



Letchworth Garden City Heritage Foundation
Report and Accounts to 30th September 2008



Introduction

The 1995 Letchworth Garden City Heritage Foundation Act transferred the assets, role and responsibilities of the former Letchworth Garden City Corporation, a public sector body, to Letchworth Garden City Heritage Foundation, an Industrial and Provident Society with charitable objects, Registered No. 28211R.

Central to the Act was the vesting of the 5,500-acre property Estate in Letchworth, the world's first Garden City, comprising offices, factories, shops, houses, farms, leisure amenities and land.

All surpluses generated from the Estate are ploughed back into the Garden City in two ways – funding further investment in the Estate and the Foundation's charitable objects.

This document sets out the Foundation's financial review, achievements and performance during the year ended 30 September 2008, together with details of its structure, governance, management, objectives and activities.

Charitable Objects

As set out in the 1995 Act and its governing document, the 'Rules of Letchworth Garden City Heritage Foundation':

"The objects of the Foundation shall be to carry on for the benefit of the local community of Letchworth Garden City the industry, business or trade of:

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

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

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

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

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

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

Furthering the Objects

The Foundation supports the charitable objects by optimising the financial returns from the assets held, to the extent that this is compatible with its charitable objects, and applying those returns to:

- a) supporting charitable activities which meet demonstrable needs and provide a proven benefit to the community; and
- b) improving the valuable asset base.

Principles

The principles the Foundation applies are:

- a) to be pioneering, encouraging innovation, experimentation and sustainability, having particular regard to care for the environment, energy saving and housing need;
- b) to ensure that the Foundation's success in managing the Estate leads directly to an improved "quality of life" for the community;
- c) to celebrate and secure recognition and success of the Garden City "experiment" as a leading model for developing 21st century communities, both nationally and internationally and;
- d) to maintain effective lines of communication between the Board of Management and Governors thereby facilitate a clear understanding by the community of the work of the Foundation.

Vision

To create, maintain and promote a vibrant quality environment in the Garden City for all those who live in, work in and visit the world's First Garden City.

Current Focus

- Implement phase two of the Foundation's Town Centre revitalisation strategy;
- Continue to regenerate the industrial heartland of the town to attract new business;
- Help to create high quality, mixed tenure housing;
- Safeguard the built environment;
- Protect the green environment; and
- Further increase charitable distributions.

Income Generating Activities and Operations

In order to maximise the income available to fund the six charitable objects, the Foundation pursues a number of income generating activities. In the main, these activities are operated by the Foundation itself. However, several activities are operated by subsidiary companies which 'gift aid' their surpluses back to the Foundation. These activities are outlined below:

Property

The Foundation's primary source of income is generated from its 5,500-acre property Estate, which includes offices, factories, shops, houses, farms and leisure amenities.

Strategic management of the Estate, including the sale and purchase of land and buildings, combined with systematic revitalisation and refurbishment of assets, enables the Foundation to over the medium term increase property values and maximise rental returns. The revenues generated through the success of this process drive the Foundation's ability to fund an ambitious and increasing level of charitable activity in the Garden City.

Garden City Technologies Limited

GCT (Company No. 03530307) is a wholly owned subsidiary of the Foundation. It provides tailored, integrated IT, telephony and support services to local businesses, most of whom are Foundation tenants.

Letchworth Garden City Farms Limited

Farms Ltd (Company No. 3082251) is also a wholly owned subsidiary of the Foundation. It farms 2,500 acres of arable land, rears cattle, retails meat and manages landscaping, forestry, stabling and grazing operations in the Garden City.

The Company also operates Standalone Farm, a recreational and educational farm attraction.

Letchworth Garden City Services Limited

Services Ltd (Company No. 3090647) is a wholly owned subsidiary of the Foundation. The company holds the Foundation's investment in Broadway Cinema Limited.

Broadway Cinema Limited

This Company (No. 3100031) operates a four screen cinema and is a wholly owned subsidiary of Letchworth Garden City Services Limited.

Letchworth Cottages and Buildings Limited

LCB is a charitable Industrial and Provident Society in its own right (Registered No. 18705R) and a wholly owned subsidiary of the Foundation.

Its role is to direct and develop the Foundation's social housing interests in the Garden City.

Its objects are "to carry on for the benefit of the community the business of:

- a) providing, facilitating and encouraging housing and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means; and
- b) providing, facilitating and encouraging for aged persons in need thereof, housing and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons."

LCB grant aids a number of local initiatives which support Garden City residents.

Charitable Activities

'The preservation of buildings and other environmental features of beauty or historic interest' charitable object

The Foundation works closely with residents, businesses and other stakeholders to retain the essential 'look and feel' of the Garden City, with its signature green open spaces, tree-lined streets and maintained parks and gardens.

It has powers under a 'Scheme of Management' and Leasehold Covenants that require most property owners to secure consent from the Foundation before altering the external appearance of their Garden City properties. The Foundation publishes 'Design Standards' and provides Architectural Heritage Grants to assist owners contemplating such changes.

Copies of the 'Scheme of Management' and the 'Design Standards' are available on the Foundation's website at www.lgchf.com

The Garden City Greenway, a 13.6-mile circular walkway 'where town and country meet', offers excellent opportunities for people of all ages to enjoy the open air on foot, on a bike or, in parts, on horseback. The Greenway was the Foundation's major contribution to the Garden City's Centenary celebrations in 2003.

The Foundation maintains the external fabric of The Settlement, one of the Garden City's most unique buildings. Formerly known as the Skittles Inn – 'the pub with no beer' – it has become an important centre for adult education and community activities.

'Provision of recreation and leisure for the benefit of the local community' charitable object

The Foundation operates Plinston Hall and the Spirella Ballroom. Available for commercial, private and community hire, both offer a wide range of activity and entertainment, including music, dance, drama and debates. Plinston is also home to many of the town's clubs and societies.

Letchworth Garden City Services Limited, a subsidiary of the Foundation, owns Broadway Cinema Limited. Located in the heart of the town centre, the art deco Broadway Cinema aims to offer the 'top four' films of the week, 52 weeks of the year.

Standalone Farm is an educational farm, operated by Letchworth Garden City Farms Limited. Opened in 1980, it continues to be one of Hertfordshire's most popular attractions, with tens of thousands of families visiting each year.

The Tourist Information Centre ties all the Foundation's recreation and leisure activities together. Offering information to residents and visitors on how to make the most of the Garden City, the Tourist Information Centre receives over 30,000 visitors each year. It promotes information on local attractions and amenities, operates a free Shopmobility service and displays leaflets and brochures on UK tourist attractions and destinations.

‘Advancement of education and learning’ charitable object

The Foundation supports programmes to raise educational standards across the Garden City working with schools and the Education Authority. The Foundation supports the curriculum over and above the standard provision offered by the State, through substantial grants targeted to benefit all schools.

The Foundation also provides financial assistance to Garden City students going onto Further and Higher Education, by grant aiding The Letchworth Civic Trust, an independent charity (Registered No. 273336) which, in turn, offers grants to students.

The Foundation operates the First Garden City Heritage Museum. As a leading archive on Letchworth and the early Garden City movement, the Museum provides a unique resource for the local community, together with academics and visitors from all over the world.

The Museum holds substantial collections of artefacts, documents, photographs and drawings. In addition to permanent exhibits, the Museum stages an eclectic programme of temporary exhibitions about the Garden City’s social history.

‘Relief of poverty and sickness’ charitable object

The Foundation funds and manages the unique Ernest Gardiner Day Hospital, which provides a high level of specialised care to patients referred to it by General Practitioners.

Free at the point of use, yet without the benefit of NHS funding, the hospital receives patients who live in Letchworth Garden City or Baldock or who are registered with Doctors whose surgeries are based in either of the towns.

The Day Hospital is supported by the League of Friends, an independent charity (Registered No. 289018), which raises funds to purchase the equipment used by the Day Hospital.

The Foundation runs a Shopmobility scheme, which operates from the Tourist Information Centre. It loans motorised scooters or manual wheelchairs, without charge, to those who need assistance getting around the town centre.

‘Supporting charitable organisations in Letchworth Garden City’ charitable object

The Foundation is keen to support other charitable organisations operating in Letchworth Garden City, especially those whose activities mirror its charitable objects.

Through its support for Garden City-based charities, the Foundation is able to provide benefits to local people in ways not specifically covered by its first four objects.

‘Promotion of other charitable purposes for the benefit of the local community’ charitable object

The Foundation operates a Minibus service, providing free transport to elderly and infirm residents. This service is vital in enabling many people to attend lunch clubs and other clubs and societies.

Structure, Governance and Management

The Governors

The Rules of the Heritage Foundation provide for up to 30 Governors.

Under Rule 11, six Governors are elected, direct, through a poll of registered electors in the SG6 postcode area. The elections take place every five years. Those six candidates polling the highest number of votes are appointed to serve for a five year term. The next elections will be held in 2010.

Letchworth Garden City Clubs and Societies registered with the Foundation determine a further eight Nominated Governor places in respect of categories specified in Rule 10 (b) through an election process.

One fifth of Nominated Governors are required to retire by rotation each year under Rule 13 (h). In addition, two Governor places are permanently reserved, respectively for North Hertfordshire District Council and Hertfordshire County Council, who, in turn, appoint a representative or deputy to act on their behalf.

The remaining 14 Governors are appointed by the Foundation's Board of Management, with one fifth of their number also retiring by rotation each year under Rule 13 (h).

All Governors are volunteers and do not get paid. They have equal status, regardless of which of the three routes they arrive at the Foundation through.

The role of the Governors is many and varied. They play a vital role in bringing the views of the town to the Foundation. They also promote the role and activities of the Foundation in their own communities.

They represent the Foundation on internal Committees and Working Groups and also on external bodies and organisations. They are among the first to be consulted on issues of the day and on future initiatives.

To prepare for their role, Governors take part in an induction programme outlining their role and responsibilities, together with the activities of the Foundation. Governors also participate in a rolling programme of training and briefing activities including: tours of Foundation enterprises and subsidiaries, themed workshops and dedicated discussions on key topics.

There are at least four meetings of Governors a year. Two are formal General Meetings – the Foundation's Annual General Meeting held in March and a General Meeting held each September to consider the Business Plan for the year ahead.

There are also two consultative meetings, held in June and December, to confer with Governors on policy matters and the issues of the day. The output of these meetings provides valuable feedback to the Board of Management and Directors, assisting them in their deliberations and discussions.

Governors also attend the Garden City Meeting. This is a public forum, open to anyone who lives or works in the Garden City, to learn about the Foundation's performance in the past year, its future plans and to ask questions.

The Board of Management

Rule 45 confers to the Board of Management powers to conduct the business of the Foundation.

At the time of publication there are eight Members of the Board. The Governors elect six of the eight Members from their own number. Under Rule 36 one third of the six Board Members retire, by rotation, at each AGM and may seek re-election. In addition to the six elected Members of the Board, two places are permanently reserved for the Deputies of North Hertfordshire District Council and Hertfordshire County Council.

At their September 2008 General Meeting Governors voted to increase the membership of the Board from 8 to 9, increasing the elected membership from 6 to 7. Consequently three Board Members will be elected by Governors at the AGM in March 2009.

The Board elects the Chairman of the Foundation from its own number at its first meeting after the Annual General Meeting. The Board meets 12 times per year to establish policy, take decisions on reports and recommendations drafted by the Executive and to direct the administration of the Foundation through the Executive. Board members do not get paid.

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

On appointment, all new Board Members are invited to attend an induction programme. This is supplemented by regular briefings by the Executive on aspects of the Foundation's role and responsibilities. Board Members are also given a copy of the ICSA publication on the role of Charity Trustees and receive copies of 'Governance' magazine on a regular basis.

One of the Board's most important duties is the recruitment of a Director General who leads the Foundation's Executive management team. The Board formally delegates the management of the Foundation and its subsidiary businesses to the Director General and his Executive Directors. Extensive and comprehensive policies and procedures are prepared and maintained by the Executive Directors.

The Board dedicates one of its 12 meetings to consideration of the Foundation's draft annual Business Plan and budget, prepared by the Executive Directors.

The Business Plan, which covers the period 1 October to 30 September, reviews performance in the previous year and sets targets for the year ahead. The Board then invites input from Governors before approving the document and authorising its dissemination to staff.

Grant Making Policies

The Board of Management determines the Foundation's grants policy and all grant awards of £2,000 or above.

Authority to determine awards up to £2,000 is delegated by the Board to a Sub-Committee – the Community Grants Committee.

This Committee, which operates under Rule 48, consists of five Governors, one of whom, a Board Member, is appointed by the Board to act as the Committee's Chairman.

Risk Management

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

The analysis takes the form of an annual review at Board level of all aspects of the charity, identifying the risks facing the Foundation and its trading subsidiaries. Executive Directors review this analysis on a quarterly basis, ensuring that there are effective processes and controls in place.

The review process involves three distinct stages:

- Reviewing all activities and considering potential risks which may impact directly or indirectly.
- Identifying, documenting and assessing the significant risks and the processes and controls responding to these.
- Determining an action plan for any areas where there is a perceived lack of control or apparent process.

Based on these procedures, the Board of Management have identified and evaluated the major risks to which the Foundation is exposed and processes have been established to manage these risks.

Internal Audit

The Board of Management appoints the Audit Committee. Three Board members, a Governor and the Director General comprise the Committee. It is chaired by a Board member who may not be the Foundation's Chairman.

