

HAMPSTEAD HEATH
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

Charity Number: 803392

HAMPSTEAD HEATH

Trustee's Annual Report and Financial Statements for the year ended 31 March 2012

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HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2012

1. Reference and Administration Details

Charity Name:	Hampstead Heath
Registered Charity Number:	803392
Principal Address:	Guildhall, London EC2P 2EJ
Trustee:	The Mayor, Commonalty and Citizens of the City of London
Chief Executive:	The Town Clerk of the City of London Corporation
Treasurer:	The Chamberlain of London
Solicitor:	The Comptroller and City Solicitor
Banker:	Lloyds TSB Bank plc City Office, PO Box 72 Bailey Drive Gillingham, Kent ME8 OLS
Auditor:	Deloitte LLP Chartered Accountants and Statutory Auditor 2 New Street Square London EC4A 3BZ

2. Structure, Governance and Management

The governing document

The governing documents are the Hampstead Heath Act 1871 and the London Government Reorganisation (Hampstead Heath) Order 1989. The charity is constituted as a charitable trust.

Trustee Selection methods

The Mayor, Commonalty and Citizens of London, known as the City of London Corporation, is the trustee of Hampstead Heath. Elected Aldermen and Members of the City of London Corporation are appointed to the committee governing Hampstead Heath by the Court of Common Council of the City of London Corporation. The Finance Committee of the City of London Corporation administers the Trust on behalf of the Trustee.

Policies and procedures for the induction and training of trustee

The City of London Corporation makes available to its Members, seminars and briefings on various aspects of the City's activities, including those concerning Hampstead Heath, as it considers necessary to enable the Members to efficiently carry out their duties.

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Trustee's report for the year ended 31 March 2012

Organisational structure and decision making process

The committees governing the charity's activities are noted above. The committees are ultimately responsible to the Court of Common Council of the City of London. The decision making processes of the Court of Common Council are set out in the Standing Orders and Financial Regulations governing all the Court of Common Council's activities. The Standing Orders and Financial Regulations are available from the Town Clerk at the registered address.

Details of related parties and wider networks

Details of any related party transactions are disclosed in Note 17 of the Notes to the Financial Statements.

Risk identification

The Trustee is committed to a programme of risk management as an element of its strategy to preserve the charity's assets, enhance productivity for service users and members of the public and protect the employees.

In order to embed sound practice a Risk Management Group has been established in the City of London Corporation to ensure that risk management policies are applied, that there is an ongoing review of risk management activity and that appropriate advice and support is provided to Members and officers.

The City of London Corporation has approved a strategic risk register for all of its activities. This register helps to formalise existing processes and procedures and enables the City of London Corporation to further embed risk management throughout the organisation.

A key risk register has been prepared for this charity and has been reviewed by the committee acting on behalf of the Trustee. It identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

3. Objectives and Activities for the Public Benefit

The Trustee has due regard to the Charity Commission's public benefit guidance when setting objectives and planning activities.

The object of the charity is the preservation of Hampstead Heath for the recreation and enjoyment of the public.

This charity is operated as part of the City of London's City's Cash. The City of London is committed to funding the ongoing net operational costs of the charity in accordance with the purpose.

The Hampstead Heath Trust Fund is a subsidiary controlled by this charity. That charity was established by the London Residuary body with an endowment of £15m. Its purpose was to contribute towards the running costs of the Heath. Separate accounts are prepared for the subsidiary, which are consolidated with these accounts.

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Trustee's report for the year ended 31 March 2012

4. Achievements and Performance

Key targets for 2011/12 and review of achievement

The key targets for 2011/12 together with their outcomes were:

- ***Achieve reductions through outsourcing, shared service delivery or other partnership arrangements. Equality Impact Assessments completed.*** A new model for the management arrangements for the Bowling Green at Parliament Hill is progressing. The Equality Impact assessments have been completed, with very positive results.
- ***Reorganise Heath operational structures to accommodate the necessary budgetary reductions.*** As a result of obtaining a grant from the City Bridge Trust this has not been necessary, but reviews with a focus to the end of the grant period in 2014 are planned.
- ***Achieve grant funding to provide educational and biodiversity projects that support communities across Greater London.*** As stated above, a grant was awarded by the City Bridge Trust which has enabled projects such as a new wild flower meadow, and an Eco-field for educational use to be progressed.
- ***Completion of the Flood and Water Quality management project; keys stages to success include approval of Evaluation Report, Detailed Design and successful public consultation.*** The project is extremely complex and in order to ensure success is being managed carefully and with due consideration to all of the varied aspects. A number of consultation events have taken place and communication with key stakeholders continues.
- ***Continue to develop the Festival of Sport and Well Being as the Heath's contribution to the 2012 celebrations and promote the Green to Gold theme for other Open Space activities.*** The Festival of Sports & Well Being was launched in June 2011, with riders cycling to the City from all of the City's open spaces, where a launch event took place, attended by Olympic athlete, Tessa Sanderson, along with Wenlock & Maderville – the Olympic Mascots.
- ***Liaise with City Surveyor to implement the agreed programme for additional works for Hampstead Heath.*** The programme of works has continued to be carried out with £1.14M allocated for on properties and infrastructure on Hampstead Heath. Projects have included improvements and repairs to the walls in the gardens at Golders Hill Park, Hill Garden/Pergola and Kenwood Yard, the latter being Listed structures.
- ***Celebrate Australia and New Zealand, as part of the City of London Festival, at Parliament Hill in July 2011. Develop concepts before delivering another partnership event in 2012.*** This was a successful partnership event with in the region of 2,500 visitors. Entertainment and events included, a range of music from the Pacific Rim, a number of workshops looking art and sculpture, along with a Hangi – which is a traditional method of cooking, with the visitors being fed from the results.
- ***Continue to investigate measures to control nuisance caused by large packs of dogs and achieve secondary authority status in consultation with the Comptroller and City Solicitor.*** A decision is still awaited from DEFRA on this matter, in the meantime the Constabulary continue to engage with commercial dog walkers to develop relations and advise on responsibilities and appropriate behaviour.
- ***Implement the Sustainable Audit System for Hampstead Heath and develop an Improvement Plan.*** A review and verification took place in September 2011, and was submitted. The improvement plan has been developed and a draft has now been circulated for comment and an action plan in order to address the issues identified is being completed. The findings and areas of best practice will be shared across the department and it is hoped, the wider City of London.

