

Supplementary Papers for Lower Central Gardens Trust Board



Date: Monday, 30 January 2023

4. Financial Statements 2021/22

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It is a statutory requirement to agree the annual financial statements for the Lower Central Gardens Trust and submit them to the Charity Commission by 31 January each year. The Board are asked to review and agree the financial statements and the Letter of Representation prior to them being signed off by the Leader and Portfolio Holder for Finance and Transformation.

Published: 26 January 2023

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The Trustee
Lower Central Gardens
Bournemouth
Civic Centre
Bourne Avenue
Bournemouth
BH2 6DY



Chartered Certified Accountants

24 January 2023

Dear Sir

Overview of the scope of our audit

The following Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260.

Its contents have been discussed with management.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate that our audit opinion will be unmodified, subject to the outstanding matters detailed below:

Receipt of:

Signed management letter of representation

Signed financial statements

Signed letter of comfort that the charity will be continued to be supported by BCP Council

Signed letter that there are no subsequent events that should be brought to our attention.

We very much appreciate the kind assistance provided by Council colleagues during our audit. They are a pleasure to work with.

Yours faithfully

A handwritten signature in black ink that reads "A. Austin".

A very faint, light-colored handwritten signature, possibly "A. Austin", located below the first signature.

Hixsons

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Audit findings report

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting based on the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Audit approach

Our audit approach was based on a thorough understanding of the charity's business and is risk based, and in particular included:

An evaluation of the Charity's internal controls environment, including its IT systems and controls;

Substantive testing of significant transactions and material account balances

We have not had to alter or change our audit plan, as communicated to you.

Findings related to significant risks

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, requiring special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk audit approach

Fraud in revenue recognition

Under ISA (UK) 240 there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the charity could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position.

Our audit approach was:

- Review and testing of revenue recognition policies.
- Detailed substantive testing on material revenue streams.

Based on the audit work performed, no evidence of fraud in revenue has been identified.

Management override of controls

Under ISA (UK) 240 there is a presumed risk that management and directors have the ability to process transactions or make adjustments to financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements.

Our approach was to:

- Make inquiries of management and key finance team members throughout the fieldwork.

- Review a sample of manual journals through the year to ensure that these are appropriate and agree to supporting documentation.

- Detailed review of significant estimates and judgements to ensure that these are appropriate.

- Substantive audit of any one off or significant unusual transactions.

Based on the audit work performed, no evidence of management override has been identified.

Going concern

Under ISA 570 (UK) those charged with governance are responsible for the preparation of the financial statements and the assessment of the entity's ability to continue as a going concern. There is a risk that the going concern status of the charity is inappropriate due to the impact of Covid -19, the extent of which is uncertain currently.

Our approach was to:

- Review post period end position and performance.

- Review of forecasts and budgets and discuss with management to understand assumptions.

- Perform sensitivity analysis to identify the feasibility of going concern basis,

- Discussions with management including consideration of related disclosures in the financial statements.

Based on the audit work performed, going concern basis used to prepare financial statements is appropriate.

There were no changes to our audit plan previously communicated to you.

Going concern

We concur with management's assessment that it is appropriate to continue to adopt the going concern and there are no material uncertainties relating to going concern which should be disclosed in the financial statements. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern.

Accounting policies, estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

Other communication requirements

Fraud or suspected fraud

We have previously discussed the risk of fraud with you and we have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. If the directors wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the business.

There are no indications from this work of any significant incidences of non-compliance or material

breaches of laws and regulations stopping the business from continuing as a going concern or that

would necessitate a provision or contingent liability.

There are also many other laws and regulations relating to health and safety as well as human resources generally and industry specific requirements. We are not aware of any significant incidences of non-compliance.

Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance or merit being reported to you.

The scope of our work is not designed to be an extensive review of all internal controls. If we had performed more extensive procedures, we might have identified more recommendations.

Independence

In accordance with our profession's ethical guidance there are no further matters to bring to your attention in relation to our integrity, objectivity and independence.

Recommendations

Ledger system

The charity's transactions are included within the Council's Ledger system and have to be extracted. This produces a potential risk that not all transactions will be extracted and therefore the charity's income and expenditure may be misstated. It is also difficult to always trace the charity's transactions through to source documents given they are part of a substantially larger set of transactions. We recommend that the charity has its own set of ledgers and bank account. We are aware in the past management response has been that this is unnecessary, but we think that our audit time and therefore cost would be reduced come on and the risk of misstatement would also be reduced.

VAT

The charity does not have its own VAT registration, but all transactions are passed through the council's VAT account. This is unusual, and it is possible that this may misstate VAT particularly where charitable activities are concerned, as not all charity transactions allow for the recovery of VAT. We recommend that the charity has a separate VAT registration.