The Internal Auditor reports functionally to the Committee and administratively to the Director General. An annual programme is reviewed and updated, as necessary, by the Committee at each meeting. The Internal Auditor also undertakes regular supplementary audits of key business areas, recognising the high-risk areas within the Foundation's various activities. The Internal Auditor presents an annual report to the Board of Management.

The Committee is authorised, under terms of reference agreed by the Board, to investigate any relevant activity it deems appropriate and to ensure that there is an open avenue of communication between the Internal Auditor, the External Auditors, the Foundation's Board of Management and its subsidiaries.

The Audit Committee normally meets four times a year to assess the effectiveness of internal and external audit. The Audit programme ensures that all elements of the Foundation's internal controls are subject to audit over an acceptable period. The programme also recognises the need to revisit, within six months, any area of the business where the audit report has been graded 'unsatisfactory'.

The Letchworth Commissioner

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

In his 2007-2008 report, the Letchworth Commissioner stated that he had not received any such complaints.

The current Commissioner is:
Mr Michael Mathews MA (Cantab) LL.D (Hon.)
The Letchworth Commissioner
12 Clare Lawn Avenue
East Sheen
LONDON
SW14 8BG

Annual Report and Accounts to 30th September 2008

Board of Management and Governors

Board of Management

J A Scouller
 C Chatfield (re-appointed 27 March 2008)
 Mrs H S Edwards-Hedley
 K F Emsall*
 Mrs L Kercher (re-appointed 27 March 2008)
 Mrs L A Needham**
 P Palmer (re-appointed 27 March 2008)
 R Williams

* Deputy for Hertfordshire County Council

** Deputy for North Hertfordshire District Council

Alan Scouller was re-appointed as Chairman of the Foundation by the Board of Management on 8 April 2008.

At its meeting on 9 September 2008, the Board decided to create a new position, that of Vice-Chairman of the Foundation. In the election, taking place at the Board's 14 October meeting, Colin Chatfield was elected.

At the 13th AGM, to be held on 26 March 2009, two from Alan Scouller and or Heather Edwards-Hedley and or Bob Williams retire by rotation and are eligible to stand for re-election to the Board of Management.

At the General Meeting held on 25 September 2008, the Governors resolved to increase the size of the Board to nine members with effect from the 2009 AGM.

Governors

J A Scouller (Chairman) [G]
 W G Armitage [E]
 T Brazier [G]
 C Chatfield [N]
 Dr R Clarke [N]
 I Cotterill [G]
 A H Creighton (appointed 14 Oct 2008) [N]
 M Durrant [N]
 Mrs H Edwards-Hedley [G]
 K F Emsall*
 Dr R Fox [E]
 G Fraser-Williams [G]
 W J Hall [E]
 D Johal (re-appointed 1 Oct 2008) [G]
 Mrs L Kercher [E]
 P Lennie (re-appointed 1 Oct 2008) [G]
 A Maynard-Smith (retired 30 Sept 2008)
 Mrs L A Needham**
 Mrs S Needham (resigned 6 June 2008)
 P Palmer (re-appointed 1 Oct 2008) [N]
 Mrs M N Pierce (appointed 12 Feb 2008) [N]
 M Pisapia (appointed 11 Nov 2008) [G]
 Miss D Poynter [E]
 Mrs M Protani [G]
 G J Secker (appointed 11 Nov 2008) [G]
 D Shirley [N]
 A R Stone [N]
 Mrs S Turner (re-appointed 1 Oct 2008) [G]
 M J Underwood (appointed 11 Nov 2008) [G]
 S P Vilas [G]
 D Walker [E]
 R Williams [G]

[E] Elected

[G] General

[N] Nominated

Annual Report and Accounts to 30th September 2008

Officers

Directors

S M Kenny, Director General
Mrs M Hands, Director of Property
A S Howard, Director of Marketing and PR
I Webb, Director of Finance

Secretary

Chaplin Frobisher Welling
St Ibbs
West Wing
London Road
HITCHIN
Hertfordshire
SG4 7NL

Registered Office

Letchworth Garden City Heritage Foundation
Suite 401
The Spirella Building
Bridge Road
LETCWORTH GARDEN CITY
Hertfordshire
SG6 4ET
01462 476007
info@lgchf.com
www.lgchf.com

Auditors and Advisers

Auditors

Ernst & Young LLP
400 Capability Green
LUTON
Bedfordshire
LU1 3LU

Bankers

National Westminster Bank
Station Road
LETCWORTH GARDEN CITY
Hertfordshire
SG6 3AL

Solicitors

Brignalls Balderston Warren
Broadway Chambers
LETCWORTH GARDEN CITY
Hertfordshire
SG6 3AD

Mills & Reeves
Francis House
112 Hills Road
CAMBRIDGE
CB2 1PH

Trowers & Hamlins
Sceptre Court
40 Tower Hill
LONDON
EC3N 4DX

Annual Report and Accounts to 30th September 2008

The Chairman's Statement

It has been my good fortune to be elected by my colleagues to serve as Chairman of the Foundation and Board of Management since 2004. The Foundation is responsible, by Act of Parliament, for the ownership and management of the Garden City Estate of 5,500 acres and its development and improvement. This will be my fifth and final statement in the Annual Report and Accounts.

The past five years have been challenging, stimulating and successful. Our income has grown, our charitable distributions have increased and the facilities for sport, recreation, leisure and community and social activities have made substantial advances. The Arts Centre has been successfully established in the town centre. This year, the Broadway Cinema, now wholly owned by the Foundation, has been refurbished and had a new screen added at a cost of about £1 million. None of this could have happened without a high standard of management of the Estate.

The regeneration of the award winning Spirella Building and the opening of Morrison's Store a decade ago marked the first phase of the town centre improvement. We are now on the threshold of a much needed investment in the revitalisation of the town centre. Although it has not been possible to pursue these projects as speedily as we wished, I have every confidence that they will help to create the circumstances in which the Garden City is among the first to benefit from an upturn in the economy. In the meantime, it is vital that we all support all our local businesses by doing as much shopping and spending in Letchworth as we reasonably can.

A major initiative which we undertook concerned the review of Design Guidance for residents who are contemplating making an external change to their Letchworth home and obtaining Landlord's Consent. After a thorough 18 month programme, involving extensive independent research by Ipsos MORI, taking into account the views of Garden City residents, previous applicants, building and other professionals including solicitors and estate agents,

the Foundation published three separate "Design Standards" – one for each of the new "Character Areas" in the Garden City. The new Standards have been well received and I am delighted to say that we have had many positive messages of support from the public.

The success of the Foundation in developing and improving the Estate over the last 14 years could not have been achieved without the outstanding skill, experience of city regeneration projects, drive and commitment of our Director General, Stuart Kenny. My job as Chairman would have been impossible without his support and advice. In turn, he is supported by a strong and equally committed team. On behalf of the Board and Governors I thank all the directors and staff for their work.

In 2008 Davinder Johal, Peter Lennie, Paul Palmer and Stephanie Turner were reappointed as Governors. We welcomed Arthur Creighton and Margaret Pierce as new Governors. Tony Maynard-Smith retired and we thank him for his contribution as a Governor. I also wish to thank my fellow Board members and Governors for their support during my tenure.

As alluded to earlier, the economic challenges our country faces will resonate in the Garden City, as elsewhere. However, by working together within the unique structure we enjoy, I am confident that the damage to our businesses and to the community at large can be mitigated and indeed, we can prepare for a more prosperous future.

Alan Scouller

Chairman

10 February 2009

Annual Report and Accounts to 30th September 2008

The Director General's Report

2008 has been an extremely challenging year for the Foundation yet one in which we continued to make solid progress.

Building on last year's excellent results, further increases in both income and charitable distributions were achieved.

Income grew by £1.3m to £12.9m, an outstanding performance, given the difficult trading conditions experienced by so many of our customers. A £209,000 increase lifted charitable distributions to a new record high of £3.3m for the year.

Less welcome, although, given market conditions, inevitable, was a £21m reduction in the value of the Foundation's property portfolio, which had been growing steadily and substantially over the years. We look to re-build that value as the economy improves.

The current economic climate makes it all the more imperative that we move forward with our plans for major reinvestment in Letchworth town centre. In so doing, we look to continue to grow our income while safeguarding our Balance Sheet.

Our reinvestment plans received a significant boost when two planning applications secured consent – our Street Scene improvements scheme, in March, and our redevelopment proposals for The Wynd, in June 2008.

However, it is disappointing that, for reasons beyond our control and almost 12 months on from gaining planning approval for the first scheme, we have been unable, as of yet, to make a start on-site.

I believe that the Heritage Foundation is uniquely placed to make this necessary investment at a time when others are finding such schemes more difficult to fund. In such difficult economic times people will be reassured by seeing positive change 'on the ground'.

In the meantime, across our range of disparate businesses we continue to try to offer good service and value for money. To that end, many businesses are welcoming our initiative to offer monthly rather than quarterly billing and the swift payment of suppliers.

I thank my Directors and staff for their first-class contributions throughout the year.

In particular, I would like to place on record my appreciation for the sterling work of Alan Scouller, the Foundation's Chairman, who, under our Rules, will be required to step down from the Foundation during 2009. Alan has worked hugely hard for the Foundation and I have been grateful for his commitment, energy and wise counsel.

Stuart Kenny

Director General

10 February 2009

Annual Report and Accounts to 30th September 2008

2007-08 Review

Last year's Annual Report and Accounts set out the Foundation's immediate objectives for the year ahead.

These are listed below, together with a short note reviewing performance.

1. Progress planning applications submitted in respect of street scene improvements and major redevelopment of The Wynd.

Achieved. Planning permission for the Street Scene improvements was secured on the 28 March 2008, with a resolution to grant planning permission for The Wynd redevelopment following on 30 June 2008, subject to a legal agreement.

2. Submit a planning application for the proposed major redevelopment of Arena Parade.

Not achieved. The planning application for the redevelopment of Arena Parade has been delayed and is now due to be submitted in 2009.

3. Conclude public consultation for the residential 'design guidance' leading to the publication of revised 'guidance'.

Completed. All consultation was completed within the financial year. The new 'Design Standards' were subsequently launched to the public in November 2008.

4. Work in partnership with North Hertfordshire Homes to build new homes based on designs submitted as part of the Tomorrow's Garden City international housing design competition.

The 'Tomorrow's Garden City' project continues to move forward, with outline planning permission achieved within the financial year. A detailed planning application was subsequently submitted by North Hertfordshire Homes in November 2008.

5. Progress the creation of new rugby and football playing pitches at Baldock Road to meet the growing requirements of Letchworth Garden City Rugby Club and Letchworth Garden City Eagles Football Club.

Achieved. Fencing works have been completed, preventing trespassing and damage to the pitches and the adjoining Foundation owned path has been upgraded.

An informal planning application for the main elements of the scheme has been submitted.

6. Sustain funding for the Foundation's charitable objects.

Achieved.

Annual Report and Accounts to 30th September 2008

Achievements and Performance

Income generating activities

The Foundation has continued to move forward with its goal of revitalising Letchworth Garden City town centre.

This long-term project reached two significant milestones during the year, securing planning permission for the Street Scene improvement works and a resolution to grant planning permission for The Wynd redevelopment.

The Street Scene improvement works were granted planning permission on 28 March 2008. The permission included a number of conditions, which have had to be negotiated and resolved before works can begin.

Securing all the necessary approvals, themselves inter-related, in relation to a scheme which public authorities would normally undertake themselves, has proved and continues to prove, hugely frustrating and challenging.

It is hoped that works will commence on site in Spring 2009.

Once complete, the shopping environment in Leys Avenue and Eastcheap will be greatly improved, benefiting from new seating, planting, water features, public art and 'nose in' parking.

A resolution to grant planning permission, by North Hertfordshire District Council, was secured for The Wynd redevelopment on the 30 June 2008.

The proposed redevelopment will create significant retail and residential space, including a foodstore, children's play centre, central café restaurant and a new pedestrian entrance from Leys Avenue.

Work is ongoing to recruit a suitable development partner for the scheme.

It is anticipated that a planning application in respect of the Foundation's ambitions for The Arena development will be submitted in 2009.

Further property interests have been acquired in both redevelopment areas, reducing the scope of Compulsory Purchase Orders.

As at 30 September 2008, 92 of the required 96 property interests have been acquired for The Wynd, and 32 of the required 54 interests secured for The Arena.

The town centre revitalisation proposals were supported by further research conducted by The Retail Group during 2008.

Originally carried out in 2005, the research explored shopping provision and the needs of residents, retailers and businesses within the town and the surrounding area.

Targeting businesses located outside the redevelopment areas, 2007 saw the launch of new Design Standards for Shop Fronts. These standards convey best practice to shop owners carrying out works to their frontages.

A new grant scheme was launched in support of the Standards, offering shop owners up to £10,000 in support of sympathetic renovations.

Across the full property portfolio, the Foundation continued to perform well, despite a backdrop of an ever-worsening economic climate.

Rental income slightly exceeded targets at over £8 million, as did capital receipts, achieving a figure of £7.8 million net after costs. However, the difficult trading conditions did see a rise in the property void rate to 6.3%, albeit that some of this space is earmarked for businesses to relocate from the Wynd and Arena.

Annual Report and Accounts to 30th September 2008

A major capital receipt this year was the sale of the former Neosid site in Ickniel Way. This 5.5 acre site was jointly sold by the Foundation and Legal and General in March 2008 to Croudace Homes. The site has now been cleared in preparation for a development of houses and apartments.

The Power Station site was also sold this year. After encountering issues in 2006-07, the 4.5 acre site was jointly sold by the Foundation and RWE in July 2008 to St Modwen Properties.

