

HAMPSTEAD HEATH
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

Charity Number: 803392

HAMPSTEAD HEATH

Trustee's Annual Report and Financial Statements for the year ended 31 March 2013

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HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2013

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, together with six non City of London Corporation Members, one after consultation with the London Borough of Barnet, one after consultation with the London Borough of Camden, one after the consultation with the owners of the Kenwood lands and three after consultation with bodies representing local, archaeological, environmental or sporting interests, 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.

HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2013

2. Structure, Governance and Management (continued)

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.

HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2013

4. Achievements and Performance

Key targets for 2012/13 and review of achievement

The key targets for 2012/13 together with their outcomes were:

- ***Achieve budget reductions in accordance with July 2011 Management Committee approval and update Members on progress.***

The number of cricket squares on the Heath Extension were rationalised resulting in a reduction in staffing levels within Sports and Recreation Keeping Team, in Golders Hill Park. The spring and summer seasonal bedding displays within the walled garden were changed to sustainable plantings resulting in a reduction in the number of gardening staff. The Divisional Management Team was restructured with one senior post deleted and replaced by an Assistant Manager. The management of the bowling green was transferred to the Parliament Hill Bowling Club (see below).
- ***City Bridge Trust - continue to implement projects and services to promote education and biodiversity that supports communities across Greater London.***

Considerable work has been undertaken with the support of our Heath Hands volunteers to create a new outdoor education resource adjacent to Kenwood Depot. Work has continued in the Education team with outreach, along with work on the body of the Heath to develop meadows and encourage biodiversity.
- ***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.***

A Water Management Stakeholder Group was established in July 2012 and acts as a body of people (thirteen interest/community groups) with knowledge and interest in Hampstead Heath to provide views and advice to the Hampstead Heath Consultative Committee in relation to the project. A multi-disciplined Design Team has been appointed to progress the development of design options and subsequent detailed proposals to enable submission of a planning application. A Strategic Landscape Architect independent of the Design Team has been appointed to champion the landscape and ensure that the impact of works on the Hampstead and Highgate valley of ponds is protected.
- ***Liaise with City Surveyor to implement the agreed programme for additional works for Hampstead Heath.***

Significant works have been undertaken at the Grade II* Hill Garden Pergola to undertake restoration of the wooden Pergola structure. Further works to repair the boundary wall to the Hill Garden have commenced in February. A detailed survey of all Heath paths has been undertaken so that priorities for repairs can be determined and included in the 20 year plan.
- ***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.***

One of the major undertakings during 2012 was to investigate alternate ways of managing the disposal waste generated by the public. We have now entered into a contract with the City of London's term contractor to strive to achieve zero landfill. Staff are now using a pool of bicycles for patrolling and light duties, saving vehicle use and fuel at various locations across the site. New electric vehicles are being used by zoo and Ranger teams.

HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2013

4. Achievements and Performance (continued)

- ***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.***
131 events were held in 2012 across Hampstead Heath to celebrate the Olympic and Paralympic Games, these events were all promoted under the banner of the Green to Gold campaign. Some notable events included the English National Cross Country Championships, 'Give it A Go' Legacy Event, organised in partnership with Camden Council and a visit by Sacrilege an artistic installation by Jeremy Deller comprising a large, interactive, bouncy replica of Stonehenge which proved extremely popular and attracted 4,500 participants.
- ***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.***
The City of London festival welcomed John Etheridge and John Williams playing on the Parliament Hill bandstand. The Diamond Jubilee event held in partnership with the London Borough of Barnet and London Jewish Cultural Centre attracted significant crowds to Golders Hill Park. Our second Affordable Art Fair saw increased attendance and sales for the exhibitors.
- ***Achieve budget reductions by developing new management arrangements for Parliament Hill Bowling Green. Develop a Management Plan, implement and monitor new management arrangements.***
Major reduction in budgets for 2012/13 were achieved by changing the Parliament Hill Bowling Green from direct service provision by City of London Corporation staff, to a new model of management where the premises, were transferred, by way of a lease to the Parliament Hill Bowling Club as tenant, supported by the Hampstead Heath Croquet Club. These changes resulted in the loss of the Groundsman post based in Parliament Hill.
- ***Implement, subject to planning approval, extension of car park and South End Green area enhancements.***
Detailed designs for the landscape enhancements were approved by the Heath's two statutory Committees and Camden Council approved a planning application in the early autumn of 2012. Following procurement works commenced on site in February 2013.
- ***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.***
As a result of the Protection of Freedoms Act 2012 an alternative enforcement method, to ensure payment for parking within the Heath car parks was introduced across all the Heath car parks. This also included the appointment of an enforcement body to support a new in-house team undertake enforcement action, where appropriate.
- ***Develop a Policing Plan, including a Purpose, Vision and strategic themes, following review, consultation for presentation to committee.***
A detailed analysis of the work of the Heath constabulary over the past three years was undertaken and a draft Hampstead Heath Performance Plan has been produced that will now be submitted to a meeting of the Heath's statutory Committees in the spring and early summer of 2013.