Management reporting

We understand that no management reports are produced during the year. We appreciate that the extraction of charity balances from the Council's ledger system is burdensome. Nevertheless, regular reporting would enable monitoring costs and income, with a view to managing the Council's donations and donated services better.

Charity constitution and reporting

The charity receives its own income and pays its own expenses, albeit topped up by Council donations and donated services. We do not have a full copy of the governing document, but only that which is lodged at the Charity Commission. Charitable objectives do not mention income generation. We wonder, therefore, whether it is necessary for the charity to generate its own income and expenses.

As a simpler alternative, the Council could lease the charity lands for a nominal sum, with the proviso that the Council would maintain the charity assets, and then take the income as its own, paying all necessary expenses, which in practical terms it does now. It would simplify bookkeeping, reporting internally and externally, and reduce costs significantly, including audit costs.

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LOWER CENTRAL GARDENS BOURNEMOUTH
ANNUAL REPORT AND STATEMENT OF ACCOUNTS
YEAR ENDED 31 MARCH 2022

Charity number 299739

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The trustee is pleased to present its report together with the financial statements of the charity for the year ending 31st March 2022.

Reference and administrative details

Registered name: Lower Central Gardens Bournemouth

Charity number: 299739

Principal Office: Town Hall, Bourne Avenue, Bournemouth, BH2 6DY

Trustee: Bournemouth, Christchurch & Poole Council (BCP Council) (Cabinet members see

[BCP Council – Democracy](#)

Councillor Lawrence Williams

Councillor Simon Bull

Councillor Mike Greene

Councillor Mark Howell (resigned 6 June 2021)

Councillor Andy Hadley (resigned 21 June 2021)

Councillor Stephen Bartlett (resigned 21 June, re-appointed 8 November 2022)

Councillor Vicky Slade (appointed 21 June 2021)

Mr Bernard Uzzell (resigned 8 September 2021)

Mr Roger Boon

Chief Executive Officer: Ian Poultney (Michael Rowland left BCP Council August 2021)

Auditor: Hixsons, 24 Cecil Avenue, Bournemouth, BH8 9EJ

Structure, Governance and Management

The accounts recognise the treatment of the Charity as a separate entity with its own transactions distinct from those of BCP Council.

Governing Document

The Trust was created in 1873 under an Indenture between BCP Council's predecessor body the Bournemouth Commissioners and Sir George Eliot Meyrick Tapps Gervis.

The day to day control and management of the Lower Central Gardens and hence the charity, was varied by s.29 Bournemouth Borough Council Act 1985. This vested in the Council the general power to use, control and manage the Lower Central Gardens.

Governance

BCP Council manages the Charity in its role as trustee. Recommendations from the Council Cabinet on Charity issues are referred to full meetings of the Council acting as trustee for appropriate decisions. There is a separate Charity Board. The composition and remit of the board has been made consistent with the requirements identified in the Maidment tribunal case that addressed a similar open space known as Dartford Central Park.

The board of the Trustee meets periodically and receives reports from operational staff and determines strategy and policy for the Charity. Operational decisions on day to day management of the Charity are the responsibility of the Environment Service Director and Service Managers.

Charity related items are clearly separated and identified in all reports and papers. A clear distinction is drawn between the Council acting in its role as local authority and in its role of trustee of the Lower Central Gardens Trust.

The trustee has considered the risks that the charity is exposed to but do not deem there to be any significant risk arising from its activities.

The Charity's main relationship is with BCP Council who delivers all maintenance and management services to the Charity.

The Council also operates a plant nursery in King's Park, which supplies flowers to the Lower Central Gardens Trust at commercial rates (the Nursery is within the Five Parks Trust land).

Recruitment and appointment of new trustees

The trustee recruitment process is carried out by existing trustees on behalf of Members of the Trust. The trustee vacancy is advertised in the local media and interested parties are then provided with:

- a. Briefing Note
- b. Application Form
- c. Draft Scheme of Management
- d. Master Plan drawing
- e. Lower Gardens summary.

The applicants are then interviewed and appointed using the Charity Commission Operational Guidance, Trustee Act 2000, OG 86 B4 'Power to employ nominees and custodians'. On the appointment the trustees are provided with a copy of the Charity Scheme for the new Trust together with the rules for conflicts of interest.

There are no formal policies or procedures adopted for the induction and training of trustees.

Objectives and Activities

The object of the charity is the provision of open space for the recreation and enjoyment of the public.

During the year it is estimated that over 3.5 million people visited the gardens and used its facilities. The Gardens are Listed Grade II in the Historic England "Register of Parks and Gardens".