St Modwen look to create 77,000 sq ft of business space on the site, generating around 60 jobs. Site preparations have begun and subject to planning consent being achieved, the first units could be available for occupation in 2009.

Charitable activities

'The preservation of buildings and other environmental features of beauty or historic interest' charitable object

£32,914 awarded in institutional grants over £1,000

A key objective for the year, the Foundation has now completed its review of the residential 'Design Guidance'.

Working with leading independent research company, Ipsos MORI, and specialist planning consultants, Urban Practitioners, an extensive and far-reaching study was carried out.

Conducted in four phases, the research sought the views of homeowners, building professionals and other key stakeholders. Over 1,000 residents, selected at random, expressed their views as part of a face-to-face survey.

The 'Design Guidance' applied to homes in the Garden City, regardless of their age or style. One major finding of the research was a desire to step away from this 'one size fits all' approach.

Responding to this, three separate 'Character Areas' have been identified, each with its own distinct set of 'Design Standards'.

New 'Design Standards' were published in November 2008.

During the year, 772 applications for 'Landlord's Consent' from owners contemplating external alterations were determined. Of these, 2.5% received an outright refusal.

Architectural Heritage Grants for individuals, totalling £85,709, were committed towards the costs of approved alteration schemes, thereby helping to preserve the appearance and character of the Garden City.

Annual Report and Accounts to 30th September 2008

Achievements and Performance

'The preservation of buildings and other environmental features of beauty or historic interest' charitable object – continued

Further progress towards delivery of the 'Tomorrow's Garden City' project was secured.

Led by North Hertfordshire Homes, 2008 saw the scheme achieve outline planning permission, with a full planning application subsequently submitted in October 2008.

This eco-housing scheme will provide 60 new homes for rent, shared ownership and sale at the Cade Close site in Letchworth Garden City.

Two famous Letchworth Garden City buildings benefited from support under the 'preservation of buildings' object this year – The Settlement and The Cloisters.

The Foundation maintains the external fabric of The Settlement as part of the lease arrangements. This year, emergency works to floors and the restoration of previously hidden roof beams were funded by the Foundation.

The Cloisters benefited from a £10,000 grant to carry out a comprehensive building maintenance survey. It is hoped this will help to develop a programme of works, which will ensure this unique Garden City building is preserved for future generations.

The Norton Community Archaeology Group benefited from a £4,005 grant towards its excavation project at 'Church Field'. The project involved local children and provided the basis for an academic research document

The Foundation also undertakes an on-going programme of environmental improvements under its 'preservation of buildings and environmental features' charitable object. During the year, these benefited from funding of £337,000 from the Foundation. Projects included enhancements to the Garden City gateways plus additional planting on the Garden City Greenway.

'Provision of recreation and leisure for the benefit of the local community' charitable object

£230,211 awarded in institutional grants over £1,000

As in previous years, the Foundation continued to receive more applications under the 'recreation and leisure' object than any other. A total of 100 grants were awarded this year.

February 2008 saw the launch of 'Sporting Success', a new grants initiative encouraging the pursuit of sporting excellence. After 12 years of investing in sports facilities and equipment it was considered important to extend that investment to coaching.

Letchworth Garden City sporting clubs can now apply for grants to extend the level of qualification of their coaches. Gifted and talented young sportsmen and women are also able to apply for support with coaching costs.

In the first seven months of operation, a total of £29,413 in grants has been awarded across eight sporting clubs including Baldock & District Canoe Club, Letchworth Garden City Eagles, Academy Badminton and Letchworth Garden City Rugby Football Club.

The creation of new playing fields for the Rugby Club and Garden City Eagles took a step forward with new fencing to secure the pitches and the upgrading of a Foundation owned path, improving pedestrian access from the Jackmans Estate to Baldock Road.

An informal planning application for the main elements of the scheme has also been submitted.

The Foundation continues to fund the arts in the Garden City via its support for Letchworth Arts Centre. During the year, grant funding of £73,307 was provided towards salary and accommodation costs.

Annual Report and Accounts to 30th September 2008

The Letchworth Garden City Community Group received a grant of £3,842 towards furniture and equipment for its media suite at Mrs. Howard Hall. The group, a registered charity, comprises of Rap-Aid, Funzone, Choice and the New Life Church.

Letchworth Model Railway Society received a grant of £5,500 towards the cost of rebuilding the railway display at Standalone Farm. The Society's 30 members volunteered hundreds of man-hours to create the new attraction, which opened to the public in March 2008.

Plinston Hall/Spirella Ballroom

This charitable enterprise operates under the 'recreation and leisure' charitable object and benefited from funding of £634,000 from the Foundation in 2007-08.

Plinston hosted 961 events during the year, with a further 224 staged at the Spirella Ballroom. These included a Pantomime, 56 concerts, 52 birthday parties and 13 wedding or anniversary celebrations.

2007 also saw the launch of Plinston's new website – www.plinston.com. Targeted to promote events and private hire, online transactions now represent a high percentage of ticket sales.

The delivery of the new electronic 'point of sale' system was delayed and will now be implemented in 2009.

The coming year will also see further synergies explored between Plinston and Letchworth Arts Centre – working on joint promotions and events.

Broadway Cinema Ltd

Now 100% owned by the Foundation's subsidiary company, Letchworth Garden City Services Ltd, Broadway Cinema Ltd benefited from funding of £945,000 through the 'recreation and leisure' charitable object.

12 years on from the last re-fit, this funding enabled further major works.

Works included a new roof, total refurbishment of Screen One, the addition of disabled access to all screens via lift and the creation of a new 50 seat Screen Four.

These works allow the Cinema to remain competitive in a challenging marketplace.

'Advancement of education and learning' charitable object

£44,963 awarded in institutional grants over £1,000

The Foundation supports educational programmes in Letchworth Garden City schools with the continuing goal of raising educational achievement.

2007-08 saw £45,253 awarded direct to Garden City schools, this figure includes ongoing funding for two major projects – the Differentiated Learning Strategy in secondary schools and ICT support in primary schools.

Three schools trialled hand held voting systems. Using 'clicker' technology, the project is providing a unique and dynamic learning experience.

The 'pilot' engages 400 pupils and 25 teachers across the three schools with the 'clickers' used at specific points in lessons, across the curriculum, to elicit pupil response.

Annual Report and Accounts to 30th September 2008

Achievements and Performance

'Advancement of education and learning' charitable object – continued

Any requests for collaborative funding must achieve the backing of the Education Steering Group before it can be considered by the Board. The Group consists of two Governors, five Head Teachers and the Foundation's Education and Sports Development Manager.

June 2008 saw the Steering Group publish its first newsletter. The document, circulated to all Garden City teachers, educationalists and school governors, outlined the work of the Group with features on projects supported to date.

The Science Festival and Celebration of Schools Music Festivals benefited all 22 Garden City schools and over 2,200 children.

2008 also saw The Highfield and Fearnhill schools launch the Junior Sports Leaders Award. Supported by the Foundation, the Award develops leadership skills by allowing young people to plan and lead their own sports activities.

50 Year Ten students helped to organise and run an athletics festival in July and an Olympic festival in September.

Students taking up an educational gap year benefited from grant support, with one student spending time on a Mercy Ship in Liberia and another teaching English in Tanzania.

The Foundation continues to support students moving onto higher education with a £10,000 grant to the Letchworth Civic Trust. The Trust then awards grants to Garden City students attending university and/or higher education colleges.

A community grant of £500 was awarded to Hertfordshire Constabulary in support of their annual 'Crucial Crew' personal safety event. The event aims to teach primary school children how to approach and deal with the dangers encountered in everyday life such as railways, drugs, bullying, electricity, fire and water.

The event attracts 1,400 North Hertfordshire children every year from over 40 primary schools.

First Garden City Heritage Museum

This charitable enterprise operates under the 'education and learning' charitable object and benefited from funding of £216,000 from the Foundation in 2007-08.

During the course of the year, the Museum ran five successful exhibitions, attracting over 5,000 visitors.

The Museum collaborated with Broadway Cinema and Plinston to deliver a series of events looking at the history of Cinema in the Garden City. Events included an exhibition, behind the scenes tours of the cinema and a movie quiz.

The museum also worked with Hillshott School, supporting its Centenary celebrations. Three weeklong exhibitions were produced at the school. Pupils worked to a revised timetable allowing them to explore special themes and activities associated with the School's 100-year history.

Plans for the coming year include a series of exhibitions linked to other activities in the Garden City, including works in the Town Centre plus the creation of a Museum website.

'Relief of Poverty and Sickness' charitable object

£17,401 awarded in institutional grants over £1,000

2008 saw the completion of a study into the health and social wellbeing of seniors living in Letchworth Garden City.

The research was commissioned with the aim of identifying areas where the Foundation and the Day Hospital's League of Friends could offer grant funding or services to improve the quality of life of Letchworth seniors.

Annual Report and Accounts to 30th September 2008

Conducted in three phases, the research incorporated the views of 107 local seniors and 196 organisations which deliver services to Garden City seniors.

The findings highlighted the possibility of additional support in health, independent living, isolation, form filling and other needs.

The Foundation is now drawing up proposals to address these topics in the short, medium and long term.

A £2,598 community grant was awarded to 'Mind Yourself' towards set-up costs. This new club for men, aims to tackle loneliness and isolation as well as mental health issues.

Home-Start North Hertfordshire benefited from a £10,000 grant, supporting their work providing free, confidential assistance to families in crisis.

North Hertfordshire & District Citizens Advice Bureau, based in the Garden City, received a further £4,803 from the Foundation towards operational costs.

Ernest Gardiner Day Hospital

This charitable enterprise operates under the 'relief of poverty and sickness' charitable object and benefited from funding of £321,000 from the Foundation in 2007-08.

The Day Hospital's 'physiotherapy-only' services are now well established, with regular appropriate referrals being received.

Work has continued to develop services within the community with regular domiciliary visits now being made, offering a range of treatments.

Further development of out-patient services in the community remains a priority for the Day Hospital over the coming year.

Shopmobility

This is a charitable service operated by the Foundation from the Tourist Information Centre.

Offering the free use of mobility scooters and wheelchairs, Shopmobility continues to be a popular and valuable service for the community. It currently has 319 registered users.

'Supporting Charitable Organisations in Letchworth Garden City' charitable object

£35,750 awarded in institutional grants over £1,000

£7,386 was awarded to North Hertfordshire & District Citizens Advice Bureau in support of essential computer upgrades. The Bureau deals with over 35,000 issues a year and out-of-date computers and software had begun to impact on processes. Up-to-date equipment allows the Bureau to handle issues efficiently, providing them with more time, to help more people.

In 2008 the Bureau won an international IT award for its telephone system, a project supported by the Foundation in 2006.

Choice pregnancy counselling centre benefited from a £800 grant towards office equipment. Located in Mrs. Howard Memorial Hall, Choice provides counselling and advice for those facing an unexpected pregnancy.

'Promoting other Charitable Purposes for the benefit of the local community' charitable object

The coming year will see significant activity under this object in the form of 'Get Involved'. A biennial two-day event scheduled to take place in Autumn 2009, 'Get Involved' helps to promote the activities of many clubs, societies and voluntary organisations based in Letchworth Garden City.

Annual Report and Accounts to 30th September 2008

Achievements and Performance

Minibus service

This charitable enterprise operates under the 'other purposes' charitable object and benefited from funding of £82,000 from the Foundation in 2007-08.

During the year, the fleet carried 11,313 passengers, making 1,128 journeys and travelling some 21,194 miles.

The addition of new shopping journeys into Letchworth Garden City town centre brought further benefits to the elderly in residential accommodation.

Plans for the coming year include the replacement of the Foundation's oldest minibus.

'Community information'

This is a charitable activity and benefited from funding of £85,000 from the Foundation in 2007-08.

Two issues of 'Insight' magazine and the Year 12 review document 'Making Things Happen', distributed to every Letchworth household and business, provided an update on the Foundation's activities.

Four issues of 'Spotlight', also delivered to homes, promoted activities and events organised by Garden City clubs and societies.

'Community benefit'

This is a charitable activity and part of the Foundation's miscellaneous charitable expenditure, which totalled £211,000 in 2007-08.

In October 2007, the Foundation lent its support to many clubs, societies and voluntary organisations based in the Garden City. The two-day 'Get Involved' Volunteers Fair exhibition showcased the activities of over 60 local organisations, helping them to increase their profile and recruit new members. The event attracted 700 visitors.

The Foundation continues to meet the costs of Christmas Lights on most town centre streets during the festive period. Installed by Garden City Farms' forestry team and powered with the assistance of several town centre businesses, Letchworth's Lights are among the most attractive in the area. Lights in the pedestrianised Garden Square Shopping Centre are provided by its owners, Vale Retail.

Annual Report and Accounts to 30th September 2008

Looking ahead

The main focus will be on the continuing revitalisation of Letchworth town centre through major investment and development by the Foundation.

Objectives for 2008-09

1. Implement the Street Scene improvements
2. Submit a planning application in respect of the major redevelopment of The Arena.
3. Publish and implement the new 'Design Standards' for residential areas.
4. Sustain funding for the Foundation's charitable objects.

Report of the Board of Management for the year

Review of activities

The economic downturn in the United Kingdom during 2008, placed additional financial pressure on all of the Foundation's 18 separate business operations. However, as a result of the Foundation's continuing fiscal strength, the operating results achieved built upon the positive historical results reported over past years.

However, the marked deterioration in the UK property market conditions was reflected in the reduction in the value of the Foundation's investment property portfolio, shown within the annual revaluation carried out by its external consultants Bidwell's.