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

HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2013

5. Financial Review

Review of financial position

Investment income of £1,146,583 (2011/12 £1,154,016) was earned during the year. Other income received included £483,064 from donations and other external contributions (2011/12 £492,615), £1,049,453 from sales, fees and charges (2011/12 £846,552) and £186,390 from rents (2011/12 £164,362). The contribution towards the running costs of the charity amounted to £5,570,726 (2011/12 £5,952,338). 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 £20,000 at the end of the year.

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) in the prior year.

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.

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.

The increase in the market value of the investments held in the Charities Pool reflects the general recovery in the UK and overseas stock markets, together with some relative outperformance achieved by the Fund Manager which was mainly due to favourable asset allocation within the portfolio. The investments are managed by Artemis Investment Management Limited and in the year ended 31 December 2012 achieved a total return of 13.3%, which was a relative outperformance of 1.4% compared to its benchmark, the WM Unconstrained Charity Universe.

The increase in the market value of the investments held in the Charities Pool reflects the general recovery in the UK and overseas stock markets, together with some relative outperformance achieved by the Fund Manager which was mainly due to favourable asset allocation within the portfolio.

HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2013

5. Financial Review (continued)

Spending Policy

The reserves policy of the Trust is that the original endowment of £15 million (now worth £26.5m) should produce income to cover a proportion of the running costs of Hampstead Heath. The maximum contribution (£1,216,000) is based on the contribution for 2011/12 (£1,188,000) multiplied by the change in the Average Earnings Index between April 2011 and April 2012 (1.024) and is subject to a triennial review. A contribution was also made of £18,829 in 2012/13 representing the income arising from the former T.J. Barratt Trust which was transferred to the Hampstead Heath Trust in November 2011. The market value of the capital endowment of the T.J. Barratt Trust increased to £289,426 in 2012/13 (2011/12: £253,398).

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 2012/13.

Going Concern

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

6. Plans for Future Periods

The plans for 2013/14 are:

- Achieve budget reductions for 2013/14 in accordance with July 2011 Management Committee approval and update Members on progress.
- Continue to implement projects and services to promote education and biodiversity that supports communities across Greater London. Develop proposals for potential future funding opportunities.
- Continue to support the Water Management Project; key stages to success include development of the design options, 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.
- Irish Celebration as part of the City of London Festival, at Parliament Hill in June 2013, along with the Legacy and Heritage Festivals. Affordable Art Fair and other third party events, including Race for Life, the London Jewish Literary Festival at Golders Hill Park.
- East Heath Car Park – Implementation of the car park and South End Green landscape improvements and enhancements.
- Investigate, develop and manage the use of social/new media communication mediums, such as Facebook for North London Open Spaces (NLOS), to engage with a range of customers.
- Work with Heath Hands to further develop their role, empowering them to take ownership of projects, such as Whitestone Gardens. Develop in partnership a broader range of volunteering opportunities, such as the RSPB/HLF “Wild about the Heath” project.
- Develop the tree risk management system in line with best practice and continue to monitor tree health to manage risks, for example Messaria on London Planes.
- Develop a strategy for the Play, Education and Engagement services to maximise use of resources and delivery of the highest possible standards of environmental education and play.

