,273,115)	Fund Balances at 1st April	(4,838,288)	(4,879,428)
(4,838,288)	Fund Balances at 31st March	(4,879,428)	(4,869,318)
	Fund Balances at 31st March		
(13,039)	Unrestricted Fund - General Fund	(84,279)	(120,319)
(1,871,533)	Unrestricted Fund - Revaluation Reserve	(1,871,533)	(1,871,533)
(2,835,282)	Restricted Fund - Capital Grants Reserve	(2,805,182)	(2,759,032)
(118,434)	Restricted Fund - Endowment Fund	(118,434)	(118,434)
(4,838,288)		(4,879,428)	(4,869,318)

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This Report will be made
public on 12 January
2021

Report Number **FPPG/20/02**

To: Folkestone Parks and Pleasure
Grounds Charity – Board of Trustees

Date: 20 January 2021
Financial Advisor to the Charity: Charlotte Spendley

**SUBJECT: FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY -
ANNUAL REPORT AND ACCOUNTS FOR 2019/20**

SUMMARY: This report presents the Charity's Annual Report and Accounts for the year ended 31 March 2020, which have been audited.

REASON FOR RECOMMENDATION:

The Charity Board of Trustees are jointly responsible for the preparation of the Annual Report and Accounts which should be approved by them and both documents should be signed on behalf of the Trustees by one of their number authorised to do so.

RECOMMENDATIONS:

1. To receive and note Report FPPG/20/02.
2. To approve the Annual Report and Accounts of the Folkestone Parks and Pleasure Grounds Charity for the financial year ending 31 March 2020.
3. To sign the Letter of Representation from Hacker Young as the Charity's Auditor for the accounts ending 31st March 2020.

1. INTRODUCTION

- 1.1 This report presents the Annual Report and Accounts for the Folkestone Parks and Pleasure Grounds Charity for the year ended 31 March 2020 the including the draft Independent Auditor's Report issuing an unqualified opinion which will be issued upon receipt of the signed accounts (appendix 1), the Audit Findings Report (appendix 2) and Letter of Representation (appendix 3).
- 1.2 The purpose of preparing a Trustees' Annual Report and Accounts is to discharge the Charity Trustees' duty of public accountability and stewardship.
- 1.3 The Annual Report and Accounts have been prepared in accordance with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in UK and Republic of Ireland (FRS 102), together with the Charity's governing document.
- 1.4 The Accounts have been prepared to give a true and fair view of the financial activities of the Charity during the year and its financial position at the year end. The Accounts are accompanied and complemented by information that does not form part of the financial statements. This is provided by the Annual Report.
- 1.5 The Report and Accounts consist of:
 - The Annual Report, covering administrative information, structure, governance and management, objectives and activities, a review of achievements and finance and future plans.
 - The Statement of Accounting and Reporting Responsibilities, setting out responsibilities of the Council as the Corporate Trustee.
 - The Statement of Financial Activities, showing all incoming resources and all resources expended and reconciles all changes in funds.
 - The Balance Sheet, showing recognised assets, the liabilities and the different categories of funds of the Charity.
 - Notes to the Accounts, explaining the accounting policies adopted and providing additional information and analysis on the figures in the accounts.

2. FINANCIAL REVIEW 2019/20

2.1 The net revenue expenditure in 2019/20 was £543,810 being £8,130 less than the latest budget of £551,940. The main reasons for this variance were as follows:

	£
a) Re-alignment of recharged support costs	23,130
b) Underspend on beach hut maintenance awaiting decision on plans for future use	(19,550)
c) Reduced employee costs due to shared services with Dover	(13,505)
d) Other net variances	1,795
	<hr/> <u>(8,130)</u>

2.2 The net revenue expenditure supported the objectives of the Charity by financing the maintenance of charitable open spaces, including public conveniences on this land, the provision of sports facilities at East Cliff and the management of the Coastal Park.

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

3. APPOINTMENT OF AUDITORS

3.1 The Charity Commission requires external independent audit of Folkestone Parks and Pleasure Grounds Charity Accounts

3.2 Hacker Young were reappointed to conduct the audit of the 2019/20 final accounts.

4. LEGAL / FINANCIAL AND OTHER CONTROLS / POLICY MATTERS

4.1 Legal Advisor's Comments (NM)

There are no legal implications arising directly out of this report on the basis that the Council (acting as corporate trustee for the Charity) and any individual trustees of the Charity have complied with their respective obligations contained in the Charities Act 2011 and ancillary legislation.

4.2 Financial Advisor's Comments (CI)

This report has been prepared by the Financial Advisor to the Charity. There are therefore no further comments to add.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Trustees with any questions arising out of this report should contact the following officers prior to the meeting:

*Cheryl Ireland – Chief Financial Services Officer
Telephone: 01303-853213
Email: Cheryl.ireland@folkesone-hythe.gov.uk*

Charlotte Spendley – Financial Advisor to the Charity

Telephone: 01303-853420

Email: charlotte.spendley@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

Data from financial information system

Working papers held within Financial Services

Appendices:

Appendix 1– Annual Report and Accounts for the year ended 31 March 2020

Appendix 2 – Audit Findings Report from Hacker Young

Appendix 3 – Letter of Representation

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY

***Annual Report and Accounts for the Year
Ended 31 March 2020***

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

1. INTRODUCTION

- 1.1 Folkestone & Hythe District Council, as Corporate Trustee, presents the annual report, together with the financial statements, for the year ended 31 March 2020 for the Folkestone Parks and Pleasure Grounds Charity (“the Charity”).
- 1.2 The Charity’s annual report and accounts have been prepared in accordance with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in UK and Republic of Ireland (FRS 102) “Charities SORP (FRS102)” together with the Charity’s governing document.

2. REFERENCE AND ADMINISTRATIVE INFORMATION

2.1	Name of Charity	Folkestone Parks and Pleasure Grounds Charity
2.2	Registration Number	1006288
2.3	Corporate Trustee	Folkestone & Hythe District Council
2.4	Names of the Representatives of the Trustee	Cllr D Monk (Leader) Cllr Mrs J Hollingsbee (Deputy Leader) Cllr J Collier Cllr R Field Cllr D Godfrey Cllr S Peall Cllr T Prater Cllr L Whybrow Cllr D Wimble
2.5	Names of Chief Officers	Head of Paid Service – Susan Priest Financial Advisor to the Charity – Charlotte Spendley Legal Advisor to the Charity – Amandeep Khroud
2.6	Principal Office	Folkestone & Hythe District Council Civic Centre, Castle Hill Avenue Folkestone, Kent CT20 2QY
2.7	Principal External Advisors	Folkestone & Hythe District Council hold balances on behalf of the Charity. The Council’s bankers are: National Westminster Bank Europa House, 49 Sandgate Road, Folkestone, CT20 1RU
	Bankers	
	Auditor	UHY Kent LLP t/a UHY Hacker Young Thames House Roman Square Sittingbourne, Kent ME10 4BJ
	Investment Managers	Folkestone & Hythe District Council