The Charity is subject to several strategies that design the way that objectives are being fulfilled. The main document is Lower, Central & Upper Gardens 5-year Management Plan which was drafted in conjunction with:

- Bournemouth 2026 Community Strategy
- Green Space Strategy
- Playground Strategy
- Nature Conservation Strategy

The Management Plan and Lower Gardens Masterplan are providing details of proposals to improve the visitors' experience in the Gardens. The examples of these are:

- to review planting and phase replacement with new water tolerant planting
- to refine and improve Christmas events in Lower Gardens to ensure smooth running
- 4-year plan to renovate all the shrubs/tree borders along Westover Road
- to develop Westover Gardens as an area for the arts and other community events.

Background and Context

The Lower Gardens are Bournemouth's first and most famous public park, they retain much of their original Victorian character and are Listed Grade II. The Lower Central Gardens are renowned for their floral bedding displays throughout the year, which are designed to bring together brilliant colours, subtle textures, height variations and scent. The gardens have the Pine Walk area noted for the aroma of the pine trees and it also has one of the largest municipal rock gardens in the country.

The Pavilion was first opened as a concert hall with reading rooms and cafes, was later enlarged to become a theatre and has undergone numerous alterations and enlargements. It was Grade II listed in 1998.

Current Activities and Performance

Events within the Lower Gardens have returned to normal - the highlights were the Air Festival (August 2021), the Bournemouth Marathon (October 2021), the Arts By The Sea Festival (September 2021) and winter ice rink and Christmas Tree Wonderland (November 2021 - January 2022.) During the pandemic grounds maintenance was impacted by the Council re-prioritising work towards the welfare and needs of residents, the knock-on effect was that the gardens' did not enter the South and South East England In Bloom competition. The Gardens did however retain their Green Flag Status once again, which they have held since 1999.

Financial Review

Historically the Council, in its role as local authority and corporate trustee, has provided donated services each year sufficient for the charity to achieve breakeven and meet any liabilities as they fall due. This is currently the policy that is expected to continue and so the accounts have been prepared on a going concern basis. The trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern.

The restricted income fund of **£2,568,449** represents change in the fixed assets value and is not used for distribution.

The endowment fund of **£18,510,002** is held on trust to be retained for the benefit of the charity as a capital fund. The trustee must permanently maintain the whole of the fund. The fund consists of assets that are used for the purposes of the charity and cannot be spent as if it were income. The net revenue expenditure supports the objective of the Trust.

The Charity holds an unrestricted income fund of **£2,961** is the value of the donated stock.

Plans for Future Periods

Maintaining and improving the public's access to the Charity's land for use as pleasure gardens will continue to be the main focus in the years ahead.

Public Benefit

The Trustee have taken the Charity Commission's guidance on public benefit into consideration. The Lower Central Gardens are provided for the enjoyment of the public without charge and there continues to be investment in and improvements to the main pleasure garden infrastructure. Furthermore, a series of events have been held that were designed to have broad appeal to the public - both local and visitors alike.

Responsibilities of the trustee

The law 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 its net movement in funds for that period.

The charity trustee is responsible for preparing a trustee annual report and financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice).

In preparing those financial statements, the trustee is required to:

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

The trustee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity, and to enable them to ensure that the financial statements comply with the requirements of the Charities Act 2016. 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.

Disclosure of Information to Auditor

Each of the persons who are a trustee at the time when this Trustee Report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the trust's auditor is unaware, and
- the trustee has taken all the steps that ought to have been taken as a trustee in order to make them aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

By Order of the Trustee

Signed

Name

on behalf of trustee

Date

Independent auditor's report to the Trustee of the Lower Central Gardens Bournemouth

Opinion

We have audited the financial statements of Lower Central Gardens Bournemouth (the 'charity') for the year ended 31 March 2022 which comprise the Annual Report and Statement of Accounts and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustee's annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the trustee's report; or
- the charity has not kept adequate accounting records; 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.

Independent auditor's report to the Trustee of the Lower Central Gardens Bournemouth (cont'd)

Responsibilities of trustee

As explained more fully in the trustee's responsibilities statement set out on page 6 the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

Independent auditor's report to the Trustee of the Lower Central Gardens Bournemouth (cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Hixsons (Statutory Auditor)