HAMPSTEAD HEATH

Trustee's report for the year ended 31 March 2013

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 and its subsidiary charity for the year.
- **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 trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 enables the trustee 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. The trustee is 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.

HAMPSTEAD HEATH
Trustee's report for the year ended 31 March 2013

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 2013 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 18. 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 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's 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 group's and 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 2013, and of the group's 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

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 2013

	Notes	Unrestricted Funds		Restricted Fund	Endowment Fund	2012/13	2011/12
		General Fund	Designated Fund				
		£	£				
Incoming resources							
Incoming resources from generated funds							
Investment Income		1,146,583	-	-	-	1,146,583	1,154,016
Voluntary Income		3,139	-	479,925	-	483,064	492,615
Grant from City of London Corporation		5,355,452	215,274	-	-	5,570,726	5,952,338
Incoming resources from charitable activities		<u>1,235,843</u>	-	-	-	1,235,843	1,010,914
Total incoming resources	4	<u>7,741,017</u>	<u>215,274</u>	<u>479,925</u>	-	8,436,216	8,609,883
Resources expended							
Costs of generating funds							
Managed investment							
Expenses	5	150,146	-	-	-	150,146	147,266
Performance measurement service	5	4,594	-	-	-	4,594	4,595
Interest Payable		2,496	-	-	-	2,496	3,002
Charitable activities	5	7,471,574	87,929	516,593	-	8,076,096	8,305,641
Governance costs	5,6	<u>376,518</u>	-	-	-	376,518	338,776
Total resources expended		<u>8,005,328</u>	<u>87,929</u>	<u>516,593</u>	-	8,609,850	8,799,280
Net (outgoing)/ incoming resources		<u>(264,311)</u>	<u>127,345</u>	<u>(36,668)</u>	-	(173,634)	(189,397)
Net movement in funds before other recognised gains		(264,311)	127,345	(36,668)	-	(173,634)	(189,397)
Other recognised gains							
Funds from Charity Transfer							
		-	-	-	-	-	570,769
Net gain on investment assets	10	<u>22,795</u>	-	-	3,424,475	3,447,270	812,188
Net movement in funds		(241,516)	127,345	(36,668)	3,424,475	3,273,636	1,193,560
Reconciliation of funds							
Total funds brought forward	14	305,918	904,321	56,668	23,418,441	24,685,348	23,491,788
Total funds carried forward	14	<u>64,402</u>	<u>1,031,666</u>	<u>20,000</u>	<u>26,842,916</u>	27,958,984	24,685,348

There are no recognised gains or losses other than as shown in the statement of financial activities above.

All incoming resources and resources expended derive from continuing activities.

HAMPSTEAD HEATH

Consolidated Balance Sheet as at 31 March 2013

	Notes	2013	2012
		£	£
Fixed Assets			
Tangible Fixed Assets	9	1,031,666	904,321
Fixed Asset Investments	10	28,076,857	22,970,843
		29,108,523	23,875,164
Current Assets			
Debtors	11	268,745	234,488
Investments	10	74,517	1,756,196
Cash at bank and in hand		585,530	920,425
		928,792	2,911,109
Creditors: amounts falling due within one year	12	(2,078,331)	(2,100,925)
Net Current (Liabilities) Assets		(1,149,539)	810,184
Total Assets Less Current Liabilities		27,958,984	24,685,348
The funds of the charity:			
<i>Unrestricted Funds</i>			
General Fund	13 & 14	64,402	305,918
Designated Fund	13 & 14	1,031,666	904,321
<i>Restricted Funds</i>	13 & 14	20,000	56,668
<i>Endowment Funds</i>	13 & 14	26,842,916	23,418,441
Total charity funds		27,958,984	24,685,348

Approved and signed for and on behalf of the
Trustee.

The notes at pages 17 to 33 form part of these
accounts.