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Trustee's report for the year ended 31 March 2012

- *Investigate solutions to further reduce risks of pedestrian and vehicle conflict at Parliament Hill main entrance off Highgate Road.* A range of solutions were identified and implemented; these include new signs at the entrance, a series of small humps to reduce vehicle and cycle speed, along with the configuration being placed to direct vehicles away from the Tennis Hut, toilets and Yard entrance. The automatic barrier was shortened to reduce potential cyclist and pedestrian conflict.
- *The Trust continues to meet a proportion of the maintenance cost of the Heath from income generated during the year.*

A review of other achievements:

- Retained external accreditation / Green Flag Awards for all sites. This was achieved during 2011/12 and the site retained its Green Heritage award.
- Heath Hands has continued to work with and support active management of the Heath, developing further programmes and looking at other ways in which to assist.
- Produce and implement annual work programmes linked to the site management plans. This was produced and implemented during 2011/12.

All of the above achievements enhanced the Open Space for the benefit of the public.

5. Financial Review

Review of financial position

The Barratt Bequest Trust Fund (Charity number 1064114) ceased to exist on 23 December 2011 and the Trust's assets and liabilities were transferred to Hampstead Heath (£570,769). Investment income of £1,154,016 (2010/11 £1,161,423) was earned during the year. Other income received included £1,063,384 from donations and other external contributions (2010/11 £10,097), £846,552 from sales, fees and charges (2010/11 £760,681) and £164,362 from rents (2010/11 £191,109). The contribution towards the running costs of the charity amounted to £5,952,338 (2010/11 £7,282,015). This net cost was met by the City of London Corporation's City's Cash. An annual sum of £5,000 was transferred from the restricted fund for maintenance of land transferred to the Heath, from the Athlone House development agreement. The restricted fund is now £56,668 at the end of the year. This fund consists of £25,000 of Athlone House funding and £31,668 of City Bridge Trust resources to be spent in 2012/13.

Additions to land and capital expenditure on buildings are included in the financial statements as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured. The impact on the financial statements is that the charity's balance sheet reflects its ownership of these fixed asset additions net of depreciation, represented by a designated income fund.

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Trustee's report for the year ended 31 March 2012

Reserves Policy

The contribution towards the running costs of Hampstead Heath is determined in accordance with a formula set out in the governing document. Reserves therefore represent the accumulated net income that cannot be distributed under the existing governance arrangements. However the higher level of reserves provides the potential for increased annual contributions in future years (calculated in accordance with the formula).

Investment Policy

The investment policy is driven by the concept of total return over the long term. The purpose of this policy is to provide for real increases in annual expenditure whilst preserving the capital base of the Trust in real terms.

For the calendar year 2011, the Trust achieved a return of +2.7% (+13.8% 2010) compared with the WM Unconstrained Universe return of -3.3% (+13.7% 2011).

The modest increase in the market value of the investments held reflects the relative out-performance achieved by the Fund Manager compared to market returns in UK and international markets, and this has been mainly due to favourable stock selection.

Spending Policy

The reserves policy of the Trust is that the original endowment of £15 million (now worth £23.4m) should produce income to cover a proportion of the running costs of Hampstead Heath. The maximum contribution (£1,188,000) is based on the contribution for 2010/11 (£1,175,000) multiplied by the change in the Average Earnings Index between April 2010 and April 2011 (1.011) and is subject to a triennial review. Should the actual income added to the surpluses from previous years in a specific year be less than the maximum contribution as per the Transfer Order, then the lower sum is attributed, unless the Finance Committee decides that an allocation from the capital reserves of the Trust Fund is desirable. This is within the terms of the Transfer Order. The maximum permissible contribution was met and allocated towards the running costs in 2011/12.

Going Concern

The Trustee considers the Trust Fund to be a going concern. Please see Note 1 (b) to the Financial Statements.