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

3. STRUCTURE, GOVERNANCE AND MANAGEMENT

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

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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

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

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

4. OBJECTIVES AND ACTIVITIES

4.1 Objective of the Charity

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

4.2 The parks and recreation grounds consist of the following:

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

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

4.4 Aims and Intended Impact

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

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

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

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- 4.7 The success of the coastal park on the Lower Sandgate Road continues after 20 years of it's opening in 2000. The park is monitored by CCTV and has a warden. It has an approximate area of 25 hectares designed into three zones.
- 4.8 The formal zone comprises pine avenues, formal planting and hard landscaping. The fun zone contains the largest free play area in the south east as well as a zigzag path and amphitheatre. The wild zone encourages wildlife through sensitive habitat management.
- 4.9 **Objectives for 2019/20**
The main objective for 2019/20 was to ensure that the maintenance of the charitable land continued to the agreed standards.
- 4.10 This links to Folkestone & Hythe's strategic objective 'Appearance Matters' of providing an attractive and clean environment.
- 4.11 Key actions for 2019/20 were the retention of the Green Flag accreditation national recognition for the Coastal Park and Radnor Park, ensuring a summer events programme in the Coastal Park and Radnor Park and agreeing a way forward for the maintenance and operation of beach huts brought back in-house in 2017/18.

5. REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR 2019/20

5.1 Radnor Park

The park continues to be popular with local residents and is being well used and has retained its Green Flag Award for the third year running.

New outdoor gym equipment and an all-inclusive wheelchair friendly swing were installed during 2019/20.

Three "Welcome to the Park" signs were commissioned and installed.

5.2 Coastal Park

The Coastal Park continues to be the key destination play site for the District retaining its Green Flag status for the 13th consecutive year. It has also been the sixth successive year that the Coastal Park has received the Trip Advisor 'certificate of excellence' and its place in the 'Hall of Fame' was retained with the Coastal Park being the number one attraction to visit in Folkestone.

The free summer events programme was successful with Jim Jam family events, Changeling's open air Winter's Tale performance and family rock-pooling sessions all being well attended.

Scree beds were planted with sustainable, draught resistant plants and grass cutting regimes have been reduced in selected areas to increase biodiversity and to decrease pollution (including noise pollution), hand and arm vibration exposure and fuel consumption.

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
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5.3 East Cliff Sports

The sports facilities continue to be well used by the public and schools alike and the income generated remains at a steady level.

New sports equipment was purchased during 2019/20.

5.4 Beach Chalets – Marine Walk

Trustees considered options on the future of the beach chalets in July 2018 and agreed that replacing the existing huts with new wooden huts with continued in-house management would be the best way forward. A more detailed report outlining a programme of works, including financial modelling, was taken to the Trustees in October 2019 resulting in the approval of a scheme to undertake a three month programme to retain and refurbish 16 of the existing chalets and demolish the remaining chalets and replace with new wooden chalets, increasing the total number from 74 to 136. There will also be engineering works to stabilise the cliff following a landslide in 2010 and repair and improvement works to the local infrastructure including new ramps for disabled access.

The scheme will require a financial contribution of £500,000 from the Council which will be repaid from surpluses generated from rental income over a period of ten years. Initial leases were surrendered in January 2020 to enable works to commence.

6. FINANCIAL REVIEW 2019/20

6.1 The net revenue expenditure in 2019/20 was £543,810 being £8,130 less than the latest budget of £551,940. Net revenue expenditure is defined as net expenditure on unrestricted funds excluding depreciation and is met by a contribution from Folkestone & Hythe District Council.

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

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

6.4 Reserves Policy

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

6.5 The Charity's general fund has a surplus of £13,000 at the end of 2019/20. In the past the Council has not contributed fully to the provision for depreciation in recognition of the significant contribution to the resources of the Charity from local taxpayers. In local authority accounts depreciation has a neutral impact on the amounts required to be raised from local taxation. A decision was taken by the Trustees in 2018/19 to utilise the profit from the beach hut service to make a contribution to reserves to reduce the deficit.

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
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6.6 Investment Policy and Performance

At the start of 2019/20 Folkestone & Hythe District Council held £118,434 on behalf of the Charity. That sum represented the brought forward balance of past proceeds of the sale of charitable assets and is managed by the Council as part of its overall investment portfolio. The Council also held £74,942 on behalf of the Charity representing the balance of external donations received for the Radnor Park improvements. The Council's investment activity during 2019/20 complied with its approved Investment Strategy for the year. Most investments made were for up to a maximum of 12 months duration reflecting an expectation that interest rates will eventually rise from their historically low base and also to take a cautious approach around the credit risk of counterparties available to invest with. The Council also has a strategic long term investment in the CCLA Local Authority Property Fund. During 2019/20, a sum of £42,847 was utilised from the balance of external donations to install play equipment at Radnor Park. The residual amount of £150,529 remains with the Council.

6.7 Overall a return of approximately 1.0% was achieved on the Charity's investment, earning interest of £2,434 for 2019/20. There was also an adjustment made for accrued interest between 2015/16 and 2018/19 amounting to £3,481.

6.8 In line with Folkestone & Hythe District Council's projected return on investments, it is anticipated that the 2020/21 investment return will be slightly lower than that achieved in 2019/20 due to the reduced sum invested.

6.9 The Charity also holds five properties (valued at £854,000) that are leased at commercial rents and are classed as investment assets. There has been a significant increase in the valuation of investment assets in 2019/20 to reflect the redevelopment of beach huts at Marine Walk and the increased revenue income this will generate.

6.10 The Charity's accounts showing the financial performance for the year ending 31 March 2020 are set out on pages 13 to 25. They consist of the following:

- a) The Statement of Financial Activities – which shows all resources made available to the Charity and all expenditure incurred by it.
- b) The Balance Sheet – which sets out the financial position of the Charity at the year end. It shows the balances and reserves at the Charity's disposal and its long term indebtedness, together with summarised information on the fixed assets held.
- c) The Statement of Cash Flows – which shows how the Charity has used cash generated by its activities and changes in cash and cash equivalents held by the Charity.

6.11 The accounts are supported by the Statement of Accounting Policies and various notes to the accounts.

6.12 The charity finished the year with a surplus of £566,000 due to gains arising on the revaluation of both investment and tangible fixed assets bringing the total reserves to £4,839,000. Of these funds £2,835,000 are restricted and £119,000 are endowment funds. At the balance sheet date £4,664,000 of the reserves are represented by fixed assets and could only be accessed by the sale of those assets.