Chris Bilsland
Chamberlain of London

HAMPSTEAD HEATH
Balance Sheet as at 31 March 2013

	Notes	2013	2012
		£	£
Fixed Assets			
Tangible Fixed Assets	9	<u>1,031,666</u>	<u>904,321</u>
Current Assets			
Debtors	11	114,039	74,100
Cash at bank and in hand		<u>585,530</u>	<u>920,425</u>
		699,569	994,525
Creditors: Amounts falling due within one year	12	(679,569)	(937,857)
Net Current Assets		<u>20,000</u>	<u>56,668</u>
Total Assets less Current Liabilities		<u>1,051,666</u>	<u>960,989</u>
The funds of the charity			
<i>Unrestricted Funds</i>			
Designated Fund	13 & 14	1,031,666	904,321
<i>Restricted Funds</i>	13 & 14	<u>20,000</u>	<u>56,668</u>
Total charity funds		<u>1,051,666</u>	<u>960,989</u>

Approved and signed for an on behalf of the Trustee

Chris Bilsland
Chamberlain of London

HAMPSTEAD HEATH

Consolidated Cash Flow Statement for the year ended 31 March 2013

	Notes	2012/13	2011/12
		£	£
Net cash outflow from operating activities	1	(3,179,216)	(356,819)
Returns on investments and servicing of finance	2	1,146,583	1,154,016
Capital expenditure		(215,274)	(95,470)
Net cash (outflow)inflow before management of liquid resources		(2,247,907)	701,727
Management of liquid resources	3	1,681,679	(388,656)
(Decrease)/increase in cash in the year		(566,228)	313,071

Notes to the Cash Flow Statement

Note 1: Reconciliation of net outgoing resources to net cash outflow from operating activities

	£	£
Net (outgoing)incoming resources before other recognised gains	(173,634)	381,372
Depreciation	87,929	118,218
Investment income	(1,146,583)	(1,154,016)
Decrease in debtors	4,156	75,046
(Decrease)/increase in creditors	(1,949,225)	222,233
(Increase)/decrease in provisions	(1,859)	328
Net cash outflow from operating activities	(3,179,216)	(356,819)

Note 2: Returns on investments and servicing of finance

Investment income received	1,146,583	1,154,016
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Note 3: Management of liquid resources

Decrease/(increase) in short term investments	1,681,679	(388,656)
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HAMPSTEAD HEATH

Consolidated Cash Flow Statement for the year ended 31 March 2013 (continued)

	1 April 2012	Cash Flow	31 March 2013
	£	£	£
Note 4: Analysis of changes in net funds			
Cash at bank and in hand	920,425	(334,895)	585,530
Bank overdraft	(1,126,117)	(231,333)	(1,357,450)
Short term investments	1,756,196	(1,681,679)	74,517
Change in net funds	1,550,504	(2,247,907)	(697,403)

	2012/13	2011/12
	£	£
Note 5: Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash in the year	(334,895)	332,408
Increase in Bank overdraft	(231,333)	(19,337)
Short term investments	(1,681,679)	604,562
Change in net funds	(2,247,907)	917,633
Net funds balance brought forward	1,550,504	632,871
Net funds balance carried forward	(697,403)	1,550,504

HAMPSTEAD HEATH

Notes to the financial Statements for the year ended 31 March 2013

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 2016/17 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 2013

1. Accounting Policies (continued)

(c) Fixed assets (continued)

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 2013

1. Accounting Policies (continued)

(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 2013. 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 2012 and 31 March 2013.

(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 (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 5.

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 2013

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		2012/13 £	2011/12 £
	Unrestricted Fund £	Designated Fund £	Restricted Fund £	Endowment Fund £		
Incoming resources from generated funds						
Investment Income	1,146,583	-	-	-	1,146,583	1,154,016
Voluntary Income	3,139	-	479,925	-	483,064	492,615
Grant from City of London Corporation	5,355,452	215,274	-	-	5,570,726	5,952,338
	6,505,174	215,274	479,925	-	7,200,373	7,598,969
Incoming resources from charitable activities						
Fees and charges	1,017,355	-	-	-	1,017,355	809,591
Sales	32,098	-	-	-	32,098	36,961
Rental income	186,390	-	-	-	186,390	164,362
	1,235,843	-	-	-	1,235,843	1,010,914
Total incoming resources	7,741,017	215,274	479,925	-	8,436,216	8,609,883

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 £1,146,583 (2011/12 £1,154,016).