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Trustee's report for the year ended 31 March 2012

6. Plans for Future Periods

The plans for 2012/13 are:

- Achieve budget reductions in accordance with July 2011 Management Committee approval and update Members on progress.
- City Bridge Trust - continue to implement projects and services to promote education and biodiversity that supports communities across Greater London.
- Continue to support the Flood Management and Water Quality project; key stages to success include appointment of a Design team, Detailed Design and successful public consultation and engagement, procurement and implementation.
- Liaise with City Surveyor to implement the agreed programme for additional works for Hampstead Heath.
- Develop and implement Local Improvement Plan arising from the Sustainability Audit for Hampstead Heath. Undertake audit at Highgate Wood and Queen's Park to review progress with implementation of their improvement plan.
- Deliver the Festival of Sport and Well Being as the Heath's contribution to the 2012 celebrations and promote the Get Out, Join in theme for other Open Space activities.
- Celebration of welcoming the World, as part of the City of London Festival, at Parliament Hill in July 2012. Diamond Jubilee Celebrations at Golders Hill Park, in partnership with the London Borough of Barnet, Affordable Art Fair and other third party events, including fairs, circus and Race for Life.
- Achieve budget reductions by developing new management arrangements for Parliament Hill Bowling Green. Develop a Management Plan, implement and monitor new management arrangements.
- Implement, subject to planning approval, extension of car park and South End Green area enhancements.
- Review the options for the management of the car parks to develop a plan which will provide a framework for future improvements and legislative compliance.
- Develop a Policing Plan, including a Purpose, Vision and strategic themes, following review, consultation for presentation to committee.

7. The Financial Statements

The Financial statements are prepared on a consolidated basis for Hampstead Heath and the Trust Fund. Separate financial statements are prepared for the Hampstead Heath Trust Fund which is a subsidiary of Hampstead Heath.

The financial statements consist of the following and include comparative figures for the previous year.

- **Consolidated Statement of Financial Activities** showing all resources available and all expenditure incurred and reconciling all changes in the funds of the charity and its subsidiary charity.
- **Consolidated Balance Sheet** setting out the assets and liabilities of the charity and its subsidiary charity.
- **Balance Sheet** setting out the assets and liabilities of Hampstead Heath charity only.
- **Consolidated Cash Flow Statement** showing the cash inflows and outflows of the charity for the year.

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Trustee's report for the year ended 31 March 2012

- **Notes to the Financial Statements** describing the accounting policies adopted and explaining information contained in the financial statements.

The financial statements have been prepared in accordance with statutory requirements and the Statement of Recommended Practice *Accounting and Reporting by Charities (Revised 2005)*.

8. Statement of Trustee's Responsibilities

The trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP;
3. make judgments and estimates that are reasonable and prudent;
4. state whether applicable accounting standards have been followed; and
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

9. Adopted and signed for and on behalf of the Trustee.

R.A.H. Chadwick
Chairman of Finance Committee
Guildhall, London

Raymond Michael Catt
Deputy Chairman of
Finance Committee
Guildhall, London

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF HAMPSTEAD HEATH

We have audited the financial statements of Hampstead Heath for the year ended 31 March 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Hampstead Heath Balance Sheet and the Consolidated Cash Flow Statement and the related Notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustee, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee and auditor

As explained more fully in the Trustee Responsibilities Statement, the trustee is responsible for the preparation of the financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2012, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF HAMPSTEAD HEATH
(CONTINUED)**

Matters on which we are required to report by exception

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

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

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

21st August 2012

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity

HAMPSTEAD HEATH

Consolidated Statement of Financial Activities for the year ended 31 March 2012

	Notes	Unrestricted Funds		Restricted Fund	Endowment Fund	2011/12	2010/11
		General Fund	Designated Fund				
		£	£				
Incoming resources							
Incoming resources from generated funds							
Investment Income		1,154,016	-	-	-	1,154,016	1,161,423
Voluntary Income		343,271	-	479,925	240,188	1,063,384	10,097
Grant from City of London Corporation		5,856,868	95,470	-	-	5,952,338	7,282,015
Incoming resources from charitable activities		1,010,914	-	-	-	1,010,914	951,790
Total incoming resources	4	8,365,069	95,470	479,925	240,188	9,180,652	9,405,325
Resources expended							
Costs of generating funds							
Managed investment Expenses	5	147,266	-	-	-	147,266	146,943
Performance measurement service	5	4,595	-	-	-	4,595	4,524
Interest Payable		3,002	-	-	-	3,002	-
Charitable activities	5	7,734,166	118,218	453,257	-	8,305,641	8,976,210
Governance costs	6	338,776	-	-	-	338,776	306,862
Total resources expended		8,227,805	118,218	453,257	-	8,799,280	9,434,539
Net (outgoing)/ incoming resources		137,264	(22,748)	26,668	240,188	381,372	(29,214)
Net movement in funds before other recognised gains		137,264	(22,748)	26,668	240,188	381,372	(29,214)
Other recognised gains							
Net gain on investment assets	10	8,497	-	-	803,691	812,188	819,712
Net movement in funds		145,761	(22,748)	26,668	1,043,879	1,193,560	790,498
Reconciliation of funds							
Total funds brought forward	14	160,157	927,069	30,000	22,374,562	23,491,788	22,701,290
Total funds carried forward	14	305,918	904,321	56,668	23,418,441	24,685,348	23,491,788

All operations are continuing.