7. COVID-19 PANDEMIC

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

- 7.1 The coronavirus (Covid-19) outbreak was declared a global pandemic by the World Health Organisation on 11th March 2020 and on 23rd March the government imposed a lockdown on the whole population, restricting all non-essential travel and contact with people outside of the home and closed almost all businesses, venues and facilities. This has had a considerable impact on the Council and in turn the Charity as many businesses in the district were forced to close which has significantly impacted the local economy and in turn impacts the Council's income streams.
- 7.2 There has been little impact on the 2019/20 financial position as the pandemic was declared late in March, but there will be significant challenges in 2020/21. It is anticipated that there will be a significant impact on the Council's ability to collect income from both taxpayers and services such as car parking and leisure facilities which will have a direct impact on the Charity.
- 7.3 Work on the Beach Hut scheme which was due to commence in March 2020 was also delayed due to business closures and access restrictions and started in June 2020 which will defer rental income receivable from the new chalets.
- 7.4 While it is difficult to estimate with any certainty the full extent of the economic impact on the Council's financial position and the subsequent impact on the Charity, the net expenditure of the Charity continues to be financed by a contribution from the Council.

8. FUTURE PLANS

- 8.1 The Charity will be considering enhancing a number of its land and property assets with the intention of furthering the aims of the Charity and continues to improve the parks and pleasure ground facilities for the people of Folkestone and the surrounding areas.
- 8.2 The introduction of recycling facilities across all parks and open spaces is currently being discussed as part of the Council's new waste management contract.
- 8.3 Draft master-planning work has commenced to potentially create a new destination play area and leisure hub at East Cliff following approval of the Play Area Strategy 2020-2030 which identifies the site as a Priority Play Area. This is still in the formative stages, meetings have taken place with a range of external stakeholders to gain buy-in to the project. Plans will be presented to Cabinet to gain approval for the project.

9. AUDIT OF THE CHARITY'S ACCOUNTS

- 9.1 UHY Hacker Young Chartered Accountants have been appointed to audit the 2019/20 accounts in accordance with the Charities Act 2011.

10. FURTHER INFORMATION

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

The Annual Report for the year ended 31 March 2020 approved by the Cabinet of Folkestone & Hythe District Council, the Corporate Trustee, on 20 January 2021 and signed on its behalf by:

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

Signed:

Date:

**Cllr DD Monk
Chairman
Folkestone Parks and Pleasure Grounds Charity**

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

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

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

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

We certify that the financial statements on pages 13 to 25 have been prepared in accordance with the accounting policies set out on pages 16 to 18 and that it presents fairly the financial position of the Folkestone Parks and Pleasure Grounds Charity at 31 March 2020 and the Charity's incoming and outgoing resources for the year then ended.

Signed

Date

Cllr DD Monk

**Chairman
Folkestone Parks and
Pleasure Grounds Charity**

Signed

Date

Charlotte Spendley

**Financial Advisor to the
Folkestone Parks and
Pleasure Grounds Charity**

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2020

Report of the Independent Auditor to the Members of Folkestone Parks and Pleasure Grounds Charity

Opinion

We have audited the financial statements of Folkestone Parks and Pleasure Grounds Charity (the 'charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

UHY Kent LLP
Chartered Accountants and Statutory Auditor
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date:

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2020

	Unrestricted Fund	Restricted Funds	Endowment Funds	Total	2018/19
	£'000	£'000	£'000	£'000	£'000
Income and Endowments from:					
Donations for projects	-	-	-	-	46
Charitable Activities	100	-	-	100	91
Investment Income (note 2)	66	6	-	72	82
Contribution from Folkestone & Hythe DC (note 3)	543	-	-	543	535
Total	709	6	-	715	754
Expenditure on:					
Charitable Activities					
Operation of Parks and playgrounds					
Employees (note 4)	6	-	-	6	12
Premises & Grounds (note 5)	595	-	-	595	510
Supplies and Services	59	-	-	59	60
Management and Support Services (note 4)	37	-	-	37	95
Governance Costs (note 6)	9	-	-	9	11
Depreciation	31	-	-	31	44
Total	737	-	-	737	732
Gains on Investment assets	299	-	-	299	-
Gains on Revaluation of Fixed Assets	289	-	-	289	10
Net Income	560	6	-	566	32
Transfers Between Funds	81	(81)	-	-	-
Net Movements in Funds	641	(75)	-	566	32
Reconciliation of Funds:					
Total funds brought forward	1,244	2,910	119	4,273	4,241
Total funds carried forward	1,885	2,835	119	4,839	4,273

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
BALANCE SHEET AS AT 31 MARCH 2020**

	2019/20 £'000	2018/19 £'000
FIXED ASSETS (note 8)		
Freehold Land and Buildings	3,558	3,270
Fixtures, Fittings and Equipment	154	127
Infrastructure Assets	95	100
Investment Assets (Properties)	854	565
Assets under Construction	<u>3</u>	<u>-</u>
Total Fixed Assets	<u>4,664</u>	<u>4,062</u>
CURRENT ASSETS		
Debtors (note 9)	<u>181</u>	<u>244</u>
Total Current Assets	181	244
LIABILITIES		
Creditors: due within 1 year (note 11)	<u>3</u>	<u>33</u>
Net Current Assets	<u>178</u>	<u>211</u>
Total Assets Less Current Liabilities	<u>4,842</u>	<u>4,273</u>
Creditors: due after more than 1 year (note 12)	3	-
TOTAL NET ASSETS	<u><u>4,839</u></u>	<u><u>4,273</u></u>
THE FUNDS OF THE CHARITY		
Endowment Fund	119	119
<i>Restricted Funds:</i>		
Capital Grants Reserve	2,835	2,910
<i>Unrestricted Funds:</i>		
Revaluation Reserve	1,872	1,284
Unrestricted General Fund	<u>13</u>	<u>(40)</u>
TOTAL CHARITY FUNDS (note 13)	<u><u>4,839</u></u>	<u><u>4,273</u></u>

Approved by the Cabinet of Folkestone & Hythe District Council, the Corporate Trustee, on 20 January 2021 and signed on its behalf by:

Signed

Date

Cllr DD Monk
Chairman

Folkestone Parks and Pleasure Grounds Charity

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 £'000	2018/19 £'000
Cash flows from operating activities:		
Net cash provided by operating activities	46	27
Cash flows from investing activities:		
Purchase of tangible fixed assets	(46)	(27)
Net cash used in investing activities	<u>(46)</u>	<u>(27)</u>
Change in cash and cash equivalents in the reporting period	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	<u>-</u>	<u>-</u>
Reconciliation of net income / (expenditure) to net cash flow from operating activities		
Net income for the reporting period (as per statement of financial activities)	566	32
Adjustments for:		
Depreciation charge	31	44
Gains on fixed asset revaluations	(588)	(10)
Decrease /(Increase) in debtors	63	(40)
(Decrease)/Increase in creditors	(26)	1
Net cash provided by operating activities	<u>46</u>	<u>27</u>

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

1. Statement of Accounting Policies

Basis of the Preparation of Accounts

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102), the Charities Act 2011 and applicable regulations. The accounts have been prepared on a going concern basis and under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The charity constitutes a public benefit entity as defined by FRS 102.

The Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. While the full extent of the Covid-19 pandemic remains uncertain, the Charity continues to be financed by a contribution from the Council and regular cash flow monitoring and budget reviews are being undertaken to support the medium term financial position and there are no concerns over the Council's ability to continue as a going concern.