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

4. Incoming Resources (continued)

Voluntary Income

The voluntary income relates to donations and sponsorship income of £3,139 (2011/12 £12,690) and grant funding from the City Bridge Trust of £479,925 (2011/12 £479,925) to provide educational and biodiversity projects that support communities across Greater London.

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 £	2012/13 £	2011/12 £
Charitable activities	7,575,896	657,436	8,233,332	8,460,504
Governance costs	-	376,518	376,518	338,776
Total resources expended	7,575,896	1,033,954	8,609,850	8,799,280

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 £150,146 (2011/12 £147,266), performance measurement fees of £4,594 (2011/12 £4,595) and interest payable of £2,496 (2011/12 £3,002).

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 2013

5. Resources Expended (continued)

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 (2011/12 £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 £	2012/13 £	2011/12 £
Department				
Chamberlain	-	95,946	95,946	108,609
Comptroller & City Solicitor	-	51,886	51,886	47,060
Open Spaces Directorate	245,432	-	245,432	248,369
Town Clerk	-	122,293	122,293	128,438
City Surveyor	228,041	87,717	315,758	277,462
Information Systems	93,588	-	93,588	70,540
Other governance and support costs	90,375	18,676	109,051	131,633
Total support costs	657,436	376,518	1,033,954	1,012,111

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

6. Support Costs (continued)

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 2013

7. Staff Numbers and Costs

The full time equivalent number of staff employed by the City of London Corporation charged to Hampstead Heath in 2012/13 is 120 (2011/12 117) at a cost of £4,776,536 (2011/12 £4,609,253). 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 £
2012/13 Charitable activities	119	3,935,845	317,571	523,120	4,776,536
2011/12 Charitable activities	117	3,810,556	301,780	496,917	4,609,253

No employees earned more than £60,000 during the year (2011/12 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 2013

9. Tangible Fixed Assets

At 31 March 2013 the net book value of tangible fixed assets relating to direct charitable purposes amounts to £1,031,666 (31 March 2012: £904,321) 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 1 April 2012	169,101	743,984	324,928	197,810	1,435,823
Additions	-	-	215,274	-	215,274
At 31 March 2013	169,101	743,984	540,202	197,810	1,651,097
<u>Accumulated depreciation</u>					
At 1 April 2012	40,672	424,743	-	66,087	531,502
Charge for year	6,759	67,998	-	13,172	87,929
At 31 March 2013	47,431	492,741	-	79,259	619,431
<u>Net book values</u>					
At 31 March 2013	121,670	251,243	540,202	118,551	1,031,666
At 31 March 2012	128,429	319,241	324,928	131,723	904,321

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

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	
	2012/13	2011/12
	£	£
Market Value at 1 April	22,970,843	23,026,772
Add: Additions to investments at cost	7,684,584	6,828,659
Less: Disposals at market value	(6,025,840)	(7,696,776)
Add: Net Gain on Revaluation	3,447,270	812,188
Market Value at 31 March	28,076,857	22,970,843
Cash held by Fund Managers	74,517	1,756,196
Total investments at 31 March	28,151,374	24,727,039
Cost at 31 March	25,315,264	22,883,379

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:

	2013	2012
	£	£
Long term	28,076,857	22,970,843
Short term	74,517	1,756,196
Total	28,151,374	24,727,039

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

10. Investments (continued)

The Geographical Spread of Investments at 31 March 2013

	2013 £	2012 £
Fixed Interest Securities - UK	1,748,500	1,732,269
Unit Trusts - UK	297,274	274,951
Equities -UK	21,555,502	17,870,460
-European	3,336,041	2,533,976
-United States	1,117,353	507,198
-Pacific Basin	22,187	51,989
	26,031,083	20,963,623
Cash held by Fund Managers	74,517	1,756,196
Market Value 31 March	28,151,374	24,727,039

11. Debtors

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

Hampstead Heath Consolidated

	2013 £	2012 £
Rental Debtors	25,447	5,016
Other Debtors	161,525	139,753
Payments in Advance	37,126	50,204
Recoverable VAT	44,647	39,515
Total	268,745	234,488

Hampstead Heath

	2013 £	2012 £
Rental Debtors	25,447	5,016
Other Debtors	6,819	(20,635)
Payments in Advance	37,126	50,204
Recoverable VAT	44,647	39,515
Total	114,039	74,100

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

12. Creditors

Creditors consist of amounts due within one year.