HAMPSTEAD HEATH
Consolidated Balance Sheet as at 31 March 2012

	Notes	2012	2011
		£	£
Fixed Assets			
Tangible Fixed Assets	9	904,321	927,069
Fixed Asset Investments	10	22,970,843	22,374,562
		23,875,164	23,301,631
Current Assets			
Debtors	11	255,353	330,727
Investments	10	1,756,196	1,151,634
Cash at bank and in hand		920,425	588,017
		2,931,974	2,070,378
Creditors: amounts falling due within one year	12	(2,121,790)	(1,880,221)
Net Current Assets		810,184	190,157
Total Assets Less Current Liabilities		24,685,348	23,491,788
The funds of the charity:			
<i>Unrestricted Funds</i>			
General Fund	13 & 14	305,918	160,157
Designated Fund	13 & 14	904,321	927,069
<i>Restricted Funds</i>	13 & 14	56,668	30,000
<i>Endowment Funds</i>	13 & 14	23,418,441	22,374,562
Total charity funds		24,685,348	23,491,788

Approved and signed for and on behalf of the
Trustee.

The notes at pages 16 to 32 form part of these
accounts.

Chris Bilsland
Chamberlain of London
21st August 2012

HAMPSTEAD HEATH
Balance Sheet as at 31 March 2012

	Notes	2012	2011
		£	£
Fixed Assets			
Tangible Fixed Assets	9	904,321	927,069
Current Assets			
Debtors	11	94,735	171,755
Cash at bank and in hand		920,425	588,017
		1,015,160	759,772
Creditors: Amounts falling due within one year	12	(958,492)	(729,772)
Net Current Assets		56,668	30,000
Total Assets less Current Liabilities		960,989	957,069
The funds of the charity			
<i>Unrestricted Funds</i>			
Designated Fund	13 & 14	904,321	927,069
<i>Restricted Funds</i>	13 & 14	56,668	30,000
Total charity funds		960,989	957,069

Approved and signed for an on behalf of the Trustee

Chris Bilsland
Chamberlain of London
21st August 2012

HAMPSTEAD HEATH

Consolidated Cash Flow Statement for the year ended 31 March 2012

	Notes	2011/12	2010/11
		£	£
Net cash outflow from operating activities	1	(337,482)	(576,914)
Returns on investments and servicing of finance	2	1,154,016	1,161,423
Capital expenditure		<u>(95,470)</u>	<u>(224,121)</u>
Net cash inflow before management of liquid resources		721,064	360,388
Management of liquid resources	3	<u>(388,656)</u>	<u>(72,141)</u>
Increase in cash in the year		<u>332,408</u>	<u>288,247</u>
<u>Notes to the Cash Flow Statement</u>			
Note 1: Reconciliation of net outgoing resources to net cash outflow from operating activities			
		£	£
Net outgoing resources before other recognised gains		381,372	(29,214)
Depreciation		118,218	82,935
Investment income		(1,154,016)	(1,161,423)
Decrease/(increase) in debtors		75,046	(67,617)
Increase in creditors		241,570	597,906
Decrease in provisions		<u>328</u>	<u>499</u>
Net cash outflow from operating activities		<u>(337,482)</u>	<u>(576,914)</u>
Note 2: Returns on investments and servicing of finance			
Investment income received		<u>1,154,016</u>	<u>1,161,423</u>
Note 3: Management of liquid resources			
Cash transferred (from) short term investments		<u>(388,656)</u>	<u>(72,141)</u>
Net cash outflow		<u>(388,656)</u>	<u>(72,141)</u>

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Consolidated Cash Flow Statement for the year ended 31 March 2012 (continued)

Note 4: Analysis of changes in net funds	1 April 2011	Cash Flow	Net Gain on investments	31 March 2012
	£	£	£	£
Cash at bank and in hand	588,017	332,408	-	920,425
Short term investments	1,151,634	388,656	215,906	1,756,196
Change in net funds	1,739,651	721,064	215,906	2,676,621

Note 5: Reconciliation of net cash flow to movement in net funds

	2012	2011
	£	£
Increase in cash in the year	332,408	288,247
Increase in short term investments	604,562	<u>72,141</u>
Change in net funds	936,970	360,388
Net funds balance brought forward	1,739,651	<u>1,379,263</u>
Net funds balance carried forward	<u>2,676,621</u>	<u>1,739,651</u>

HAMPSTEAD HEATH

Notes to the financial Statements for the year ended 31 March 2012

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

(a) Basis of preparation

These are the Consolidated Financial Statements for the Hampstead Heath Group comprising Hampstead Heath and Hampstead Heath Trust. Separate statements are also produced for the Hampstead Heath Trust which is a subsidiary of Hampstead Heath.

The financial statements have been prepared in accordance with the Charities Act 2011 and Statement of Recommended Practice *Accounting and Reporting by Charities (Revised 2005)* and under the historical cost accounting rules (except for investments recorded at valuation), and in accordance with applicable United Kingdom accounting standards.