Total Incoming Resources, before bank interest income, increased year on year by 3.16% (2007 9.6%), including interest income, by 11.2% (2007 8.0%). Total Resources Expended increased by 10.9% (2007 11.6%) and Charitable Activities increased by 6.75% (2007 4.8%). Net Incoming Resources, before other recognised gains and losses, increased to £504,000 from £421,000 in 2007. The net movement in funds, after taking into account the negative property portfolio revaluation of (£21,359,000), was (£21,470,000), compared to a surplus in 2007 of £23,164,000 which included a positive revaluation gain of £11,998,000. In terms of subsidiary company results, Letchworth Garden City Services Ltd and Broadway Cinema Ltd reported losses, surpluses were reported by Letchworth Garden City Farms Ltd, Garden City Technologies Ltd and Letchworth Cottages and Buildings Ltd. Total "Gift aid" to the Foundation, generated from Garden City Technologies Ltd and Letchworth Garden City Farms Ltd, totalled £46,000 (2007 £141,000).

The Foundation's expenditure in respect of its Charitable Objects, including grants, increased to £3,303,000 in 2008 from £3,094,000 in 2007. Grants payable decreased to £569,487 in 2008 from £638,972 in 2007. These amounts exclude the £945,000 paid to Broadway Cinema Limited in 2008.

Annual Report and Accounts to 30th September 2008

Report of the Board of Management for the year

Incoming Resources

Total Incoming Resources, reflecting the Foundation's combined income from its six legal entities and eighteen individual businesses, broke the £12,000,000 barrier for the first time in 2008, having broken the £10,000,000 barrier in 2007. In 2008 incoming resources totalled £12,894,000, an increase of 11.2%.

Property Income dropped slightly to £8,013,000 in 2008 from £8,084,000 in 2007. Significantly, in the economic climate that existed during the year, the level of income achieved the previous fiscal year was maintained through careful management of property voids and successfully conducting negotiations on outstanding rent reviews and lease renewals.

Business Services and Retail Sales Income increased during 2008 to £829,000 from £645,000 in 2007 as a result of sales levels being maintained in respect of Plinston and the Spirella Ballroom. Garden City Technologies Ltd benefited, in addition to its core income, from a large supply and installation contract for a tenant at the Nexus office property.

Farm Income increased significantly in 2008 to £923,000, from £684,000 in 2007, due to increased crop yields, prices and subsidy achieved by the Arable farm.

Educational Farm Income increased slightly to £306,000 in 2008 from £299,000 in 2007, with the mix remaining constant between admission and shop income.

Cinema Income decreased slightly to £719,000 in 2008 from £749,000 in 2007. Customer numbers also decreased slightly, to 131,831 from 145,433 in 2007. During the year, Letchworth Garden City Services Limited acquired from The Letchworth Palace Limited the outstanding 10% shareholding in Broadway Cinema Limited, bringing their total shareholding to 100%.

Investment Income and Interest, as a result of increased cash balances held during the year, amounted to £1,939,000 in 2008, up from £976,000 in 2007. In 2008, £140,000 (2007 £115,000) of the interest reported originates from the FRS17, pension actuarial calculation carried out at the fiscal year end by an independent Actuary.

During 2008, following a comprehensive review of the Foundation's banking relationships, arrangements were put in for regular reviews of the placement of monies.

Other Incoming Charitable Resources increased to £165,000 in 2008, from £158,000 in 2007.

Resources Expended

Total resources expended reflect the Foundation's combined expenditure from its six legal entities and eighteen individual businesses. Overall reported costs increased to £12,390,000 in 2008, from £11,174,000 in 2007, an increase of 10.8%.

Property and Related costs decreased to £4,604,000 in 2008 from £4,951,000 in 2007. 2007 costs included a £570,000 charge to cover the estimated cost of environmental restoration and remediation at 621 Works Road. 2008 costs include an increase in void property costs, advisory and legal fees. Letchworth Cottages and Buildings Ltd costs were £21,000 higher than in 2007.

Cost of Business Services and Retail Activities increased to £998,000 in 2008 from £875,000 in 2007 as a result of costs incurred by Garden City Technologies Ltd relating to an installation contract for a tenant at the Nexus office property.

Annual Report and Accounts to 30th September 2008

Arable Farm Costs increased to £791,000 in 2008 from £753,000 in 2007, mainly due to cost increases of fuel, seed, sprays and fertilizers, offset by a redistribution of costs under the new Farm Business Tenancy Agreement.

Provision of Educational Farm Costs increased to £446,000 in 2008 from £337,000 in 2007 as a result of a rise in costs across many areas, including the new Farm Business Tenancy Agreement, staff costs, governance and general purchases.

Cinema Expenditure increased to £1,855,000 in 2008 from £924,000 in 2007, £945,000 of the increase relating to the refurbishment project carried out during the year, funded by a grant received from Letchworth Garden City Heritage Foundation. Excluding this cost produces a net cost of £910,000, £14,000 lower than the prior year.

Interest Payable. With no bank loans outstanding and no net notional interest payable on the pension scheme, this cost relates to sundry charges incurred within the Group.

Charitable activities including grants payable, increased to £3,303,000 in 2008 from £3,094,000 in 2007. Grants committed in 2008 were £591,765, offset by grants cancelled of £22,278, producing a net grants payable figure of £569,487. In 2007, committed grants of £697,659 were offset by grants cancelled of £58,687, producing a net grants payable figure of £638,972. Letchworth Cottages and Buildings Ltd granted £110,000 in 2008 against £73,000 in 2007. We continue to support charitable enterprises that are key to the Foundation, including a Day Hospital, Museum, Minibus service, Environmental Improvements, Community Information, provision of a Community Hall and facilities and miscellaneous charitable expenditure. An increase in spend was sustained in the majority of these areas during the year.

Governance Costs in 2008 were £390,000 against £240,000 in 2007. Governance costs include those costs incurred in the governance of the Foundation's assets, and are primarily associated with constitutional and statutory requirements. Included within Governance are the costs of Company Secretarial, Internal Audit, Legal, Statutory account preparation and publication, and External Audit. In addition to general cost increases during 2008, increased legal fees were incurred in the defence of a challenge made to the Foundation's Governance arrangements.

Net Incoming Resources, before other recognised gains and losses, as a result of the aforementioned, show a surplus of £504,000 in 2008 compared with £421,000 in 2007.

Other Recognised Gains and Losses. The Heritage Foundation's main areas of operation, analysed above, are managed to achieve a 'near break even' result, before interest receivable and payable, but after charitable expenditure and "one off" projects during the year.

In 2008, the additional interest income achieved through the investment of the surplus cash deposits facilitated the Foundation financing, through grant, the Broadway Cinema Ltd refurbishment project, and to increasing the value of charitable activities above that of the prior year.

Other Recognised Gains and Losses included £1,230,000 surplus on the sale and leasing of investment properties, a loss on revaluation of the Foundations investment property of £21,359,000, a £25,000 write down of goodwill on the purchase of the outstanding 10% shareholding in Broadway Cinema Ltd and an actuarial loss on the pension scheme of £1,316,000.

Overall in 2008, the net movement in funds was a decrease of £20,966,000, compared to an increase of £23,585,000 in 2007.

Annual Report and Accounts to 30th September 2008

Report of the Board of Management for the year

Trading Subsidiaries

As an Industrial and Provident Society with charitable status, the Foundation cannot trade for profit. Accordingly, it operates a number of subsidiary companies, which 'gift aid', their relevant profits to the Heritage Foundation. In the year to 30th September 2008, these subsidiaries 'gift aided', in total, £46,000 to the Heritage Foundation (2007 £141,000).

Letchworth Garden City Farms Limited, which in addition to the 2,500 acre, primarily arable farm, includes a Forestry and Landscaping business, plus the operation of Standalone Farm, a recreational and educational farm, made an overall profit, before Gift Aid, of £43,000 against a budgeted profit of £7,000. The arable farm made a profit of £58,000, Forestry and Landscaping made a profit of £13,000, with Standalone Farm making a loss of £28,000.

The Arable Farm profit was as a result of increased crop yields, prices and farm subsidies received, offset by increases in the cost of seed, fertiliser, sprays and fuel. Standalone Farm, despite maintaining its income stream, incurred increased costs, primarily rent, rates, electric and maintenance. Forestry and Landscaping maintained its profitable position, despite costs increasing by 11%, whilst income increased by only 2.6%.

Letchworth Garden City Services Limited has a wholly owned subsidiary Broadway Cinema Ltd. In 2007, the Company made a loss of £78,000 reflecting the write-off during the year of the costs of acquiring the outstanding 10% shareholding in Broadway Cinema Ltd.

Broadway Cinema Limited, where Letchworth Garden City Services Ltd holds a 100% shareholding, had a less positive financial year, making a small loss of £9,000. Admission and Concession turnover in 2008 of £665,014, a reduction from the £697,913 in 2007, reflected a poorer film offering during the year. Average film rental costs remained high, at 46.78% of admission income for the year.

The financial results for the year included a £945,000 grant received from the Foundation under its object 'assisting in the provision of facilities for recreation and leisure'. The grant financed the refurbishment project of an equal amount, referred to previously.

Garden City Technologies Limited generated a profit of £54,000 (before gift aiding £36,000 to the Heritage Foundation) against a budgeted profit of £25,085. Total income was above budget as a result of a large supply and installation contract for a tenant at the Nexus office property. Consequently, costs were also above budget.

Letchworth Cottages and Buildings Limited has exempt charitable status. During the year, a surplus of £272,000 was achieved, compared with a surplus of £208,000 in 2007. The results included Charitable expenditure totalling £172,000, which included grants totalling £110,000. This compares to £113,000 in 2007, which included grants of £73,000.

Annual Report and Accounts to 30th September 2008

Funds Policy

General Fund: This fund comprises property and assets inherited upon vesting under the Letchworth Garden City Heritage Foundation Act, 1995. This will be increased or decreased by subsequent years' revaluation of investment properties, together with profits on disposal of capital assets, interest and non-property investment income receivable, and the Actuarial gain or loss on the pension scheme. The majority of the fund consists of property assets and is not considered to be distributable, while the remainder of the fund has been earmarked for town centre revitalisation projects. The Foundation's main areas of operation, appearing within the Statement of Financial Activities, achieve a near break-even result, after Charitable Distributions and "one off" projects during the year, before interest receivable and payable, having little or no effect on the retained funds.

Restricted Fund: This fund represents the statutory reserves of Letchworth Cottages & Buildings Ltd (LCB), a registered charity with restrictions on its ability to utilise its reserves. The fund exists in order to provide LCB with the ability to undertake new developments in Letchworth, which meet current and future identifiable social housing needs.

Investment Policy

The Foundation's income is derived mainly from its freehold property estate, where income is derived from long leasehold interests, and rack-rented properties in the industrial, commercial, retail and residential sectors. Additional income is received from the Foundation's trading subsidiaries, where relevant profits are gift aided to the Foundation.

The Foundation ensures that it maximises its income from property investments by undertaking strategic master planning of the Estate. In recent years this has embraced a complete review of the "Design Guidance" for residential properties to preserve the visual amenity and value of the Garden City Estate culminating in the publication of new 'Design Standards', to inform and advise owners of residential properties. Other strategic reviews have included Town Centre Revitalisation Strategies, an Industrial Strategy, an Urban Design Strategy, a Stabling and Grazing Review, a review of un-adopted roads, of barns and of allotments, as well as a comprehensive review of Letchworth Cottages & Buildings Ltd's social housing activities.

The Foundation's property team bring forward proposals for site acquisition, development or disposal against the backdrop of the appropriate strategic plans. The proposals are 'option tested', include robust financial appraisals, and are then scrutinised by Directors in terms of consistency with Business Plan objectives, priorities and cash flow implications. Only when Directors are satisfied with the proposals are they submitted to the Board of Management.

In terms of new developments, rental assumptions are 'bench-marked' against local and regional marketplaces and realistic void assumptions included. For rack rented properties, rental evidence is sought, through both internal staff and property consultants. This is also the case when rent reviews are undertaken under provisions in leases.

Annual Report and Accounts to 30th September 2008

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

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

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

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

Disclosure of information to the auditors

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

Chaplin Frobisher Welling

Company Secretary

By order of the Board of Management

10 February 2009

Annual Report and Accounts to 30th September 2008

Independent Auditors' Report

To the Governors of Letchworth Garden City Heritage Foundation

We have audited the Foundation's accounts for the year ended 30 September 2008, which comprise the consolidated statement of financial activities, summary income and expenditure account, balance sheets, consolidated cash flow statement and the related notes 1 to 26. These accounts have been prepared on the basis of the accounting policies set out therein.

The report is made solely to the Foundation's Governors, as a body. Our audit work has been undertaken so that we might state to the Foundation's Governors those matters which we are required to state to them in an auditors' 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 Foundation and the Foundation's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and Auditors

As described on page 28, the Board of Management is responsible for the preparation of the Report and Accounts in accordance with applicable United Kingdom law and Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965, the Friendly and Provident Societies Act 1968 and the Letchworth Garden City Heritage Foundation Act 1995.

We also report to you if, in our opinion, the Chairman's Statement, the Director General's Report, the Achievements and Performance Report and the Report of the Board of Management is not consistent with the accounts, if the Foundation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Chairman's Statement, the Director General's Report, the Achievements and Performance Report and the Report of the Board of Management and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts.