Income and Expenditure

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

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

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

Grants and Contributions

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

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

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

Overheads

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

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

1. Statement of Accounting Policies (continued)

Fixed Assets

Capitalisation

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

Valuation

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

The surpluses arising on the initial valuation of fixed assets have been credited to the revaluation reserve. Subsequent revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. For example, assets are reviewed annually for impairment loss. In accordance with this policy the fixed assets were re-valued as at 31/3/2020.

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

Depreciation

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

Depreciation is not provided for freehold land or investment assets.

Depreciation rates for other tangible assets are as follows:

functional buildings	20-35 years
fixtures, fittings and equipment	5-10 years
infrastructure assets	20 years

Sale of Fixed Assets

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

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

1. Statement of Accounting Policies (continued)

Financial instruments

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

Funds Structure

- a) General Fund – this is an unrestricted income fund available to the Trustee to apply for the general purposes of the Charity.
- b) Revaluation Reserve – this is an unrestricted capital fund arising from the revaluation of the Charity’s fixed assets. It is not available for revenue purposes.
- c) Capital Grants Reserve – this is a restricted fund reflecting the book value of fixed assets financed by capital grants. The fund is reduced over the useful economic life of the assets in line with their depreciation policy.
- d) Endowment Fund – this is a restricted fund holding capital receipts from the disposal of the Charity’s fixed assets. Investment income from this fund is transferred to the general fund.

Taxation

Folkestone Parks and Pleasure Grounds Charity is a registered charity and is therefore potentially exempt from taxation on its income and gains as the charity falls within the definition of a charitable trust as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen in the year.

Judgements and key sources of estimation uncertainty

The Trustee does not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The most significant area of judgement and key assumptions that affect items in the accounts relate to the revaluation of land and buildings.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors and as at the valuation date less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. Valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case.

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

2. Income

Investment income

	2019/20	2018/19
	£'000	£'000
Sum Held By Folkestone & Hythe District Council	6	2
Rental Income (UK)	66	80
	72	82

Donations

The remaining balance of donations received brought forward was £74,941.58. No donations were received in 2019/20 and £42,847.01 was utilised on the Radnor Park Play Area leaving a balance of £32,094.57 to be carried forward at 31st March 2020.

3. Contribution from Folkestone & Hythe District Council

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

4. Employees and Management and Support Services

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

No employee of Folkestone & Hythe District Council charged total employee benefits (excluding employer's pension contributions) in excess of £60,000 to the Charity in 2019/20.

5. Premises and Grounds Expenses

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

6. Governance Costs

	2019/20	2018/19
	£'000	£'000
Auditor's Remuneration – Current Year	3	4
Auditor's Remuneration – Relating to Prior Years	(1)	2
Consultancy for use of Beach Chalets	-	3
Valuation fees	7	2
	9	11

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Fees for audit of the 2019/20 accounts are estimated at £3,000 and have been accrued in 2019/20.

7. Unrestricted Fund - Analysis of Net Income

	2019/20	2019/20	2019/20	2019/20	2019/20	2018/19
	Running	Depreciation	Expend	Income	Net	Net
	Costs		Total		Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
East Cliff & Warren (incl Durlocks)	138	3	141	(18)	123	105
Lower Sandgate Rd	218	2	220	(81)	139	142
Radnor Park	210	26	236	(36)	200	194
Morehall Rec Ground	46	-	46	-	46	36
Canterbury Rd Rec Ground	47	-	47	-	47	35
Marine Walk Beach Chalets	1	-	1	(30)	(29)	(37)
	<u>660</u>	<u>31</u>	<u>691</u>	<u>(165)</u>	<u>526</u>	<u>455</u>
Management and Support Services					37	95
Governance Costs					9	11
					<u>46</u>	<u>106</u>
Contribution from Folkestone & Hythe District Council					(544)	(535)
Net Income Before Transfers					<u>28</u>	<u>26</u>
Gross Transfer between funds					(81)	(46)
Net Income Before Other Recognised Gains and Losses					<u>(53)</u>	<u>(20)</u>

8. Fixed Assets

a) Definitions of Fixed Assets

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

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

Infrastructure Assets – long-lived capital assets, normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets e.g. surfacing and landscaping at Radnor Park.

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

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

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

8. Fixed Assets (continued)

b) Movement in Fixed Assets

	*Land and Buildings £'000	Fixtures & Fittings £'000	Infra- structure Assets £'000	Investment Assets £'000	Assets under Construction £'000	Total £'000
<u>Cost or valuation</u>						
1st April 2019	3,280	411	109	565	-	4,365
Additions	-	43	-	-	3	46
Revaluations	288	-	-	289	-	577
31st March 2020	3,568	454	109	854	3	4,988

Accumulated Depreciation and Impairment Provision

1st April 2019	10	284	9	-	-	303
Revaluations	(10)	-	-	-	-	(10)
Charge for year	10	16	5	-	-	31
	10	300	14	-	-	324

Net Book Values

31st March 2019	3,270	127	100	565	-	4,062
31st March 2020	3,558	154	95	854	3	4,664

*The historical cost of Land and Buildings included above is £2,689,000 (2019: £2,689,000)

c) Fixed Asset Valuation

The Charity's freehold land and buildings and investment assets (properties), were re-valued at 31st March 2020 by an external independent valuer – BPS Chartered Surveyors – on the under-mentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

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

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

d) Approximate Area of Charity's Land

	31 March 2020	31 March 2019
	hectares	Hectares
East Cliff and Warren (incl Durlocks)	102	102
Lower Sandgate Road	13	13
Radnor Park	8	8
Morehall Recreation Ground	5	5
Canterbury Road Recreation Ground	<u>2</u>	<u>2</u>
	<u>130</u>	<u>130</u>

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

8. Fixed Assets (continued)

e) Capital Commitments

In November 2019 Folkestone & Hythe District Council agreed a capital contribution to the Charity of £500,000 to meet the capital cost of the proposed Beach Hut Scheme (see section 5.4 in this report). In summary, the proposed £500,000 capital scheme is for the following programme of works:

- Renovate the existing 8 tiered chalets
- Renovate the existing 8 pitched roof chalets
- Undertake engineering works to stabilise and support the cliff
- Undertake infrastructure improvements (walls, surfacing, steps, disabled access)
- Undertake drainage improvements
- Install 120 new wooden chalets

The planned borrowing period is 10 years and the indicative annual capital financing cost is estimated to be £82,460, meaning the total finance cost will be £582,460 and the Charity will meet the annual capital financing costs over a 10 year period from the gross additional revenue income generated from the scheme.