(b) Going Concern

The governing documents place an obligation on the City of London Corporation to preserve the open space for the benefit of the public. The City of London Corporation is committed to fulfilling this obligation which is reflected through its proactive management of, and ongoing funding for, the services and activities required. The funding is provided from the City of London Corporation's City's Cash which annually receives considerable income from its managed funds and property investments. Each year a medium term financial forecast is updated from City's Cash. The latest forecast to the period 2015/16 anticipates that adequate funding will be available to enable the Trust to continue to fulfil its obligations. On this basis the Trustee consider the Trust to be a going concern for the foreseeable future, therefore has prepared the financial statements on the going concern basis.

(c) Fixed assets

Heritage Land and Associated Buildings

Hampstead Heath comprises 275 hectares (680 acres) of land located in the London Boroughs of Camden and Barnet, together with associated buildings. The objectives of the charity are the preservation of the Heath at Hampstead for the recreation and enjoyment of the public. Hampstead Heath is considered to be inalienable (i.e. may not be disposed of without specific statutory powers).

Land and associated buildings acquired prior to 1 April 2009 are considered to be heritage assets. In respect of the original land and buildings, cost or valuation are not included in these accounts as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts.

Additions to the original land and capital expenditure on buildings are included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured.

HAMPSTEAD HEATH

Notes to the financial Statements for the year ended 31 March 2012

Tangible Fixed Assets

These are included at historic cost less depreciation on a straight line basis to write off their costs over their estimated useful lives and less any provision for impairment. Land is not depreciated and other fixed assets are depreciated from the year following that of their acquisition. Typical asset lives are as follows:

	Years
Operational buildings	30 to 50
Landscaping/Conservation	up to 50
Improvements and refurbishments to buildings	up to 30
Equipment	5 to 10
Infrastructure	15

(d) Incoming resources

Recognition of incoming resources

All incoming resources are included in the Statement of Financial Activities gross without deduction of expenses in the financial year in which they are due.

Voluntary income

Voluntary income comprises a transfer from the Barratt Bequest Fund, public donations and government grants.

Volunteers

No amounts are included in the Statement of Financial Activities for services donated by volunteers, as this cannot be accurately quantified.

Grants received

Grants are included in the Statement of Financial Activities in the financial year in which they are receivable.

Contribution from City's Cash

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides grant funding for certain capital works.

Rental income

Rental income is included in the Charity's incoming resources for the year and amounts due but not received at the year-end are included in debtors.

(e) Resources expended

Allocation of costs between different activities

The City of London Corporation charges staff costs to the charitable activity and governance costs on a time spent basis. Associated office accommodation is charged out proportionately to the square footage used. All other costs are charged directly to the charitable activity.

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

(f) Pension costs

The City of London's Pension Scheme is a funded defined benefits scheme. City of London Corporation staff are eligible for membership of the pension scheme and may be employed in relation to the activities of any of the City Corporation's three main funds, or any combination of them (i.e. City Fund, City's Cash and Bridge House Estates).

(g) Investments

Investments are managed similarly to those pooled from other small City of London charities. Underlying Listed Company investments are valued at The Stock Exchange Trading System price at 31 March 2012. Other investments are valued annually at the mid price of the market at the close of business on 31 March of that year. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

The unrealised gains on investments at the balance sheet date are included in the Trust's funds.

The net gains on investments shown in the Statement of Financial Activities represent the difference in the market value of investments between 1 April 2011 and 31 March 2012.

(h) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the capital fund. There were no gains or losses on foreign currency transactions in the year.

(i) Fund Accounting

The charity has three funds – an unrestricted income fund which comprises a general fund representing the net income of the Trust distributed annually towards the running costs of the Heath and a designated fund consisting of fixed assets at historic cost less accumulated depreciation; a restricted income fund in respect of Athlone House and the City Bridge Trust (see Note 18) and a permanent endowment fund which represents the original endowment invested shown at current market value.

(j) Governance costs

The nature of costs allocated to Governance are detailed in Note 6.

2. Tax Status of the Charity

Hampstead Heath is a registered charity and as such its income and gains are exempt from income tax to the extent that they are applied to its charitable objectives.

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

3. Indemnity Insurance

The City of London Corporation takes out indemnity insurance in respect of all of its activities. The charity does not contribute to the cost of that insurance.

4. Incoming Resources

Incoming resources are comprised as follows:

	Unrestricted Funds		Restricted Funds		2011/12 £	2010/11 £
	Unrestricted Fund £	Designated Fund £	Restricted Fund £	Endowment Fund £		
Incoming resources from generated funds						
Investment Income	1,154,016	-	-	-	1,154,016	1,161,423
Voluntary Income	343,271	-	479,925	240,188	1,063,384	10,097
Grant from City of London Corporation	5,856,868	95,470	-	-	5,952,338	7,282,015
	7,354,155	95,470	479,925	240,188	8,169,738	8,453,535
Incoming resources from charitable activities						
Fees and charges	809,591	-	-	-	809,591	744,725
Sales	36,961	-	-	-	36,961	15,956
Rental income	164,362	-	-	-	164,362	191,109
	1,010,914	-	-	-	1,010,914	951,790
Total incoming resources	8,365,069	95,470	479,925	240,188	9,180,652	9,405,325

Investment Income

Incoming resources from generated funds consist of investment income and interest received on average cash balances for the year. Income for the year amounted to £1,154,016 (2010/11 £1,161,423).