It also includes an assessment of the significant estimates and judgements made by the Board of Management in the preparation of the accounts, and of whether the accounting policies are appropriate to the Foundation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view of the state of affairs of the Foundation and of the Group as at 30 September 2008 and of the incoming resources and resources expended including income and expenditure of the Group for the year then ended;
- the accounts have been properly prepared in accordance with the Industrial and Provident Societies Act 1965, the Friendly and Industrial and Provident Societies Act 1968 and the Letchworth Garden City Heritage Foundation Act 1995;
- the information given in the Report of the Board of Management is consistent with the accounts.

Ernst & Young LLP

Registered Auditor

Luton

10 February 2009

Consolidated Statement of Financial Activities

For the year ended 30 September 2008

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
Incoming Resources					
Activities for generating funds:					
Property income		7,921	92	8,013	8,084
Business services and retail sales		829	-	829	645
Farm income		923	-	923	684
Educational farm income		306	-	306	299
Cinema income		719	-	719	749
Investment income and interest	9	1,606	333	1,939	976
Activities in furtherance of the charity's objects:					
Other incoming charitable resources		165	-	165	158
Total Incoming Resources		<u>12,469</u>	<u>425</u>	<u>12,894</u>	<u>11,595</u>
Resources Expended					
Costs of generating funds:					
Property and related costs		4,535	69	4,604	4,951
Cost of business services and retail activities		998	-	998	875
Farm costs		791	-	791	753
Provision of educational farm		446	-	446	337
Cinema expenditure		1,855	-	1,855	924
Interest Payable	8	3	-	3	-
	3	<u>8,628</u>	<u>69</u>	<u>8,697</u>	<u>7,840</u>
Charitable Activities	3	3,193	110	3,303	3,094
Governance Costs	3	390	-	390	240
Total Resources Expended	3	<u>12,211</u>	<u>179</u>	<u>12,390</u>	<u>11,174</u>
Net Incoming Resources before other recognised gains and losses		258	246	504	421
Other Recognised Gains and Losses					
Surplus on sale and leasing of investment properties		1,204	26	1,230	9,955
Profit on disposal of investment		-	-	-	50
Write down of goodwill	15	(25)	-	(25)	-
(Decrease)/increase in revaluation of tangible fixed assets		(21,079)	(280)	(21,359)	11,998
Actuarial (loss)/gain on pension scheme		(1,316)	-	(1,316)	1,161
		<u>(21,216)</u>	<u>(254)</u>	<u>(21,470)</u>	<u>23,164</u>
Net Movement in Funds		(20,958)	(8)	(20,966)	23,585
Fund Balances Brought Forward at 1 October 2007	22	170,628	11,238	181,866	158,281
Total Funds Carried Forward at 30 September 2008	22	<u>149,670</u>	<u>11,230</u>	<u>160,900</u>	<u>181,866</u>

Consolidated Summary Income and Expenditure Account

For the year ended 30 September 2008

	Notes	2008 £'000	2007 £'000
Income			
Gross income from continuing operations		10,955	10,619
Surplus on sales and leasing of land and buildings		1,230	9,955
Profit on disposal of investment		-	50
Write down of goodwill		(25)	-
Interest receivable	9	1,939	976
Gross Income		<u>14,099</u>	<u>21,600</u>
Expenditure			
Expenditure on continuing operations		12,387	11,174
Interest payable	8	3	-
Gross Expenditure		<u>12,390</u>	<u>11,174</u>
Retained Surplus for the Year		1,709	10,426
Minority interest		-	(1)
Net Surplus Attributable to the Group		<u>1,709</u>	<u>10,425</u>

The Consolidated Summary Income and Expenditure Account is presented to ensure compliance with the Industrial and Provident Societies Acts.

Balance Sheets

as at 30 September 2008

	Notes	Group		Foundation	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
Fixed Assets					
Tangible assets:					
Investment properties	12	113,706	137,808	108,390	131,943
Operational assets	13	<u>12,579</u>	<u>12,586</u>	<u>9,886</u>	<u>9,894</u>
		126,285	150,394	118,276	141,837
Tangible assets in course of construction	14	3,820	2,931	3,798	2,913
Other investments	15	<u>-</u>	<u>-</u>	<u>1,915</u>	<u>1,915</u>
		<u>130,105</u>	<u>153,325</u>	<u>123,989</u>	<u>146,665</u>
Current Assets					
Stocks	16	859	615	26	15
Debtors	17	3,213	3,206	2,928	3,025
Loans due within one year	18	47	47	172	47
Loans due after one year	18	454	493	454	543
Money market deposits		30,120	5,050	24,000	-
Cash at bank and on deposit		<u>4,529</u>	<u>27,438</u>	<u>3,824</u>	<u>25,811</u>
		39,222	36,849	31,404	29,441
Creditors					
Amounts falling due within one year	19	<u>(5,899)</u>	<u>(7,105)</u>	<u>(5,465)</u>	<u>(6,581)</u>
Net Current Assets		<u>33,323</u>	<u>29,744</u>	<u>25,939</u>	<u>22,860</u>
Total Assets Less Current Liabilities		163,428	183,069	149,928	169,525
Creditors					
Amount falling due after more than one year	19	(21)	(30)	(21)	(30)
Provisions for liabilities	20	<u>(570)</u>	<u>(570)</u>	<u>(570)</u>	<u>(570)</u>
Net assets before pension scheme deficit		<u>162,837</u>	<u>182,469</u>	<u>149,337</u>	<u>168,925</u>
Pension scheme deficit	21	(1,937)	(553)	(1,937)	(553)
Net assets after pension scheme deficit		<u>160,900</u>	<u>181,916</u>	<u>147,400</u>	<u>168,372</u>
Capital Funds					
General fund	22	149,670	170,628	147,400	168,372
Restricted fund	22	<u>11,230</u>	<u>11,238</u>	<u>-</u>	<u>-</u>
	22	160,900	181,866	147,400	168,372
Minority interests in subsidiaries		<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
		<u>160,900</u>	<u>181,916</u>	<u>147,400</u>	<u>168,372</u>

J A Scouler
Chairman

C Chatfield
Board Member

S M Kenny
Director General

10 February 2009

Consolidated Cash Flow Statement

For the year ended 30 September 2008

	Notes	2008 £'000	2007 £'000
Net Cash (Outflow)/Inflow from Operating Activities	25	<u>(1,547)</u>	<u>2,741</u>
Returns on investments and Servicing of Finance			
Interest received		1,799	861
Interest paid		(3)	-
Net Cash Inflow from Returns on Investments and Servicing of Finance		<u>1,796</u>	<u>861</u>
Capital Expenditure and Financial Investment			
Additions to investment property		(5,280)	(5,126)
Sales of investment property		9,239	14,416
Purchase of operational assets		(1,028)	(480)
Sales of operational assets		2	3
Assets in course of construction		(889)	(1,860)
Sales of properties held for resale		-	53
Sale/(purchase) of investment in bonds		-	10,116
Sale of investments		-	60
Loans to, less repayments from, staff, businesses and local organisations		11	28
Repayment of loans relating to leasehold enfranchisement		28	80
Net Cash Inflow from Capital Expenditure and Financial Investment		<u>2,083</u>	<u>17,290</u>
Net Cash Inflow before Use of Liquid Resources and Financing		<u>2,332</u>	<u>20,892</u>
Management of Liquid Resources			
Increase in money market deposits	26	(25,070)	(350)
Net Cash Outflow from Management of Liquid Resources		<u>(25,070)</u>	<u>(350)</u>
Financing			
Repayment of capital element of finance lease and hire purchase obligations	26	<u>(8)</u>	<u>(10)</u>
Net Cash (Outflow) from Financing		<u>(8)</u>	<u>(10)</u>
(Decrease)/Increase in Cash	26	<u>(22,746)</u>	<u>20,532</u>

Notes to the Accounts

as at 30 September 2008

1. Accounting Policies

Accounting convention

The accounts which are prepared in accordance with the Charities Act and with applicable accounting standards include the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued February 2005 and are prepared under the historical cost convention modified by the revaluation of investment properties.

Basis of consolidation

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

Incoming resources

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

Property income	Comprises primarily rent receivable on investment properties. It excludes service charges which are recognised in the period to which they relate and are credited against the relevant expenditure.
Business services and retail sales	Income derived from Ballroom lettings, Plinston Hall sales, souvenir sales, telephone and IT services.
Farm income	Income derived from sales and grants received arising from commercial farm management of the Foundation's arable farmland and sale of livestock and meat production.
Educational Farm income	Income sourced from public admission, souvenirs and refreshments, sundry rents, stabling and grazing and livestock sales.
Cinema income	Comprises primarily admissions, concession sales and advertising revenue.
Investment income and interest	Income derived from the investment of excess cash, includes interest earned from cash balances, money market deposits, and bond investments. It also includes an FRS 17 notional interest figure representing the net return on pension scheme assets, less interest on scheme liabilities.
Other Incoming Charitable Resources	Include, but are not exclusive to, Museum admissions, patient meals, external minibus income and Plinston charitable lettings.

Notes to the Accounts

as at 30 September 2008

1. Accounting Policies (continued)

Gifts and intangible income

Gifts and intangible income are included in the Statement of Financial Activities as incoming resources at their fair value.

Resources expended

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

Property and related costs	Include repairs and maintenance costs, salaries, property void costs, property lettings, and provision for property related income considered irrecoverable.
Cost of business services and retail activities	Include souvenirs, café bar and catering stock for resale together with equipment costs, advertising, professional fees, IT support and depreciation.
Farm costs	Include maintenance of plant, equipment, buildings and grounds, farm vehicle costs, seeds, fertilizer, sprays, livestock, contractor costs, meat preparation and animal feed, agency commission cost and managing agent's fees.
Provision of educational farm	Include maintenance of plant equipment buildings and grounds, farm vehicle costs, purchase of livestock, animal food and care costs, purchase of goods for resale in farm shop.
Cinema	Include film rentals, concession purchases, advertising, depreciation and asset write downs, maintenance of equipment and cleaning.
Charitable activities	
Day hospital	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, equipment hire, patient meals and ambulance costs.
Heritage museum	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, equipment hire, exhibit costs, reproduction expenses, archive maintenance and display costs.
Minibus service	Include training, recruitment, vehicle maintenance costs and equipment hire.
Environmental improvements	Include CCTV costs and planting costs.
Community information	Publishing and distribution costs.

Notes to the Accounts

as at 30 September 2008

1. Accounting Policies (continued)

Miscellaneous charitable expenditure	Include the provision of Christmas lights, support payments to the Citizens Advice Bureau and repair costs.
Provision of community hall and facilities	Include training, recruitment, office costs, legal fees, computer consumables, maintenance fees, machinery rental, equipment hire, security, artistes' fees and ticketing costs.
Grants payable	Grants are recognised on a committed basis.
Governance costs	Governance costs include those incurred in the governance of the Foundations assets and are primarily associated with constitutional and statutory requirements. Included within governance are the costs of Company Secretarial, Internal Audit, Statutory account preparation and External audit.
Support costs	The Foundation operates a number of centralised functions that support all of its activities: Marketing and Public Relations (including Tourist Information Centre), Finance, Human Resources, Director General, Health and Safety, Information Technology, Internal Audit, General Administration and Community Affairs. The costs within these functions include training, recruitment, office costs, travel, legal fees, computer consumables, maintenance fees, service charges, machinery rental, cleaning and security. These costs are categorised as "support costs" and are allocated across the primary cost categories detailed within the SOFA in line with SORP 2005 requirements.
Grants payable	Grants are recognised on a committed basis.

Investment Properties

Certain of the Foundation's properties are held for long-term investment and are stated in the balance sheets at their market value at the balance sheet date. Other properties classified as operational properties are held at cost. The Board of Management believes that this policy is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to the current value, are of importance rather than a calculation of systematic annual depreciation. All movements in the value of investment properties, whether arising from disposals or revaluation, are reflected in the Consolidated Statement of Financial Activities. The cumulative unrealised gains are disclosed in the notes to the accounts.

Notes to the Accounts

as at 30 September 2008

1. Accounting Policies (continued)

Depreciation of tangible fixed assets

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

Operational buildings	2%
Short leasehold properties	% based on remaining length of lease
Vehicles, machinery and equipment	20%
Furniture and fittings	10%
Office equipment	20%
Computer equipment	33%
Multi seated vehicles	10%
Primary systems software	20%
Leased equipment	Life of the lease or asset category

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are recorded at cost. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

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

Leases and Hire Purchase

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

Notes to the Accounts

as at 30 September 2008

1. Accounting Policies (continued)

Funds

General Fund: This fund comprises property and assets inherited upon vesting under the Letchworth Garden City Foundation Act 1995. This has been increased or decreased by subsequent years' revaluation of investment properties together with profits on disposal of capital assets. The majority of this fund is not cash and is not considered to be distributable. The Foundation's main areas of operation within the Statement of Financial Activities, achieve a near break-even result (after excluding exceptional interest income from surplus cash funds) having little or no effect on the retained funds.

Restricted Fund: This fund represents the statutory reserves of Letchworth Cottages and Buildings Ltd (LCB), a registered charity with restrictions on its ability to utilise its reserves. The fund exists in order to provide LCB with the ability to undertake new developments in Letchworth, which meet current and future identifiable social housing needs.

Provisions

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

Pensions

Defined Benefit Scheme

The Foundation participates in the Hertfordshire Local Government Pension Scheme which provides benefits based on pensionable earnings near retirement. The associated pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the working lives of the employees concerned. The group adopted FRS 17 'Retirement Benefits' with effect from 1 October 2004.