9. Debtors

	31 March 2020 £'000	31 March 2019 £'000
Sum Held By Folkestone & Hythe District Council (see note10)	181	243
Trade Debtors	-	1
	181	244

10. Sum Held by Folkestone & Hythe District Council

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

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

	2019/20 £'000	2018/19 £'000
Capital Receipts from Disposal of Fixed Assets (<i>Endowment Fund held by F&HDC</i>)	119	119
Grants and Contributions (<i>Restricted Funds held by F&HDC</i>)	32	74
General Reserve (<i>Unrestricted Funds held by F&HDC</i>)	29	19
Movement in Trade Debtors and Creditors (<i>Administered by F&HDC</i>)	1	31
	181	243

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

11. Creditors Due Within One Year

a) Balances at year end

	31 March	31 March
	2020	2019
	£'000	£'000
Trade Creditors	-	7
Accruals	3	6
Deferred Income	-	20
	3	33

11. Creditors Due Within One Year

b) Movement in the Year

Beach Hut rental income is payable either quarterly in advance so is treated as deferred income in the accounts and only recognised as income in the period to which it relates.

	Balance at	Income	Income	Balance at
	31 March	released	deferred	31 March
	2019	in year	in year	2020
	£'000	£'000	£'000	£'000
Deferred Income				
Beach hut rental income	20	(20)	-	-

12. Creditors Due After More Than One Year

	31 March	31 March
	2020	2019
	£'000	£'000
Accruals	3	-
	3	-

13. Fund Movements in the Year

a) Movement in current year

	Balance at 31	Net	Transfers	Balance at 31
	March 2019	Income	£'000	March 2020
	£'000	£'000	£'000	£'000
Restricted Funds:				
Capital Grants Reserve	2,910	6	(81)	2,835
Endowment Fund	119	-	-	119
Unrestricted Funds:				
Revaluation Reserve	1,284	588	-	1,872
General Fund	(40)	(28)	81	13
	4,273	566	-	4,839

FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

The transfers between funds of £81k relate to the application of £43k of donations in year to fund capital expenditure and the transfer of depreciation £31k and investment interest £6k.

b) **Movement in prior year**

	Balance at 31 March 2018 £'000	Net Income £'000	Transfers £'000	Balance at 31 March 2019 £'000
Restricted Funds:				
Capital Grants Reserve	2,881	48	(19)	2,910
Endowment Fund	146	-	(27)	119
Unrestricted Funds:				
Revaluation Reserve	1,274	10	-	1,284
General Fund	(60)	(26)	46	(40)
	4,241	32	-	4,273

14. Analysis of Net Assets between Funds

	2019/20			
	Fixed Assets £'000	Net Current Assets £'000	Long Term Liabilities £'000	Fund Balances £'000
Restricted Funds:				
Capital Grants Reserve	2,835	-	-	2,835
Endowment Fund	-	119	-	119
Unrestricted Funds:				
Revaluation Reserve	1,872	-	-	1,872
General Fund	(43)	53	3	13
	4,664	172	3	4,839

	2018/19			
	Fixed Assets £'000	Net Current Assets £'000	Long Term Liabilities £'000	Fund Balances £'000
Restricted Funds:				
Capital Grants Reserve	2,910	-	-	2,910
Endowment Fund	-	119	-	119
Unrestricted Funds:				
Revaluation Reserve	1,284	-	-	1,284
General Fund	(132)	92	-	(40)
	4,062	211	-	4,273

**FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

15. Related Party Transactions

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

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

Councillors are required to observe the code of conduct for councillors, register financial interests under section 81(1) of the Local Government Act 2000 and register the receipt of any gifts/hospitality over £25. There are no material related party transactions with councillors to disclose for 2019/20.

Officers are required to observe the code of conduct for officers and register the receipt of any gifts/hospitality. The Charity had no material related party transactions with officers during 2019/20.

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

Statement of Financial Activities	2019/20	2018/19
	£'000	£'000
Contribution to finance net expenditure	(543)	(535)
Provision of management and support services	37	95
Provision of grounds maintenance and cleansing services (see note 5)	595	510

16. Key Management Personnel

The Corporate Trustee, Folkestone & Hythe District Council, constitutes the key management personnel of the Charity. The cabinet members of Folkestone & Hythe District Council, as listed on page 1, have not received any remuneration or expenses for carrying out the Corporate Trustee function on behalf of the Council.

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Folkestone Parks and Pleasure Grounds Charity

Audit Findings Report
For the year ended 31 March 2020

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Strictly Private and Confidential

The matters raised in this Report to the Board are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for and is not intended for any other purpose.

Introduction

Folkestone Parks and Pleasure Grounds Charity

Purpose of this report

The purpose of this report is to bring to your attention the salient points which have arisen from our audit of the financial statements of the Charity for the year ended 31 March 2020.

This report provides an update to the matters raised in our Audit Service Plan, which was provided to you on 29 October 2020 together with any other matters that arose during the course our audit work.

Audit scope

Our terms of engagement are set out in our engagement letter dated 15 October 2019. That letter sets out our audit responsibilities and their limitations and the responsibilities of the Trustee in relation to the financial statements.

Our Audit Service Plan set out in detail the key issues and risks identified at the planning stage and our related planned audit responses. It also explained that our audit approach concentrates on areas of material risk of misstatement in the financial statements to allow us to reach our opinion in accordance with auditing standards.

Communication with those charged with governance

International Standard on Auditing 260 “Communication of audit matters with those charged with governance” (“ISA 260”), is an auditing standard designed to ensure that there is effective two-way communication between auditors and those charged with governance of the Charity. In the context of ISA 260 “those charged with governance” means the representatives of the Corporate Trustee, Folkestone and Hythe District Council.

Matters relating to the planning, conduct and results of the audit are communicated to those charged with governance of the charity on a sufficiently prompt basis to enable the recipients to take appropriate action. During the audit, regular communications were made by us to Cheryl Ireland.

Audit independence

In accordance with the requirements of ISA 260 and the UK Ethical Standard issued by the Financial Reporting Council (FRC), we confirm the matters set out below.

We discussed the specific threat to you posed by our involvement in the services provided and how we mitigate such threats in our Audit Planning Report. We have not identified any further threats during the audit.

We confirm that: We are auditors of Folkestone Parks and Pleasure Grounds Charity.

The audit is subject to our internal independent quality control procedures, and reviews by the ICAEW as part of their inspections.

We confirm that, in our professional judgment, UHY Hacker Young is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired.

Should you have any questions relating to the issue of our independence and objectivity, please do not hesitate to contact:

Allan Hickie
t: 01795 475 363
e: a.hickie@uhy-uk.com

Limitations

We have prepared this report for your use within the Charity. It is part of our continuing communication of audit matters with those charged with the governance of the Charity and, accordingly is addressed to the Board.

It is not intended to include every matter that came to our attention. For these reasons, we believe that it would be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy, we would not accept any responsibility for any reliance that they might place on it.

UHY Hacker Young

5 January 2021

Acknowledgement

We wish to thank all staff for their helpfulness and co-operation during the course of the audit process.

Audit status

Audit structure

We have carried out the audit of the Charity. The audit working papers have been reviewed by the audit manager and audit partner. Any significant issues arising during our audit were discussed with Cheryl Ireland and have been included in this report if deemed necessary.

The audit was planned and conducted to concentrate on the high risk areas in the financial statements. The key audit issues arising in these areas are explained further below.