Voluntary Income

The voluntary income relates to donations and sponsorship income of £12,690, the transfer of the assets of the Barrat Bequest Trust fund of £570,769 and grant funding from the City Bridge Trust of £479,925 to provide educational and biodiversity projects that support communities across Greater London.

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 201

Deficit funding Contribution from City's Cash

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity.

Charges for the use of facilities

Fees and charges are made to the public for the use of facilities, admissions and services.

5. Resources Expended

Resources expended are analysed between activities undertaken directly and support costs as follows:

	Activities undertaken directly £	Support costs £	2011/12 £	2010/11 £
Charitable activities	7,632,306	673,335	8,305,641	9,127,677
Costs of generating funds	154,863	-	154,863	-
Governance costs	-	338,776	338,776	306,862
Total resources expended	7,787,169	1,012,111	8,799,280	9,434,539

No resources are expended by third parties to undertake charitable work on behalf of the charity.

Charitable activities

Expenditure on charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred as the running costs of Hampstead Heath.

Costs of generating funds

Consists of Fund managers fees of £147,266 (2010/11 £146,943), performance measurement fees of £4,595 (2010/11 £4,524) and interest payable of £3,002 (2010/11 Nil).

Governance costs

General

Governance costs relate to the general running of the charity, rather than specific activities within the charity, including strategic planning and costs associated with trustee meetings. These costs are initially borne by the City of London Corporation and then charged to individual charities on the basis of time spent, as part of support costs, where appropriate.

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

Auditor's remuneration and fees for external financial services

The City of London's external auditor audits this charity as one of the numerous charities administered by the City of London Corporation. The City of London Corporation does not attempt to apportion the audit fee between all the different charities but prefers to treat it as part of the cost to its private funds. No other external financial services were provided for the charity during the year or in the previous year.

Trustee's expenses

Members of the City of London Corporation are unpaid and do not receive allowances in respect of City of London Corporation activities in the city. However, Members may claim travelling expenses in respect of activities outside the city and receive allowances in accordance with a scale when attending a conference or activity on behalf of the City of London Corporation. No expenses were incurred in the year. (2010/11 £nil)

6. Support Costs

The cost of administration which includes the salaries and associated costs of officers of the City of London Corporation, together with premises and office expenses, is allocated by the City of London Corporation to the activities under its control, including this charity, on the basis of employee time spent on the respective services. These expenses include the cost of administrative and technical staff and external consultants who work on a number of the City of London Corporation's activities. Support costs allocated by the City of London Corporation to the charitable activity are derived as follows:

	Charitable Activities £	Governance £	2011/12 £	2010/11 £
Department				
Chamberlain	-	108,609	108,609	73,214
Comptroller & City Solicitor	-	47,060	47,060	50,998
Open Spaces Directorate	248,369	-	248,369	417,466
Town Clerk	-	128,438	128,438	122,725
City Surveyor	238,196	39,266	277,462	264,567
Information Systems	70,540	-	70,540	80,788
Other governance and support costs	116,230	15,403	131,633	136,488
Total support costs	673,335	338,776	1,012,111	1,146,246

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

The main support services provided by the City of London Corporation are:

Chamberlain	Accounting services, insurance, cashiers, revenue collection, payments, financial systems and internal audit.
Comptroller and City Solicitor	Property, litigation, contracts, public law and administration of commercial rents and City of London Corporation records.
Open Spaces Directorate	Expenditure incurred by the Directorate, which is recharged to all Open Spaces Committees under the control of the Director of Open Spaces. The apportionments are calculated on the basis of budget resources available to each open space Charity.
Town Clerk	Committee administration, management services, personnel services, public relations, printing and stationery, emergency planning, records office.
City Surveyor	Work undertaken on the management of the Estate properties, surveying services and advice, supervising and administering repairs and maintenance.
Information Systems	The support and operation of the City of London Corporation's central and corporate systems on the basis of usage of the systems; the provision of "desktop" and network support services and small IS development projects that might be required by the charity.
Other support and governance costs	Contribution towards various costs including publishing the annual report and financial statements, central training, the dental service, occupational health, union costs and the environmental and sustainability section.

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

7. Staff Numbers and Costs

The full time equivalent number of staff employed by the City of London Corporation charged to Hampstead Heath in 2011/12 is 117 (2010/11 130) at a cost of £4,609,254 (2010/11 £4,678,364). The table below sets out the employment costs and the number of full time equivalent staff charged directly to the charity.

	No of employees	Gross Pay £	Employers' National Insurance £	Employers' Pension Contribution £	Total £
2011/12 Charitable activities	117	3,810,566	301,780	496,917	4,609,254
2010/11 Charitable activities	130	3,826,375	300,451	551,538	4,678,364

No employees earned more than £60,000 during the year (2010/11 nil).

8. Heritage Assets

Since 1880 the primary purpose of the Charity has been the preservation of Hampstead Heath for the recreation and enjoyment of the public. As set out in accounting policy 1(c), the original heritage land and buildings are not recognised in the Financial Statements.

Policies for the preservation and management of Hampstead Heath are contained in the Hampstead Heath Management Plan 2011. Records of heritage assets owned and maintained by Hampstead Heath are held by the Director of Open Spaces.