2. Trading Results of Subsidiaries

The Foundation has four wholly owned trading subsidiaries which are incorporated in England and Wales. Letchworth Garden City Farms Ltd farms the rural estate under a tenancy agreement with the Foundation and operates a model farm centre. Garden City Technologies Ltd provides IT and telephone services. Letchworth Garden City Services Ltd holds a wholly owned subsidiary undertaking – Broadway Cinema Ltd – which operates a four screen cinema in the town. Where appropriate, subsidiaries make gift aid payments to the Foundation and pay rent and interest on intra group loans.

In addition, the Foundation has a charitable subsidiary, Letchworth Cottages and Buildings Ltd, which is a housing association and an Industrial and Provident Society that retains its surplus and therefore constitutes a restricted fund within the Group accounts of the Foundation.

Notes to the Accounts

as at 30 September 2008

2. Trading Results of Subsidiaries (continued)

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

	LGC Farms Ltd £'000	LGC Services Ltd £'000	Broadway Cinema Ltd £'000	Garden City Technologies Ltd £'000	Letchworth Cottages and Buildings Ltd £'000
2008:					
Turnover	1,401	-	665	451	92
Profit/(loss) before gift aid and tax	43	(78)	(10)	54	272
Gift aid (calculated based on taxable profits)	(10)	-	-	(36)	-
Corporation tax refund	-	-	1	-	-
Net incoming/(outgoing) resources	33	(78)	(9)	18	272
Gross assets	1,697	117	977	894	11,236
Gross liabilities	(699)	(95)	(484)	(167)	(6)
Net assets	998	22	493	727	11,230

	LGC Farms Ltd £'000	LGC Services Ltd £'000	Broadway Cinema Ltd £'000	Garden City Technologies Ltd £'000	Letchworth Cottages and Buildings Ltd £'000
2007:					
Turnover	1,169	-	698	435	48
Profit/(loss) before gift aid and tax	(65)	7	10	135	208
Gift aid (calculated based on taxable profits)	-	(7)	-	(134)	-
Profit/(loss) before tax	(65)	-	10	1	208
Gross assets	1,355	124	778	895	11,255
Gross liabilities	(390)	(24)	(276)	(186)	(17)
Net assets	965	100	502	709	11,238

During the year, the Board of Management approved charitable expenditure of £945,000 under its 'recreation and leisure' Object 2[ii] from the Foundation to Broadway Cinema Ltd to fund the cost of refurbishment, repairs and the creation of an additional screen to allow greater choice of films.

The profit of Letchworth Cottages and Buildings Ltd of £272,000 (2007: £208,000 profit) includes a profit on disposal of fixed assets of £26,000 (2007: £1,000 profit). In addition to this Letchworth Cottages and Buildings Ltd has a revaluation deficit arising in the year of (£280,000) (2007: surplus of £502,000). None of the other subsidiaries has any recognised gains or losses other than the profit/(loss) before tax.

Notes to the Accounts

as at 30 September 2008

3. Analysis of Total Resources Expended

	Direct Costs £'000	Support Costs £'000	Total 2008 £'000	Total 2007 £'000
Costs of generating funds:				
Property and related costs	3,518	1,086	4,604	4,951
Cost of business services and retail activities	771	227	998	875
Farm costs	651	140	791	753
Provision of an educational farm	358	88	446	337
Cinema expenditure	1,669	186	1,855	924
Interest payable	3	-	3	-
Total resources expended	<u>6,970</u>	<u>1,727</u>	<u>8,697</u>	<u>7,840</u>

	Total 2008 £'000	Total 2007 £'000
Analysis of Charitable activities		
Cost of activities in furtherance of the charity's objects:		
Provision of community hall and facilities	634	603
Provision of day care hospital	321	308
Provision of heritage museum	216	231
Provision of minibus service	82	84
Provision of environmental improvements	337	217
Provision of community information	85	92
Miscellaneous charitable expenditure	211	220
Grants payable	569	639
Support Costs	<u>848</u>	<u>700</u>
	3,303	3,094

Analysis of Governance Costs

Legal and Company Secretarial	138	35
Internal Audit	53	33
Publication of the Foundation Annual Report and Accounts	13	14
External Audit of the Foundation	55	54
Support Costs	<u>131</u>	<u>104</u>
	390	240

In the comparative information an amount of £4,000 has been reallocated between miscellaneous charitable expenditure and grants payable.

The consolidated Statement Of Financial Activities ("SOFA") has been prepared in accordance with SORP 2005. It has been formatted to highlight the individual incoming resources and the associated direct costs of the Foundation and its subsidiary undertakings' activities.

Notes to the Accounts

as at 30 September 2008

4. Grants Payable

	2008	2007
	£	£
The amount payable in the year comprises:		
Institutional grants:		
Grants greater than £1,000: 60 (2007: 74)	471,239	578,874
Smaller grants	<u>33,687</u>	<u>17,352</u>
Total institutional grants:	<u>504,926</u>	<u>596,226</u>
Individual grants:		
Community grants – grants over £1,000 to 26 individuals* (2007: 33 individuals*)	56,673	67,797
Small community grants to individuals	<u>30,166</u>	<u>33,636</u>
Total individual grants:	<u>86,839</u>	<u>101,433</u>
*All of these awards are for architectural heritage grants paid under object 2(i) with the exception of one grant in 2008 for £5,000 (2007: £4,325) awarded under object 2(iv).		
Total commitments made in the year	591,765	697,659
Grants cancelled or recovered	(22,278)	(58,687)
Total grants payable:	<u>569,487</u>	<u>638,972</u>
Reconciliation of grants payable:		
Commitments at 1 October	193,563	320,721
Total grants payable	<u>569,487</u>	<u>638,972</u>
Grants payable for the year	763,050	959,693
Grants paid during the year	<u>661,328</u>	<u>766,130</u>
Commitments at 30 September	<u>101,722</u>	<u>193,563</u>
	2008	2007
	£	£
Commitments at 30 September 2007 are payable as follows:		
Within one year (note 16)	101,722	193,563
After more than one year (note 16)	-	-
	<u>101,722</u>	<u>193,563</u>

Notes to the Accounts

as at 30 September 2008

4. Grants Payable (continued)

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

Object	2008		2007	
	No.	Value of Grants (£)	No.	Value of Grants (£)
(a) Providing, facilitating and encouraging housing and any associated amenities	2	110,000	2	72,936
(i) Preservation of buildings and other environmental features	4	32,914	3	50,500
(ii) Assisting in the provision of facilities for recreation	28	230,211	24	260,950
(iii) Advancement of education and learning	19	44,963	38	104,482
(iv) Relief of poverty and sickness	3	17,401	2	10,663
(v) Supporting Garden City charitable organisations	4	35,750	4	78,343
(vi) Supporting other charitable purposes	-	-	1	1,000
	<u>60</u>	<u>471,239</u>	<u>74</u>	<u>578,874</u>

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

(a) Providing, facilitating and encouraging housing and any associated amenities	2008		2007	
	No.	Value of Grants (£)	No.	Value of Grants (£)
Howard Cottage Housing Association*	1	70,000	1	35,000
Herts Young Homeless Group*	1	40,000	1	37,936
* paid by Letchworth Cottages & Buildings Ltd under its own objects.	<u>2</u>	<u>110,000</u>	<u>2</u>	<u>72,936</u>

(i) Preservation of buildings and other environmental features

All Saints Parochial Church Council, Willian	-	-	1	45,000
F Martin (Letchworth) Ltd	-	-	1	2,000
Norton Community Archaeology Group	1	4,005	-	-
The Cloisters	1	10,000	-	-
The Settlement	2	18,909	1	3,500
	<u>4</u>	<u>32,914</u>	<u>3</u>	<u>50,500</u>

Notes to the Accounts

as at 30 September 2008

4. Grants Payable (continued)

	2008		2007	
	No.	Value of Grants (£)	No.	Value of Grants (£)
(ii) Assisting in the provision of facilities for recreation				
11th Letchworth Scouts Group	-	-	1	15,000
Exhibition Cottage Group	1	2,468	1	1,150
Academy Badminton	1	1,132	-	-
Baldock & District Canoe Club	1	1,000	-	-
Grange Improvement Forum	-	-	1	1,000
Groundwork Hertfordshire	-	-	1	40,000
Howard Garden Social & Day Care Centre	1	1,478	1	2,810
Letchworth & Baldock District Scouts	2	24,735	2	17,635
Letchworth Amateur Swimming Club	1	1,145	-	-
Letchworth Arts Centre (previously known as The Place)	2	73,307	3	53,383
Letchworth Baptist Church	1	1,000	1	1,000
Letchworth Corner Sports Club	1	36,066	2	10,490
Letchworth Garden City Bowls Club	1	2,386	-	-
Letchworth Garden City Community Group	1	3,842	-	-
Letchworth Garden City Cricket Club	1	2,740	-	-
Letchworth Garden City Eagles Youth Football Club	1	2,404	1	2,684
Letchworth Garden City Rugby Union F.C.	2	16,160	1	3,978
Letchworth Garden City Twinning Association	1	1,000	-	-
Letchworth Golf Club Trust	2	34,500	2	85,500
Letchworth Mind	1	1,400	-	-
Letchworth Model Railway Society	1	5,500	-	-
Letchworth Natural History Society	1	1,500	-	-
Letchworth Settlement Trust	-	-	1	4,950
Letchworth Sports & Tennis Club	2	9,197	-	-
North Herts Road Runners	1	1,000	1	1,000
Norton Community Archaeology Group	-	-	1	1,970
Norton Parochial Church Council	-	-	1	12,500
Rap-Aid	-	-	1	2,500
The Grange Youth Wing	-	-	1	1,400
Wednesday Drop In Club	-	-	1	2,000
Willian Village Hall	2	6,251	-	-
	<u>28</u>	<u>230,211</u>	<u>24</u>	<u>260,950</u>

In addition, £945,000 (2007: £nil) was paid by the Foundation to its subsidiary, Broadway Cinema Limited under this object. This is not included within the table as this is a grant made within the group.

Notes to the Accounts

as at 30 September 2008

4. Grants Payable (continued)

	2008		2007	
	No.	Value of Grants (£)	No.	Value of Grants (£)
(iii) Advancement of education and learning				
Fearnhill School	-	-	3	16,073
Grange School	1	1,400	2	3,553
Hillshott School	2	6,377	2	3,553
Howard Cottage Housing Association	-	-	1	1,125
Icknield Infants School	1	1,400	2	3,553
Lannock School	1	1,400	2	3,554
Letchworth Civic Trust	1	10,000	-	-
Lordship School	1	1,400	2	3,554
Northfields School	1	1,400	2	3,554
Norton St Nicholas	1	1,400	2	3,554
Pixmore School	1	1,400	2	3,554
Radburn School	1	1,400	2	3,554
St Thomas More School	1	1,400	2	3,554
St. Christopher School	-	-	1	6,852
St. Francis College	-	-	2	11,178
St. Francis Prep Department	1	2,195	-	-
Stonehill School	2	3,595	2	3,554
The Highfield School	1	5,996	4	21,655
Westbury School	1	1,400	1	1,400
Wilbury School	1	1,400	2	3,554
Woolgrove School	1	1,400	2	3,554
	<u>19</u>	<u>44,963</u>	<u>38</u>	<u>104,482</u>
(iv) Relief of poverty and sickness				
Home-Start North Hertfordshire	1	10,000	1	6,000
Mind Yourself	1	2,598	-	-
North Herts & District Citizens Advice Bureau	1	4,803	1	4,663
	<u>3</u>	<u>17,401</u>	<u>2</u>	<u>10,663</u>
(v) Supporting Garden City charitable organisations				
Council for Voluntary Services Furniture Link Scheme	1	17,256	1	17,500
Garden House Hospice	-	-	1	50,000
Multiple Sclerosis Trust	1	3,301	1	2,966
North Herts & District Citizens Advice Bureau	1	7,386	-	-
St John Ambulance	1	7,807	1	7,877
	<u>4</u>	<u>35,750</u>	<u>4</u>	<u>78,343</u>
(vi) Supporting other charitable purposes				
The Star Partnership	-	-	1	1,000
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1,000</u>

The comparative information has been revised by £3,500 following a reallocation between miscellaneous charitable expenditure and grants payable.

Notes to the Accounts

as at 30 September 2008

5. Support Costs

The Support costs of the Foundation consisted of seven cost elements: Marketing and Public Relations, Finance, Executive, Human Resources, Health and Safety, Information Technology Management (IT) and Head Office and Security costs.