The accounting systems were documented and the controls over those systems evaluated. Using these assessments we designed and conducted detailed tests of transactions and balances.

During our audit we undertook substantive tests of the Charity's financial records and conducted analytical review procedures to compare the Charity's results and year end position with our planning expectations.

The Charity's financial statements were audited and reviewed for compliance with UK GAAP FRS 102, the Charities Act 2011 and the Charities SORP (FRS 102) (second edition).

Current position

The audit of the Charity is substantially complete. All queries arising during the audit were dealt with as the audit progressed. There were no limitations on the scope of our audit work completed to date.

There are, however, at the time of writing some outstanding audit matters which are set out below and which may have an impact on our audit opinion on the Charity's financial statements.

We expect to be able to sign our audit report as soon as practicable after clearing the outstanding matters.

Outstanding audit matters:

Approval of the financial statements on behalf of the Trustee;

Post balance sheet events review to the date of signing the financial statements, including review of the latest minutes and management accounts;

Receipt of signed letter of representation.

Identified key risk areas and our responses

Key audit risks

We have identified the following key risk areas as part of our audit planning processes. During our audit we focused on these areas, in addition to our other normal audit procedures, and we set out below our comments and the results of our testing.

Management override of controls

Explanation of risk

Auditing standards require that the risk of management override of controls should be considered a significant risk for all audit engagements.

Audit response to risk

We will review transactions in the year for unusual items outside the ordinary course of business and test journals raised to ensure that such entries are relevant to the Charity's activities.

Outcome

Audit testing of a sample of nominal ledger entries posted in the year and other significant transactions did not indicate any instances of management override of controls occurring in the accounts.

Revenue recognition and cut-off

Explanation of risk

Auditing standards consider that revenue recognition should be treated as a risk in all audits as it is deemed to be the driving component of the Charity's activities in the year.

The Charity receives from various sources such as donations and legacies, charitable activities and investment income. There is a risk that revenue may not be complete if transactions have not been recorded in the correct accounting period.

Audit response to risk

We will review each income stream, ensuring it is correctly recorded and will consider the specific risks associated with the various income categories. We will also ensure that the revenue has been recorded in the correct accounting period.

Outcome

The results of our audit testing indicate that income has been recognised in the financial statements in accordance with its stated accounting policies.

Other matters

Internal controls

The Charity's management is responsible for the identification, assessment and monitoring of risk, and for developing, operating and monitoring the systems of internal control and for providing assurance to the Representatives of the Trustee that it has done so. Our audit is tailored to our assessment of the risk of material misstatement, considering the inherent risk of error or fraud and our assessment of the effectiveness of controls in eliminating or reducing those risks.

International Standard on Auditing (UK) 265, *Communicating deficiencies in internal control to those charged with Governance and Management*, (ISA 265), requires us to report separately where we identify missing or ineffective controls which, in our judgement, are of sufficient importance to bring to the attention of those charged with governance.

During our work we identified no such weaknesses in controls (described as "significant deficiencies" per the ISA). However we have identified some recommendations for improvement as set out in Appendix 2.

In addition to those matters identified during the course of this year's audit, we have also followed up on the status of issues raised in our prior year's Audit Findings Report. Details of these are set out in Appendix 1.

The matters dealt with in this Audit Findings Report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purposes of expressing our opinion on the financial statements of the Charity. In consequence it cannot be relied upon necessarily to disclose possible frauds or other irregularities, or to disclose all possible weaknesses or improvements that a more extensive special examination may highlight.

Accounting policies

We have reviewed the accounting policies adopted by the Charity in the preparation of its financial statements and consider that they are appropriate and suitable for the Charity's circumstances.

As required by FRS 102, the Trustee should formally review the Charity's accounting policies and treatments to ensure that they remain the most appropriate to the Charity's circumstances for the purposes of giving a true and fair view.

Significant subsequent events

Other than the possible effect of COVID-19, no significant subsequent events which would require disclosure in the financial statements have been noted to date.

Consideration of fraud

We have discussed fraud with key management. During the course of our work we found no evidence of fraud and corruption. We must emphasise, however, that the responsibility for the prevention of and detection of fraud lies with management, and our work does not remove the possibility that fraud and corruption may have occurred and remain undetected.

It was confirmed
that:

There have been no instances of fraud during the year; and

Those charged with governance of the Charity consider there to be a low risk of fraud occurring.

Summary, adjustments and audit report

Audit adjustments agreed with management

We received the draft accounts for the Charity in accordance with the audit timetable.

No adjustments were identified during the course of our audit which necessitated the financial statements to be revised.

Unadjusted items

Only one unadjusted item was identified in respect of this year's audit, regarding the revaluation of land and buildings included in tangible fixed assets. This arose as the revaluation adjustment was made based on the net book value meaning that depreciation, which had been correctly attributed to the assets in the financial statements, had not been then subsequently cleared out. This is a reclassification journal only and does not have any impact on the carrying value of land and buildings included in the Balance Sheet. The impact would have been to have reduced the depreciation charge for the year by £10,600 and increased the revaluation amount by the same value

Audit report

Subject to the conclusion of the items noted earlier in our Report, we do not expect any modifications to our audit report on the financial statements for the year ended 31 March 2020. However, our responsibilities with regard to the audit report extend up to the date on which it is signed and we will advise you of any changes to this position if necessary.



Remaining timetable



We are in a position to finalise the statutory accounts subject to the outstanding matters noted on page 3 of this report.

Appendix 1

Recommendations to processes and internal controls raised in the prior year

Below details the matters that were brought to your attention as part of our previous year's audit and advises whether any further action is required:


1. Cash sales East Cliff Sports Pavilion	
<p>Observation</p>  <p>Med</p>	<p>Our testing of the East Cliff Pavilion income identified that the cash collected from sales of pitch and putt/ bowls tickets is open to manipulation.</p> <p>With the current system in place, it is fully reliant on tickets being issued to all customers that partake in the activities that are on offer. There are no controls to identify if cash has been collected and a ticket not issued.</p> <p>As part of our audit work, we checked to see if the closing ticket numbers on the Waybill for the last day of the season tallied with the opening ticket numbers for the opening weekend of the season in April 2019. There were discrepancies which could not be explained.</p> <p>Our review of the income received for the year against the budgeted income has not highlighted any significant variances, therefore we have not rated this as a high risk item.</p>
<p>Recommendation</p>	<p>We noted from a review of the internal audit report dated 17 September 2019 that there were considerations of the possibility of providing credit card payment facilities at the pavilion. This would help to reduce the risk surrounding the handling of cash, we therefore recommended that the credit card facility be considered further.</p> <p>The matter regarding the ticket numbers was discussed with the Grounds Maintenance Technician responsible for the collection of cash from, and the provision of tickets to the pavilion. At the close of the season, all unsold tickets for all activities on offer will be collected from the pavilion and stored at the Civic Centre until the start of the new season</p>
<p><i>Follow up comments and status of issue.</i></p>  <p>Med</p>	<p><i>During the current audit, it was noted that the opening ticket numbers for the 19/20 season did not tally with the closing ticket numbers for the 18/19 season.</i></p> <p><i>In addition, during our testing, it was noted on one of the Waybills reviewed that there was a difference between the cash takings and the calculated income due to an incorrect ticket being issued for the activity being paid for.</i></p> <p><i>We continue to recommend that a credit card payment facility is explored further. In addition, we recommend that care is taken to ensure that all tickets are securely stored at the end of the season to ensure that no tickets are lost or misappropriated.</i></p> <p><i>This recommendation was discussed with Cheryl Ireland at the audit clearance meeting on 17 December 2020 and we were advised that card machines have been ordered and are expected to be in place from April 2021.</i></p>