Hampstead Heath Consolidated

	2013 £	2012 £
Bank Overdraft	1,357,451	1,126,118
Trade Creditors	83,621	40,356
Accruals	533,821	776,177
Other Creditors	103,438	158,274
Total	2,078,331	2,100,925

Hampstead Heath

	2013 £	2012 £
Trade Creditors	83,621	40,356
Accruals	502,620	761,975
Other Creditors	28,390	86,663
Other Deposits	33,737	34,431
Receipts In Advance	31,201	14,432
Total	679,569	937,857

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

13. Analysis of Consolidated Net Assets by Fund at 31 March 2013

	Unrestricted Funds		Restricted Fund	Endowment Fund	2013	2012
	General Fund	Designated Fund				
	£	£	£	£	£	£
Fixed Assets						
Tangible Fixed Assets	-	1,031,666	-	-	1,031,666	904,321
Investments	-	-	-	28,076,857	28,076,857	22,970,843
Total Fixed Assets	-	1,031,666	-	28,076,857	29,108,523	23,875,164
Current Assets	908,792	-	20,000	-	928,792	2,296,966
Current Liabilities	(844,390)	-	-	(1,233,941)	(2,078,331)	(1,486,782)
Total Net Assets	64,402	1,031,666	20,000	26,842,916	27,958,984	24,685,348

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 2013

	Unrestricted Funds		Restricted Fund	2013	2012
	General Fund	Designated Fund			
	£	£	£	£	£
Fixed Assets					
Tangible Fixed Assets	-	1,031,666	-	1,031,666	904,321
Total Fixed Assets	-	-	-	1,031,666	904,321
Current Assets	679,569	-	20,000	699,569	968,399
Current Liabilities	(679,569)	-	-	(679,569)	(911,731)
Total Net Assets	-	1,031,666	20,000	1,051,666	960,989

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

14. Consolidated Movement of Funds during the year to 31 March 2013

	Balance at 1 April 2012	Net (outgoing)/ incoming resources	Revaluation of Investments	Balance at 31 March 2013
	£	£	£	£
Unrestricted Funds				
General Fund	305,918	(264,311)	22,795	64,402
<i>Designated Funds</i>				
Tangible Fixed Assets	904,321	127,345	-	1,031,666
Restricted Fund (Note 18)	56,668	(36,668)	-	20,000
Permanent Endowment (Note 13)	23,418,441	-	3,424,475	26,842,916
Total Funds	24,685,348	(173,634)	3,447,270	27,958,984

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

Hampstead Heath Movement of Funds during the year to 31 March 2013

	Balance at 1 April 2012	Net incoming /(outgoing) resources	Transfers /Adjustments	Balance at 31 March 2013
	£	£	£	£
Unrestricted Funds				
General Fund	-	(5,000)	5,000	-
Designated Funds				
Tangible Fixed Assets	904,321	127,345	-	1,031,666
Restricted Funds (Note 18)	56,668	(31,668)	(5,000)	20,000
Total Funds	960,989	90,677	-	1,051,666

Designated funds

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

15. Pensions

The triennial valuation undertaken as at 31 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 2012/13, the total employer's contributions to the pension fund for staff employed on City's Cash activities were £6.1m amounting to 17.5% of pensionable pay. The figures for 2011/12 were £6.0m and 17.5% 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 2013 is £342m (2011/12 £351m).

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

16. Contingent Liabilities

No disclosable contingent liabilities have been identified.

17. 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 £1,033,954. The City of London Corporation's City's Cash meets the deficit on running expenses of the charity. This amounted to £5,570,726 as shown in Note 4 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.

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.

HAMPSTEAD HEATH

Notes to the Financial Statements for the year ended 31 March 2013

18. 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 instalments over ten years towards the maintenance costs of the transferred land. This balance of £20,000 is held as cash.