These costs were allocated to the following activity cost categories:

Property and related costs
 Cost of Business services and retail activities
 Farms costs
 Provision of educational farm
 Cinema Expenditure
 Charitable activities
 Governance Costs

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

Marketing and Public Relations	Percentage of the time spent
Finance	Work done
Executive	Work done
Human Resources	Head Count
Health and Safety	Head Count
Information Technology Management (IT)	Work done
Head Office and Security costs	*See separate note below*

Head Office and Security costs:

Taking the departments residing in the Foundations Head Office building; Garden City Technologies Ltd, IT, Property, Marketing and Public Relations, Human Resources, Finance and Executive and apportioning the total "Head Office and Security" annual costs in the ratio of headcount for each department residing there. These costs were then allocated across the activities as follows:

Garden City Technologies Ltd	Allocated to "Cost of Business services and retail activities"
IT	Allocated by "Work Done"
Property	Allocated to "Property and related costs"
Marketing	Allocated using "Marketing percentages"
Human Resources	Allocated by "Headcount"
Finance	Allocated by "Work Done"
Executive	Allocated by "Work Done"

Notes to the Accounts

as at 30 September 2008

5. Support Costs (continued)

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

	Marketing and Public Relations	Finance	Executive	Human Resources	Health and Safety	Information Technology Mgmt (IT)	Head Office and Security costs	2008 Total	2007 Total
Property and related costs	147	283	120	66	5	272	193	1,086	1,143
Cost of Business services and retail activities	5	62	26	53	4	59	18	227	209
Farms costs	-	52	22	8	1	50	7	140	137
Provision of educational farm	10	29	12	5	-	28	4	88	69
Cinema Expenditure	10	58	25	26	2	56	9	186	187
Charitable activities	280	174	73	108	8	167	38	848	700
Governance Costs	73	21	9	2	-	20	6	131	104
Total Costs Allocated	<u>525</u>	<u>679</u>	<u>287</u>	<u>268</u>	<u>20</u>	<u>652</u>	<u>275</u>	<u>2,706</u>	<u>2,549</u>

6. Retained Surplus for the Year

This is stated after charging:

	2008 £'000	2007 £'000
Depreciation of tangible fixed assets		
On owned assets	447	505
On assets held under finance leases and hire purchase contracts	14	15
Auditors' remuneration and expenses:		
- audit of the Foundation financial statements	55	56
- audit of the subsidiary financial statements	15	15
- other services	53	21
Operating lease rentals:		
Land and buildings	<u>247</u>	<u>272</u>

Notes to the Accounts

as at 30 September 2008

7. Employees

	2008	2007
	£'000	£'000
Staff costs for the Group during the year amounted to:		
Wages and salaries	3,774	3,499
Social security costs	299	287
Other pension costs	606	515
Agency staff costs	28	26
	<u>4,707</u>	<u>4,327</u>

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

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

	2008	2007
	Number	Number
Charitable activities	62	64
Broadway Cinema	17	17
Property management and maintenance	43	44
Agricultural	8	8
Administration	29	25
Marketing and PR	6	6
	<u>165</u>	<u>164</u>

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

	2008	2007
	Number	Number
£60,001 - £70,000	1	-
£90,001 - £100,000	-	2
£100,001 - £110,000	2	1
£130,001 - £140,000	1	-
£150,001 - £160,000	-	1
£170,001 - £180,000	1	-
	<u>5</u>	<u>4</u>

In the year to 30 September 2007, contributions to defined contribution pension schemes of £2,731 were made in respect of one employee. No contributions were made in 2008.

The number of employees whose emoluments are included in the table above who are members of the defined benefit pension scheme was 5 (2007: 4).

Notes to the Accounts

as at 30 September 2008

7. Employees (continued)

Board of Management

Members of the Board of Management, who are the trustees of the charity, neither received nor waived any emoluments during the year (2007: £nil). No members were reimbursed for out of pocket expenses in the year.

8. Interest Payable and Similar Charges

	2008 £'000	2007 £'000
On amounts repayable within 5 years:		
Other	3	-
	<u>3</u>	<u>-</u>

9. Investment income & interest

	2008 £'000	2007 £'000
Bank Interest	472	514
Bond Fund Investment – interest receivable		
less disposal loss arising in the year – see note 14	-	75
Money Market Deposit Interest	1,308	261
Dividends	-	1
Other Interest Receivable	19	10
	<u>1,799</u>	<u>861</u>
Notional interest on provision for pension payments	140	115
	<u>1,939</u>	<u>976</u>

During the year to 30 September 2007 the investment in the bond fund held by the Foundation was closed. Interest receivable in 2007 was £380,000 against which was netted £305,000 of losses realised in 2007. No such investments were held by the Group in 2008.

10. Taxation

The Foundation is not liable to taxation on revenue or capital surpluses since the Foundation has been accepted by the Inland Revenue and the Registrar of Friendly Societies as having charitable status. Similarly, its subsidiary Letchworth Cottages and Buildings Limited is not liable to taxation on revenue or capital surpluses as an exempt charity. None of the other subsidiary undertakings has taxable profits in the year due either to the availability of trading losses or gift aiding taxable profits to the Foundation.

Notes to the Accounts

as at 30 September 2008

11. Surplus Attributable to Letchworth Garden City Heritage Foundation

The surplus for the year after profit on sale of properties but before property revaluation surpluses dealt with in the accounts of the Foundation amounted to £1,423,000 (2007: £10,273,000).

12. Tangible Assets – Investment Properties

	Freehold property £'000	Long Leasehold property £'000	Short Leasehold property £'000	Buildings & freehold land subject to finance leases £'000	Total £'000
Group					
At 30 September 2007					
at valuation	128,603	3,805	-	5,355	137,763
at cost	-	-	208	-	208
Additions	5,190	5	-	85	5,280
Disposals	(8,009)	-	-	-	(8,009)
Revaluation	(19,624)	(595)	-	(1,140)	(21,359)
At 30 September 2008					
at valuation	106,160	3,215	-	4,300	113,675
at cost	-	-	208	-	208
Depreciation:					
At 30 September 2007	-	-	163	-	163
Charge for the year	-	-	14	-	14
At 30 September 2008	-	-	177	-	177
Net book value:					
At 30 September 2008	<u>106,160</u>	<u>3,215</u>	<u>31</u>	<u>4,300</u>	<u>113,706</u>
At 30 September 2007	<u>128,603</u>	<u>3,805</u>	<u>45</u>	<u>5,355</u>	<u>137,808</u>

Notes to the Accounts

as at 30 September 2008

12. Tangible Assets – Investment Properties (continued)

	Freehold property £'000	Long Leasehold property £'000	Short Leasehold property £'000	Buildings & freehold land subject to finance leases £'000	Total £'000
Foundation					
At 30 September 2007					
at valuation	122,738	3,805	-	5,355	131,898
at cost	-	-	208	-	208
Additions	5,183	5	-	85	5,273
Disposals	(7,733)	-	-	-	(7,733)
Revaluation	(19,344)	(595)	-	1,140)	(21,079)
At 30 September 2008					
at valuation	100,844	3,215	-	4,300	108,359
at cost	-	-	208	-	208
Depreciation:					
At 30 September 2007	-	-	163	-	163
Charge for the year	-	-	14	-	14
At 30 September 2008	-	-	177	-	177
Net book value:					
At 30 September 2008	<u>100,844</u>	<u>3,215</u>	<u>31</u>	<u>4,300</u>	<u>108,390</u>
At 30 September 2007	<u>122,738</u>	<u>3,805</u>	<u>45</u>	<u>5,355</u>	<u>131,943</u>

Notes to the Accounts

as at 30 September 2008

12. Tangible Assets – Investment Properties (continued)

The investment properties other than short leasehold properties were valued at 30 September 2008 by Messrs Bidwells, Property Consultants and Chartered Surveyors, as External Valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards. The valuation of each property was on the basis of Market Value, primarily derived using comparable recent market transactions on arm's length terms.

The valuation of these properties amounted to: Group £113,675,000 and Foundation £108,359,000 (2007: Group £137,763,000 and Foundation £131,898,000).

Over the five year period to 30 September 2008, the portfolio has been valued on the basis of a rolling programme, with Cluttons, Chartered Surveyors carrying out the annual valuations up to 30 September 2004. The valuers inspect 20% of the properties each year and take account of information provided by the Foundation in order to update information they hold on the remainder of the portfolio since the last inspection so as to reach their conclusions.

Short leasehold property is not revalued and is recorded at vested value less depreciation.

The original 'cost' of investment properties held at valuation comprises the value at which those properties were vested to the Foundation on 1 October 1995 together with additions to those properties and the cost of properties acquired since that date. The cost of these properties at 30 September 2008 was £74,222,000 (2007: £70,110,000).

Notes to the Accounts

as at 30 September 2008

13. Tangible Assets – Operational Assets

Group	Freehold property £'000	Plant and equipment subject to finance lease or hire purchase agreement £'000	Plant equipment, machinery vehicles and furniture £'000	Total £'000
Cost:				
At 30 September 2007	12,225	47	5,463	17,735
Additions	565	-	463	1,028
Disposals	(1)	-	(110)	(111)
At 30 September 2008	<u>12,789</u>	<u>47</u>	<u>5,816</u>	<u>18,652</u>
Depreciation:				
At 30 September 2007	839	19	4,291	5,149
Charge for the year	33	16	452	501
Disposals	-	-	(108)	(108)
Impairment	461	-	70	531
At 30 September 2008	<u>1,333</u>	<u>35</u>	<u>4,706</u>	<u>6,073</u>
Net book value:				
At 30 September 2008	<u>11,456</u>	<u>12</u>	<u>1,110</u>	<u>12,579</u>
At 30 September 2007	<u>11,386</u>	<u>28</u>	<u>1,172</u>	<u>12,586</u>
Foundation				
Cost:				
At 30 September 2007	9,211	47	3,420	12,678
Additions	105	-	336	441
Disposals	-	-	(108)	(108)
At 30 September 2008	<u>9,316</u>	<u>47</u>	<u>3,648</u>	<u>13,011</u>
Depreciation:				
At 30 September 2007	341	19	2,424	2,784
Charge for the year	33	16	398	447
Disposals	-	-	(106)	(106)
At 30 September 2008	<u>374</u>	<u>35</u>	<u>2,716</u>	<u>3,125</u>
Net book value:				
At 30 September 2008	<u>8,942</u>	<u>12</u>	<u>932</u>	<u>9,886</u>
At 30 September 2007	<u>8,870</u>	<u>28</u>	<u>996</u>	<u>9,894</u>

Notes to the Accounts

as at 30 September 2008

14. Assets in Course of Construction

Assets in course of construction relate to professional costs of ongoing property projects, principally the progress to date made on the town centre regeneration schemes.

15. Other Investments

Group	£'000
Other fixed asset investments	
Cost:	
At 30 September 2007	20
Disposals during the year	(20)
At 30 September 2008	<u>-</u>
Amount provided:	
At 30 September 2007	20
Provided/(released) during the year	(20)
At 30 September 2008	<u>-</u>
Net book value:	
At 30 September 2008	<u>-</u>
At 30 September 2007	<u>-</u>

Notes to the Accounts

as at 30 September 2008

15. Other Investments (continued)

Foundation	Subsidiary undertakings £'000
Cost:	
At 30 September 2007 and 2008	<u>4,115</u>
Amount provided:	
At 30 September 2007 and 2008	<u>2,200</u>
Net book value:	
At 30 September 2008	<u>1,915</u>
At 30 September 2007	<u>1,915</u>

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

Subsidiary undertakings	Holding	Proportion of shares held	Voting rights	Nature of business
Letchworth Cottages and Buildings Ltd	Ordinary shares	10%	100%	Charitable housing association
Letchworth Garden City Farms Ltd	Ordinary shares	100%	100%	Farming
Letchworth Garden City Services Ltd	Ordinary shares	100%	100%	Non-trading
Broadway Cinema Ltd	Ordinary shares	100%	100%	Cinema operator
Garden City Technologies Ltd	A Ordinary shares	100%	100%	Data Communications
	B Ordinary shares	100%	None	

All are held by the Foundation except Broadway Cinema Ltd which are held by Letchworth Garden City Services Ltd. Letchworth Cottages and Buildings Ltd is a charitable housing association registered under the Industrial and Provident Societies Act 1965. No part of the accumulated reserves can be attributable to its share capital and its income and net assets constitute a Restricted Fund within the Group Accounts of the Foundation.

During the year the Group acquired the minority interest in Broadway Cinema Limited for the sum of £75,000. Goodwill totalling £25,000 arose from this acquisition.

In line with group policy, the cost of this investment was taken to the Summary of Financial Activities in the year.

Notes to the Accounts

as at 30 September 2008

16. Stocks

	Group		Foundation	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Farm stocks	825	590	-	-
Estate stocks	11	1	11	1
Retail stocks	23	24	15	14
	<u>859</u>	<u>615</u>	<u>26</u>	<u>15</u>

17. Debtors

	Group		Foundation	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade debtors	1,644	1,669	1,478	1,607
Amounts owed by subsidiary undertakings	-	-	453	213
Other debtors	383	197	7	20
Prepayments and accrued income	1,186	1,340	990	1,185
	<u>3,213</u>	<u>3,206</u>	<u>2,928</u>	<u>3,025</u>

18. Loans

	Group		Foundation	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Due within one year:				
Loans to staff	30	32	30	32
Loans to individuals and local organisations	17	15	17	15
Loans to subsidiary undertakings	-	-	125	-
	<u>47</u>	<u>47</u>	<u>172</u>	<u>47</u>
Due after one year:				
Loans to staff	15	14	15	14
Loans to individuals and local organisations	62	74	62	74
Loans relating to leasehold enfranchisement	377	405	377	405
Loans to subsidiary undertakings	-	-	-	50
	<u>454</u>	<u>493</u>	<u>454</u>	<u>543</u>

Notes to the Accounts

as at 30 September 2008

18. Loans (continued)

Loans relating to leasehold enfranchisement

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

19. Creditors

	Group		Foundation	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts falling due within one year:				
Bank Overdraft	1	164	-	-
Finance leases and hire purchase	7	9	7	9
Trade creditors	1,088	509	782	405
Corporation tax	-	1	-	-
Taxes and social security	982	2,569	979	2,550
Other creditors	237	218	236	216
Accruals and deferred income	3,482	3,441	3,020	3,207
Grants payable	102	194	102	194
Amounts owed to subsidiary undertakings	-	-	339	-
	<u>5,899</u>	<u>7,105</u>	<u>5,465</u>	<u>6,581</u>
Amounts falling due after more than one year:				
Finance leases and hire purchase	21	30	21	30
	<u>21</u>	<u>30</u>	<u>21</u>	<u>30</u>

Deposits

Deposits held in respect of licenses to occupy residential properties are repayable to outgoing licensees together with a proportion of the capital appreciation during the period of occupation based on the open market value of the property at the time of vacating.