2. Deposits	
<p>Observation</p>  <p>Low</p>	<p>Our testing of income identified that deposits received from customers for miscellaneous lettings are recorded within the income nominal code. When the deposit is returned, it is then debited to the income nominal code.</p>
<p>Recommendation</p>	<p>Income should only be recognised by the charity when the revenue recognition criteria as set out in the accounting standard FRS102 have been met. As such, deposits should be recognised on the balance as creditors until the point they are either repaid to the customer, or circumstances arise where the deposit is no longer repayable.</p>
<p><i>Follow up comments and status of issue.</i></p>  <p>Low</p>	<p><i>There has been no change in how deposits are recorded, we continue to recommend that deposits are recognised within creditors.</i></p> <p><i>We understand from our discussion with Cheryl Ireland at the audit clearance meeting on 17 December 2020 that deposits have been recorded within creditors in the 2020/21 financial year.</i></p>

Appendix 2

Recommendations to processes and internal controls

We wish to draw your attention to the following matters that arose during the course of our audit of the Charity's accounts for the year ended 31 March 2020.

1. FilmFixer income admin charges	
Observation 	Our review of miscellaneous income identified that admin fees had been offset against the income received from FilmFixer during the year, resulting in income and admin fee expenses being understated.
Recommendation	The amounts involved are considered to be trivial in value, therefore no amendments have been made to the financial statements. We do however recommend as best practice, that income is recognised in full and associated costs, such as admin fees are charged to an appropriate expenditure account.
<i>Management response</i>	<i>We will look to record the gross income and expenditure relating to activities in the ledger going forward.</i>

Appendix 3

Key to risk ratings

Throughout the report the following risk ratings are used:



Serious concern

Where action needs to be taken to ensure this risk is managed - such as:

High

- where there is potential for significant impact on operational performance;
- a major failure of your internal control processes and/ or imminent risk to charitable funds;
- significant monetary or financial statement impact; or
- breach in laws and regulations that could result in material fines or consequences.



Medium concern

Less significant failure of internal control processes or the other bullet points listed under High Risk, but where the finding would have only a moderate impact.

Med



Low level concern

Minor issues relating to immaterial items or more isolated failures where little on-going risk arises.

Low



Advisory

This point has been raised merely to bring something to your attention, for example to highlight areas of inefficiencies or good practice, or forthcoming changes in legislation.

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UHY Hacker Young
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Dear Sirs

Letter of Representation

This representation letter is provided in connection with your audit of the financial statements of Folkestone Parks and Pleasure Grounds Charity ('the Charity') for the year ended 31 March 2020. We note that your audit was performed for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the result and financial position of the Charity in accordance with the UK Generally Accepted Accounting Practice financial reporting framework.

We confirm to the best of our knowledge and belief, the following representations made to you in connection with your audit of this entity's financial statements:-

1. General

We acknowledge as trustees our responsibility under the Charities Act 2011 for preparing financial statements, which give a true and fair view of the financial position of the Charity as of 31 March 2020, and of the result of its operations for the year then ended, and for making accurate representations to you. The financial statements are free of material misstatements, including omissions. We confirm that we have held prior discussion with you to ensure that there is complete agreement on the meaning of all confirmations that we are making to you.

We have made available to you all the accounting records necessary for your audit, including books of account, supporting documentation and all minutes of meetings of shareholders and the board of trustees. All the entity's transactions have been reflected in the accounting records produced to you. We have not withheld any information, the knowledge of which could cause you to take a materially different view in your report.

All relevant access to persons within the charity has been made available to you for the purpose of your audit.

We acknowledge our responsibility for the design and implementation of internal control procedures to prevent and detect fraud and error, and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We are not aware of any irregularities involving either management, employees with a significant role in internal control, former employees, analysts, regulators or anyone else where those irregularities could have a material effect on the financial statements.

2. Audit Adjustments

We have not made adjustments for the misstatements identified by your audit (see Appendix II attached), as we believe that the effects of the uncorrected misstatements, both individually and in aggregate, are immaterial to the financial statements taken as a whole.

3. Commitments, contingencies and liabilities

Folkestone & Hythe District Council
Civic Centre, Castle Hill Avenue
Folkestone, Kent CT20 2QY

We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties. We do not know of any substantial liabilities, contingent liabilities of capital commitments, of a material amount, other than those disclosed in the financial statements.

4. **Litigation**

There is no litigation in progress or pending.

5. **Transactions and arrangements with officers and related parties**

We confirm that we are aware that a related party of the charity is a person or organisation which either (directly or indirectly) controls, has joint control of, or significantly influences the charity or vice versa and as a result will include: trustees, other key management, close family and other business interests of the previous.

We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework.

6. **Post balance sheet events**

No other events or transactions have occurred, or are pending, which could either have a material effect on the financial statements or which are of such significance in relation to the entity's affairs that they should either require adjustment or be disclosed in the financial statements, or notes thereto, in order to avoid giving a misleading view of the entity's financial position.

7. **Laws and regulations**

We are not aware of any events which involve possible or actual instances of non-compliance with those laws and regulations which provide a legal framework within which the entity conducts its business. The entity has complied with all aspects of contractual agreements and the requirements of regulatory authorities that, in either case, could, in the event of non-compliance, have a material effect on the financial statements.

8. **Future plans**

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

9. **Accounting estimates**

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable, in particular those assumptions in respect of the charity's investment properties and land and buildings, as stated below.

10. **Assets held at valuation**

We confirm that we have assessed the fair value of all investment properties as being £857,000, and all other land and buildings as being £3,558,000 at 31 March 2020 on an open market value basis. We have based this valuation on information from professional Chartered Surveyors we confirm that this is considered to be an accurate valuation of the property at the year end.

11. **Coastal parks valuation**

We confirm that we consider the fair value of the coastal parks and associated land and car parks to be £2,689,000. As there is no open market value available for this type of land and due to its specialised nature, we consider the historic cost of the parks to be a reasonable basis for the valuation on an existing use basis.

12. **Going concern**

APPENDIX I – AGREED ADJUSTMENTS INCLUDED IN THE FINANCIAL STATEMENTS

The following adjustments were discussed and agreed with you, and the impact on net income is shown below:

There were no agreed adjustments included in the financial statements for the year ended 31 March 2020.

APPENDIX II – AUDIT DIFFERENCES

We have not made adjustment for the misstatement identified by your audit and stated below since we believe that the effects of the uncorrected misstatement is immaterial to the financial statements taken as a whole.