Additions made to heritage land or buildings, where relevant information is available, are included at historic cost less accumulated depreciation in accordance with Note 1 (c).

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

9. Tangible Fixed Assets

At 31 March 2012 the net book value of tangible fixed assets relating to direct charitable purposes amounts to £904,321 (31 March 2011: £927,069) as set out below. All tangible fixed assets are held by Hampstead Heath.

	Land and Buildings £	Infrastructure £	Infrastructure (WIP) £	Equipment £	Total £
<u>Cost</u>					
At 31 March 2011	169,101	743,984	229,458	197,810	1,340,353
Additions	-	-	95,470	-	95,470
At 31 March 2012	169,101	743,984	324,928	197,810	1,435,823
<u>Accumulated depreciation</u>					
At March 2011	33,912	326,457	-	52,915	413,284
Charge for year	6,760	98,286	-	13,172	118,218
At 31 March 2012	40,672	424,743	-	66,087	531,502
<u>Net book values</u>					
At 31 March 2012	128,429	319,241	324,928	131,723	904,321
At 31 March 2011	135,189	417,527	229,458	144,895	927,069

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

10. Investments

The investments are held in the City of London Corporation Charities Pool as a registered UK charity with the Charities Commission (charity number 1021138) and are used internally by the City of London Corporation as a Unit trust. The value and cost of investments held in the consolidated balance sheet comprise:

	Endowment Fund	
	2011/12 £	2010/11 £
Market Value at 1st April	23,026,772	20,945,889
Add: Additions to investments at cost	6,828,659	7,643,988
Less: Disposals at market value	(7,696,776)	(6,382,817)
Add: Net Gain on Revaluation	812,188	819,712
Market Value at 31st March	22,970,843	23,026,772
Cash held by Fund Managers	1,756,196	499,424
Total investments at 31st March	24,727,039	23,526,196
Cost at 31st March	22,883,379	22,544,354

The increase in the market value of the investments held reflects the general recovery in the UK and overseas stock markets together with some fund manager outperformance.

Total investments as at 31 March are analysed between long term and short term investments as follows:

	2012 £	2011 £
Long term	22,970,843	22,374,562
Short term	1,756,196	1,151,634
Total	24,727,039	23,526,196

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

The Geographical Spread of Investments at 31 March 2012

	2012 £	2011 £
Fixed Interest Securities		
- UK	1,732,269	1,598,874
- Overseas	-	131,938
	1,732,269	1,730,812
Unit Trusts		
- UK	274,951	251,902
	274,951	251,902
Equities		
-UK	17,870,460	17,751,132
-European	2,533,976	2,596,146
-United States	507,198	628,424
-Pacific Basin	51,989	68,356
	20,963,623	21,044,058
Cash held by Fund Managers	1,756,196	499,424
Market Value 31 March	24,727,039	23,526,196

11. Debtors

Debtors consist of amounts owing to the charity due within one year.

Hampstead Heath Consolidated

	2012 £	2011 £
Rental Debtors	5,016	20,853
Other Debtors	160,618	172,791
Payments in Advance	50,204	49,803
Recoverable VAT	39,515	87,280
Total	255,353	330,727

Hampstead Heath

	2012 £	2011 £
Rental Debtors	5,016	20,853
Other Debtors	-	13,819
Payments in Advance	50,204	49,803
Recoverable VAT	39,515	87,280
Total	94,735	171,755

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

12. Creditors

Creditors consist of amounts due within one year.

Hampstead Heath Consolidated

	2012 £	2011 £
Bank Overdraft	1,126,118	1,106,781
Trade Creditors	40,356	194,724
Accruals	797,042	465,069
Other Creditors	158,274	113,647
Total	2,121,790	1,880,221

Hampstead Heath

	2012 £	2011 £
Trade Creditors	47,602	194,724
Accruals	761,975	420,674
Other Creditors	86,663	35,548
Other Deposits	34,431	34,431
Receipts In Advance	27,821	44,395
Total	958,492	729,772

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

13. Analysis of Consolidated Net Assets by Fund at 31 March 2012

	Unrestricted Funds		Restricted Fund	Endowment Fund	2012	2011
	General Fund	Designated Fund				
	£	£	£	£	£	£
Fixed Assets						
Tangible Fixed Assets	-	904,321	-	-	904,321	927,069
Investments	-	-	-	22,970,843	22,970,843	22,374,562
Total Fixed Assets	-	904,321	-	22,970,843	23,875,164	23,301,631
Current Assets	1,792,700	-	56,668	447,598	2,296,966	1,482,361
Current Liabilities	(1,486,782)	-	-	-	(1,486,782)	(1,292,204)
Total Net Assets	305,918	904,321	56,668	23,418,441	24,685,348	23,491,788

Capital Fund – Permanent Endowment

This represents the investment of the endowment of £15 million received from the London Residual Body.