Notes to the Accounts

as at 30 September 2008

19. Creditors (continued)

	Group		Foundation	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Finance Leases and Hire Purchase				
Maturity of these amounts is as follows:				
Amounts payable:				
within one year	7	9	7	9
within two to five years	<u>21</u>	<u>30</u>	<u>21</u>	<u>30</u>
	28	39	28	39
Less: finance charges allocated to future periods	<u>(2)</u>	<u>(3)</u>	<u>(2)</u>	<u>(3)</u>
	<u>26</u>	<u>36</u>	<u>26</u>	<u>36</u>
Finance leases are analysed as follows:				
Current obligations	6	8	6	8
Non-current obligations	<u>20</u>	<u>28</u>	<u>20</u>	<u>28</u>
	<u>26</u>	<u>36</u>	<u>26</u>	<u>36</u>

Reconciliation between the changes in cash and the change in net cash funds (net debt)

	2008 £'000	2007 £'000
Decrease/(increase) in cash	<u>(22,746)</u>	<u>25,582</u>
Cash outflow/(inflow) from change in liquid resources	25,070	(4,700)
Cash outflow from repayments of finance leases	8	10
Movement in net funds in the year	<u>2,332</u>	<u>20,892</u>
Net cash funds at start of the year	32,290	11,398
Net cash funds at end of the year	<u>34,622</u>	<u>32,290</u>

Notes to the Accounts

as at 30 September 2008

20. Provisions for liabilities

Group & Foundation	£'000
At 1 October 2007	570
Arising during the year	-
At 30 September 2008	<u>570</u>

The provision relates to the estimated environmental restoration and remediation costs for the property at 621 Works Road. The provision has been estimated based upon the survey carried out by experienced decontamination consultants in 2007. No work has yet been started, and management consider that this estimate is still an accurate reflection of the potential costs which are expected to be incurred over the next two years.

21. Commitments to Pension Fund

Defined Benefit Scheme

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

The most recent completed full valuation was carried out as at 31 March 2007 using the projected unit method. The scheme's assets were taken into account at their full market value at the valuation date. The valuation revealed a shortfall of assets compared to the past service liabilities.

The Foundation fully adopted FRS 17 from 1 October 2004.

The full valuation of the scheme was undertaken as at 31 March 2007 and updated by a qualified independent Actuary to 30 September 2007 and 30 September 2008 on a basis appropriate to FRS 17. The major assumptions used by the Actuary for the FRS 17 calculations were as follows:

	30 Sept 2008	30 Sept 2007	30 Sept 2006
Rate of increase in salaries	5.2% pa	5.0% pa	4.5% pa
Limited price indexation pension increases	3.7% pa	3.5% pa	3.0% pa
Discount rate	7.3% pa	5.9% pa	5.0% pa
Inflation assumption	3.7% pa	3.5% pa	3.0% pa

The underlying mortality assumption is based on the PFA92 and PMA92 tables projected to calendar year 2033 for non-pensioners and 2017 for pensioners.

Notes to the Accounts

as at 30 September 2008

21. Commitments to Pension Fund (continued)

The assets of the whole of the Hertfordshire County Council Pension Fund are invested with a number of fund managers. The fair value of the assets held by the Hertfordshire County Council Pension Fund in respect of the Foundation and the expected rates of return assumed are as follows:

	Value at 30 September 2008 £'000	Expected rate of return for year starting 30 September 2008 % per annum	Value at 30 September 2007 £'000	Expected rate of return for year starting 30 September 2007 % per annum
Equities	7,322	7.7	9,259	8.0
Bonds	1,649	6.0	1,467	5.3
Property	520	5.6	701	5.9
Cash	933	4.7	890	5.0
Total	<u>10,424</u>		<u>12,317</u>	

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 September 2008 (with comparative figures as at 30 September 2007) are as follows:

	2008 £'000	2007 £'000
Present value of scheme liabilities	* (12,361)	* (12,870)
Market value of scheme assets	10,424	12,317
Deficit in the scheme	<u>(1,937)</u>	<u>(553)</u>

* This figure includes an amount of £175,000 (2007: £204,000) in respect of unfunded liabilities.

Analysis of the amounts charged to net incoming resources for the years to 30 September 2008 and 30 September 2007:

	2008 £'000	2007 £'000
Current service cost	489	499
Interest on scheme liabilities	771	635
Expected return on scheme assets	(911)	(750)
Past service cost	146	-
Total	<u>495</u>	<u>384</u>
Actual return on scheme assets	<u>(1,873)</u>	<u>1,278</u>

Notes to the Accounts

as at 30 September 2008

21. Commitments to Pension Fund (continued)

Changes in the present value of the scheme liabilities for the year ending 30 September 2008 (with comparative figures for the year ending 30 September 2007) are as follows:

	2008	2007
	£'000	£'000
Present value of scheme liabilities at beginning of period	12,870	12,539
Service cost	489	499
Employee contributions	207	190
Interest cost	771	635
Past service cost	146	-
Actuarial gains	(1,668)	(633)
Benefits paid	(454)	(360)
Present value of scheme liabilities at end of period	<u>12,361</u>	<u>12,870</u>

Changes in the fair value of the scheme assets for the year ending 30 September 2008 (with comparative figures for the year ending 30 September 2007) are as follows:

	2008	2007
	£'000	£'000
Market value of the scheme assets at beginning of period	12,317	10,792
Expected return	911	750
Actuarial (losses)/gains	(2,984)	528
Benefits paid	(454)	(360)
Contributions paid by the company	427	417
Employee contributions	207	190
Market value of the scheme assets at end of period	<u>10,424</u>	<u>12,317</u>

As a result of the actuarial valuation as at 31 March 2007 Letchworth Garden City Heritage Foundation are making contributions to the scheme at the rate of 14.9% of pensionable pay for the year to 31 March 2009 and 16.6% of pensionable salary for the year to 31 March 2010.

Notes to the Accounts

as at 30 September 2008

21. Commitments to Pension Fund (continued)

Analysis of the amounts recognised as other recognised gains and losses in the Statement of Financial Activities for the year ended 30 September 2008 (with comparative figures for the year ending 30 September 2007) are as follows:

	2008 £'000	2007 £'000
Actual return less expected return on scheme assets	(2,984)	528
Experience gains and losses on scheme liabilities	(526)	(28)
Changes in assumptions underlying present value of scheme liabilities	2,194	661
Actuarial gain/(loss) recognised in statement of recognised gains and losses	<u>(1,316)</u>	<u>1,161</u>

Cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities for the year ending 30 September 2008 (with comparative figures for the year ending 30 September 2007):

	2008 £'000	2007 £'000
Cumulative actuarial gain/(loss) at beginning of period	1,020	* (141)
Recognised during the period	(1,316)	1,161
Cumulative actuarial gain/(loss) at end of period	<u>(296)</u>	<u>1,020</u>

* Based on actuarial gains and losses from 2003/4 onwards.

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

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of scheme liabilities	(12,361)	(12,870)	(12,539)	(11,295)	(10,072)
Market value of scheme assets	<u>10,424</u>	<u>12,317</u>	<u>10,792</u>	<u>9,329</u>	<u>6,661</u>
Deficit in the scheme	(1,937)	(553)	(1,747)	(1,966)	(3,411)
Actual return less expected return on scheme assets	(2,984)	528	577	586	100
Experience gain/(loss) arising on scheme liabilities	(526)	(28)	(202)	(19)	-
Change in assumptions underlying present value of scheme liabilities	2,194	661	193	(818)	(172)

Notes to the Accounts

as at 30 September 2008

22. Capital Funds

	Restricted Fund £'000	General Fund £'000	Total £'000
Group			
At 30 September 2007	11,238	170,628	181,866
Retained surplus/(deficit) for the year	272	1,437	1,709
Increase/(decrease) on revaluation	(280)	(21,079)	(21,359)
Actuarial gain/(loss) on pension scheme	-	(1,316)	(1,316)
Balance at 30 September 2008	<u>11,230</u>	<u>149,670</u>	<u>160,900</u>
Foundation			
At 30 September 2007	-	168,372	168,372
Retained surplus for the year	-	1,423	1,423
Increase/(decrease) on revaluation	-	(21,079)	(21,079)
Actuarial gain/(loss) on pension scheme	-	(1,316)	(1,316)
Balance at 30 September 2008	<u>-</u>	<u>147,400</u>	<u>147,400</u>

On appointment Governors are required to subscribe for a £1 Ordinary Share in the Foundation which is forfeited on their retirement and the subscription is taken to income. At 30 September 2008 there were 26 (2007: 30) shares in issue.

Notes to the Accounts

as at 30 September 2008

23. Analysis of Group Net Assets Between Funds

	Restricted Fund £'000	General Fund £'000	Total £'000
Fund Balances at 30 September 2008 are represented by:			
Tangible Fixed Assets			
Investment properties	5,316	108,390	113,706
Operational assets	-	12,579	12,579
In course of construction	22	3,798	3,820
Investments			
Current assets	5,898	33,324	39,222
Current liabilities	(6)	(5,893)	(5,899)
Creditors due after one year	-	(21)	(21)
Provisions	-	(570)	(570)
Provision for pension payments	-	(1,937)	(1,937)
	<u>11,230</u>	<u>149,670</u>	<u>160,900</u>

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

Unrealised gains at 30 September 2007	4,971	62,682	67,653
Net surplus arising on revaluations in the year	(280)	(21,079)	(21,359)
Realised on disposals in the year	(184)	(6,657)	(6,841)
Unrealised gains at 30 September 2008	<u>4,507</u>	<u>34,946</u>	<u>39,453</u>

24. Financial Commitments

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

	2008 £'000	2007 £'000
Group and Foundation		
Erection, purchase and redevelopment of premises	<u>4,149</u>	<u>3,056</u>

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

Group and Foundation

Land and building leases expiring:

Within one year	113	-
Within two to five years	-	106
In over five years	159	158
	<u>272</u>	<u>264</u>

25. Reconciliation of Net Incoming Resources to Net Cash Inflow from Operating Activities

	2008	2007
	£'000	£'000
Net incoming resources for the year	504	421
Interest payable	3	-
Interest receivable and other non-property investment income	(1,939)	(976)
Depreciation	516	526
Impairment of investment property	530	267
(Increase)/decrease in stocks	(244)	(24)
(Increase)/decrease in debtors	(7)	(659)
(Decrease)/increase in creditors	(1,118)	3,103
Pension fund liability	208	82
Increase/(decrease) in minority interest	-	1
Net cash (outflow)/inflow from operating activities	<u>(1,547)</u>	<u>2,741</u>

26. Analysis of Changes in Net Cash Funds (Net Debt)

	At 1.10.07	Cash flow	Other	At 30.09.08
	£'000	£'000	non-cash	£'000
			changes	
			£'000	
Cash at bank and in hand	27,438	(22,909)	-	4,529
Overdraft	(164)	163	-	(1)
	<u>27,274</u>	<u>(22,746)</u>	<u>-</u>	<u>4,528</u>
Money market deposits	5,050	25,070	-	30,120
Finance leases	(34)	8	-	(26)
Net Cash Funds	<u>32,290</u>	<u>2,332</u>	<u>-</u>	<u>34,622</u>

Letchworth Garden City Heritage Foundation

Broadway Cinema Ltd

Eastcheap
Letchworth Garden City
Herts SG6 3DD

01462 681300

www.broadway-cinema.com

Ernest Gardiner Day Hospital

Pearsall Close
off Pixmore Avenue
Letchworth Garden City
Herts SG6 1QX

01462 670955

First Garden City Heritage Museum

296 Norton Way South
Letchworth Garden City
Herts SG6 1SU

01462 482710

Garden City Technologies Ltd

Suite 401
The Spirella Building
Bridge Road
Letchworth Garden City
Herts SG6 4ET

01462 476690

Heritage Foundation Minibus Service

Manor Farm, Willian
Letchworth Garden City
Herts SG6 2AH

01462 481131

Letchworth Garden City Farms Ltd

Manor Farm, Willian
Letchworth Garden City
Herts SG6 2AH

01462 683975

Letchworth Cottages & Buildings Ltd

Suite 401
The Spirella Building
Bridge Road
Letchworth Garden City
Herts SG6 4ET

01462 476007

Letchworth Garden City Services Ltd

Suite 401
The Spirella Building
Bridge Road
Letchworth Garden City
Herts SG6 4ET

01462 476007

Letchworth Garden City Tourist Information Centre

33-35 Station Road
Letchworth Garden City
Herts SG6 3BB

01462 487868

www.letchworthgc.com

Plinston Hall

Broadway
Letchworth Garden City
Herts SG6 3NX

01462 672003

www.plinston.com

Spirella Ballroom The Spirella Building

Bridge Road
Letchworth Garden City
Herts SG6 4ET

01462 672003

www.spirella.com

Standalone Farm

Wilbury Road
Letchworth Garden City
Herts SG6 4JN

01462 686775

Letchworth Garden City
Heritage Foundation
Suite 401
The Spirella Building
Bridge Road
Letchworth Garden City
Herts SG6 4ET

T: 01462 476007
F: 01462 476050

info@lgchf.com
www.lgchf.com



Letchworth Garden City
Heritage Foundation
Suite 401
The Spirella Building
Bridge Road
Letchworth Garden City
Herts SG6 4ET

T: 01462 476007
F: 01462 476050

info@lgchf.com
www.lgchf.com