<u>Unadjusted audit differences</u>	£	Effect on net income
Depreciation on revalued assets in 2020	10,600	-
Impact of unadjusted differences on net income		<hr/> - <hr/>
Net movement in funds per SOFA		566,000
Net movement in funds if adjustments above processed		<hr/> 566,000 <hr/>

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This report will be made public on 12 January 2021

Report number: **FPPG/20/03**

To: Folkestone Parks and Pleasure Ground Charity – Board of Trustees
Date: 20 January 2021
Head of Service: Andy Blaszkowicz, Director – Housing & Operations
Subject: Folkestone Parks and Pleasure Grounds – Update Report

Summary: This report provides the Board with an update in relation to all those decisions taken by the (now) Director – Housing & Operations since July 2018 under his delegated authority to deal with charity assets. This report also covers other matters relating to charity land.

Recommendations:

1. To receive and note this report.
2. To agree that the next update report shall relate to the period up to and including the 2021/2022 financial year and that all subsequent annual reports shall relate to their respective preceding financial year.

1. BACKGROUND

- 1.1 The Board considered report FPPG/18/03 on 18 July 2018 and resolved to agree:
- ‘...the proposal to allow the Head of Commercial and Technical Services to have delegated authority to make decisions regarding charity assets on behalf of the charity to a value of £20,000 and which are not politically sensitive’;
 - ‘...that the Head of Commercial & Technical Services will provide an annual report to update the Trustees of all decisions taken under his delegated authority over the previous 12 months’.

2. INTRODUCTION

- 2.1 This report provides the Board with an update in relation to all those decisions taken by the Director – Housing & Operations (formerly the Head of Commercial & Technical Services) since July 2018 under his delegated authority to deal with charity assets. This report also covers other matters relating to charity land.

3. DECISIONS TAKEN SINCE JULY 2018

3.1 Lower Sandgate Road Recreation Ground (Coastal Park)

- a. Triennial artwork at the beach huts, Marine Walk: a licence has been agreed with Creative Folkestone (CF) for an artist’s design to be painted on to the exterior of the new and refurbished beach huts.
- b. Folkestone’s Heart Forum and The Sandgate Society’s World War One Footprint Project: permission was granted for the installation of 16 cast footprints (to commemorate those who lost their life in WW1) in a footpath at the western end of Lower Sandgate Road.

3.2 Radnor Park

- a. A licence has been granted to EKC Group for the period 15 January 2020 to 19 August 2021, paying a licence fee of £1 per annum (if demanded), which permits the placing of tables and chairs outdoors to generally used in association with the operation of the Radnor Park Tea Room.

3.3 Various charity lands

- a. Triennial artworks: a new lease has been agreed in principle with CF for the placement of six existing artworks and three proposed artworks (for Triennial 2021) on charity land for a term of two years from 1 January 2021.
- b. Triennial artwork: a licence has been agreed in principle with CF for the placement of a proposed temporary artwork (for Triennial 2021) on charity land at The Durlocks Recreation Ground and the Amphitheatre at the Coastal Park.

4. OTHER MATTERS

4.1 The Durlocks Recreation Ground

- a. Land adjacent to St Peter’s C of E Primary School (report no. FPPG/18/05): the new lease granted to Kent County Council was completed 24 July 2020 and is for a term of 21 years from 2 January 2017 paying an initial rent of £2,000 per annum (reviewed every five years by CPI).

4.2 Coastal Park

- a. Beach huts, Marine Walk (report FPPG/19/02): this project incorporates the renovation of 35 existing huts, the removal of 44 dilapidated huts and the installation of 80 new wooden huts. The works started summer 2020 and will be ready for use by spring/summer 2021.
- b. Folkestone Harbour (GP) Limited's request to construct a new car park on the site of the existing public car park at the eastern end of the Coastal Park: a separate report shall be submitted to the Board in relation to this request.

4.2 East Cliff and The Warren Pleasure Ground

- a. Martello Tower No. 3: CF was granted a lease for a period of 99 years from 18 March 2012 but it has exercised its option to terminate the lease on 18 March 2022 although they are seeking to agree a surrender at the earliest opportunity. CF has agreed a contribution of £5,000 towards the repairs of the Tower when the lease is surrendered.
- b. Little Switzerland (report FPPG/19/04): a new two-year lease was granted to the existing tenant from 1 March 2020 paying a rent of £18,150 per annum.
- c. Sidney Cooper Weston Fountain: Go Folkestone has confirmed that its proposed refurbishment of the fountain has been delayed due to Covid-19 but anticipates returning to this project in January 2021.
- d. Canterbury Archaeological Trust (CAT): early discussions have been had with the trust in relation to it resuming (under a new licence) seasonal fieldwork at the prehistoric settlement and Roman Villa site commencing Summer 2021 and continuing until at least 2025. CAT's focus will remain on those areas at risk of being lost due to erosion.
- e. East Cliff and The Warren: early consideration is being given to improving the visitor experience of this area which may include a new play area, visitor's centre and other facilities. This is a large piece of work which is ongoing. The Council has been successful in obtaining a £20,000 grant from KCC which will be used for further masterplanning and viability work.
- f. Warren Camp Site: the rent was reviewed 1 November 2019 by RPI resulting in an uplift from £5084.48 to £5,576 per annum.
- g. The Warren beach: it was necessary to temporarily close the beach in May 2020 when the sea eroded part of the cliff exposing hazardous material. The beach was shut whilst a clean-up operation and further testing for contaminants took place. Once deemed safe, the beach was re-opened and continues to be monitored by officers. A temporary revetment was built in front of the exposed area to protect it from erosion whilst further exploratory work is undertaken. It is anticipated that further work will need to be undertaken to protect the area more permanently from future erosion and exposure of contaminated material.
- h. Southern Water's pumping station, Coronation Parade: the transfer of land (i.e. the site of the pumping station) to Southern Water and the leaseback of parts including public toilets is ongoing.

4.4 Radnor Park

- a. Trustees of Shepway Angling Club (report no. FPPG/18/02): the lease for the store (for a term of two years from 6 March 2019 paying a rent of £1 per annum if demanded) and the licence to fish at Radnor Park Pond (for a period of seven years from 6 March 2019 paying an initial licence fee of £250 per annum) both completed 6 March 2019.

5. CONCLUSION

- 5.1 It is considered appropriate that:

- the next update report shall relate to the period up to and including the 2021/2022 financial year;
- all subsequent annual reports shall relate to their respective preceding financial year.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 6.1 **Legal Officer's Comments (NM)** There are no legal implications arising from this report.
- 6.2 **Finance Officer's Comments (RH)** All rent/lease increases are included in the Charity budgets. There are no further finance implications arising from this report.
- 6.3 **Diversities and Equalities Implications** There are no diversities and equalities implications arising from this report.

7. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Andy Blaszkowicz, Director – Housing & Operations

01303 853684

andy.blaszkowicz@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None.

Appendices:

None.