Hampstead Heath Analysis of Net Assets by Fund at 31 March 2012

	Unrestricted Funds		Restricted Fund	2012	2011
	General Fund	Designated Fund			
	£	£	£	£	£
Fixed Assets					
Tangible Fixed Assets	-	904,321	-	904,321	927,069
Total Fixed Assets	-	-	-	904,321	927,069
Current Assets	911,731	-	56,668	968,399	759,772
Current Liabilities	(911,731)	-	-	(911,731)	(729,772)
Total Net Assets	-	904,321	56,668	960,989	957,069

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

14. Consolidated Movement of Funds during the year to 31 March 2012

	Balance at 1 April 2011	Net (outgoing)/ incoming resources	Revaluation of Investments	Balance at 31 March 2012
	£	£	£	£
Unrestricted Funds				
General Fund	160,157	145,761	-	305,918
<i>Designated Funds</i>				
Tangible Fixed Assets	927,069	(22,748)	-	904,321
Restricted Funds (Note 18)	30,000	26,668	-	56,668
Permanent Endowment (Note 13)	22,374,562	240,188	803,691	23,418,441
Total Funds	23,491,788	389,869	803,691	24,685,348

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

Hampstead Heath Movement of Funds during the year to 31 March 2012

	Balance at 1 April 2011	Net incoming /(outgoing) resources	Transfers /Adjustments	Balance at 31 March 2012
	£	£	£	£
Unrestricted Funds				
General Fund	-	(5,000)	5,000	-
Designated Funds				
Tangible Fixed Assets	927,069	(22,748)	-	904,321
Restricted Funds (Note 18)	30,000	31,668	(5,000)	56,668
Total Funds	957,069	3,920	-	960,989

Designated funds

Designated funds consist of fixed assets at historic cost less accumulated depreciation in accordance with Note 1 (c).

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

15. Pensions

The triennial valuation undertaken as at 31st March 2010 revealed a reduced funding level of 86% (from 87% in 2007). Following this valuation, the contribution rates to be applied for 2011/12, 2012/13 and 2013/14 are 17.5%.

In 2011/12, the total employer's contributions to the pension fund for staff employed on City's Cash activities were £6.0m amounting to 17.5% of pensionable pay. The figures for 2010/11 were £6.5m and 18.5% of pensionable pay.

Although the Pension Fund is a defined benefit scheme, for the purpose of FRS 17 City's Cash is unable to identify its share of the underlying assets and liabilities. Consequently the pension arrangements are treated as a defined contributions scheme in the City's Cash and these accounts. The deficit of the scheme calculated in accordance with FRS 17 by independent consulting actuaries at 31 March 2012 is £351m (2010/11 £188m).

16. Related Party Transactions

The following disclosures are made in recognition of the principles underlying Financial Reporting Standard 8 concerning related party transactions. The City of London Corporation as well as being the Trustee also provides management, surveying and administrative services for the charity. The costs incurred by the City of London Corporation in providing these services are charged to the charity. The City of London Corporation also provides banking services, allocating all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is set out in the Statement of Financial Activities under "Resources expended" and an explanation of these services is set out in Note 6 for support costs of £1,012,111. The City of London Corporation's City's Cash meets the deficit on running expenses of the charity. This amounted to £5,952,338 as shown in Note 5 to the financial statements.

The City of London Corporation is also the Trustee of a number of other charitable Trusts. These Trusts do not undertake transactions with Hampstead Heath, with the exception of the Hampstead Heath Trust and the City Bridge Trust (charity number 1035628). Hampstead Heath benefits from the income from the Hampstead Heath Trust (charity 803392-1). By virtue of the London Government Reorganisation (Hampstead Heath) Order 1989, the City of London Corporation acquired responsibility for the management of Hampstead Heath with effect from 31 March 1989. At the same time the London Residuary Body transferred £15 million to the City of London Corporation for the establishment of the Hampstead Heath Trust Fund, the purpose of which is to meet a proportion of the maintenance cost of the Heath. Contributions are assessed on a triennial basis and increased annually in accordance with the average earnings index. This income is shown as income in the statement of financial activities. A full list of other charitable trusts of which the City of London Corporation is trustee is available on application to the Chamberlain of the City of London.

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2012

Members of the City of London Corporation responsible for managing the Trust are required to comply with the Relevant Authority (model code of conduct) Order 2001 issued under the Local Government Act 2000 and the City of London Corporation's guidelines which require that:

- Members sign a declaration agreeing to abide by the City of London Corporation's code of conduct;
- a register of interests is maintained;
- pecuniary and non-pecuniary interests are declared during meetings; and
- Members do not participate in decisions where they have an interest.

There are corresponding arrangements for staff to recognise interests and avoid possible conflicts of those interests. In this way, as a matter of policy and procedure, the City Corporation ensures that Members and officers do not exercise control over decisions in which they have an interest. There are no material transactions with organisations related by virtue of Members and officers interests which require separate reporting. Transactions are undertaken by the Trust on a normal commercial basis.

17. Restricted Fund

The sum of £50,000 was received in 2006/07 from a property company for the ongoing maintenance of one hectare of land transferred to the Heath as part of an agreement for the development of Athlone House, Highgate Lane, N6. The receipt is being applied in equal installments over ten years towards the maintenance costs of the transferred land. This balance of £25,000 is held as cash. There is also funding from the City Bridge Trust to provide educational and biodiversity services to support communities within the Greater London area. This balance of £31,668 is also held in cash making an overall restricted fund balance of £56,668.