24 Cecil Avenue

Bournemouth BH8 9EJ

30 January 2023

Hixsons is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

	Note	Year to 31st March 2022				Year to 31st March 2021			
		£ Unrestricted income fund	£ Restricted Income fund	£ Endowment fund	£ Total funds	£ Unrestricted income fund	£ Restricted Income fund	£ Endowment fund	£ Total funds
Income and endowments from:									
Donations									
Donated services received		366,333	94,339	-	460,671	252,255	129,043	-	381,297
Activities for generating funds:									
Commercial trading operations	2.	531,083	-	-	531,083	200,661	-	-	200,661
		897,415	94,339	-	991,754	452,916	129,043	-	581,959
Recreational activity income	3.	247,189	-	-	247,189	129,786	-	-	129,786
Total income and endowments		1,144,604	94,339	-	1,238,943	582,702	129,043	-	711,745
Expenditure on:									
<i>Raising funds</i>									
Commercial trading operations		206,963	-	-	206,963	111,400	-	-	111,400
		206,963	-	-	206,963	111,400	-	-	111,400
<i>Charitable activities</i>									
Maintenance of gardens and public buildings	4.	361,379	94,339	-	455,718	355,616	129,043	-	484,659
Costs of providing recreational activities		569,308	-	-	569,308	103,686	-	-	103,686
Governance cost		6,500	-	-	6,500	12,000	-	-	12,000
		937,188	94,339	-	1,031,526	471,303	129,043	-	600,346
Depreciation	5.	-	20,391	403,253	423,644	-	21,130	407,459	428,589
Total expenditure		1,144,150	114,729	403,253	1,662,133	582,702	150,173	407,459	1,140,335
Net movement in funds		454	(20,391)	(403,253)	(423,190)	-	(21,130)	(407,459)	(428,589)
Total funds brought forward		2,507	2,370,002	14,835,237	17,207,746	8,275	2,352,499	16,600,002	18,960,776
Gains on Revaluation	10.	-	218,838	4,078,018	4,296,856	-	38,633	(1,357,306)	1,318,673
Transfer to/(from) Unrestricted income fund	8.	-	-	-	0	(5,769)	-	-	5,769
Total funds carried forward	8. /9. /10.	2,961	2,568,449	18,510,002	21,081,412	2,507	2,370,002	14,835,237	17,207,746

All of the activities are derived from the continuing operations of the charity.

LOWER CENTRAL GARDENS BOURNEMOUTH
BALANCE SHEET
YEAR ENDED 31 MARCH 2022

		<u>As at 31st March</u> <u>2022</u>	<u>As at 31st March</u> <u>2021</u>
		£	£
	<u>Note</u>		
Fixed Assets			
Tangible Assets	5.	21,078,451	17,205,239
Stock	6.	2,961	2,507
Cash held on behalf of trust		13,894	0
Creditors	7.	(13,894)	0
Net Assets		<u>21,081,412</u>	<u>17,207,746</u>
Funds of the charity			
Unrestricted income fund	8.	2,961	2,507
Endowment fund	9.	18,510,002	14,835,237
Restricted Income fund	10.	2,568,449	2,370,002
Total charity funds		<u>21,081,412</u>	<u>17,207,746</u>

Signed

Name

on behalf of trustee

Date

1. Statement of Accounting Policies

a. Basis of accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting standard applicable in the UK and Republic of Ireland (FRS 102). Section 1A of FRS 102 has been applied and no Statement of Cashflows has been prepared.

The Lower Central Gardens Bournemouth's corporate trustee includes the charity in its consolidated financial statements. The consolidated financial statements are prepared under the International Financial Reporting Standards and are available to the public at:

<https://www.bcpccouncil.gov.uk/About-the-council/Budgets-and-finance/Annual-accounts.aspx>

In these financial statements the Lower Central Gardens Bournemouth is considered to be a qualifying entity (for the purpose of this FRS) and has applied exemptions available under FRS 102 in respect of the requirement to present a cashflow statement. Having given regard to Public Benefit Entity guidance the corporate trustee considers the Lower Central Gardens Bournemouth to be a Public Benefit Entity.

Going Concern

Historically the Council, in its role as local authority and corporate trustee, has provided donated services each year sufficient for the charity to achieve breakeven and meet any liabilities as they fall due. This is currently the policy that is expected to continue and so the accounts have been prepared on a going concern basis. The trustee considers that there are no material uncertainties about the Charity's ability to continue as a going concern.

As of 1st April 2019 the Council became part of a new authority Bournemouth, Christchurch & Poole Council (BCP) and the policy of donation has passed to the new authority. This is enshrined in the following two UK Statutory Instruments:

- 2018 No. 648 The Bournemouth, Dorset and Poole (Structural Changes) Order 2018
- 2008 No. 2176 The Local Government (Structural Changes)(Transfer of Functions, Property, Rights and Liabilities) Regulations 2008.

b. Income recognition

Donations and legacies in the form of Donated Services received is recognised in the year that the matching unfunded element of expenditure is incurred. The policy of BCP Council has been to subsidise the charity to the extent each year of its income shortfall.

Whilst this arrangement is likely to continue for the foreseeable future there is no contractual necessity for the Council to provide the subsidy through Donated Services other than the basic maintenance of the pleasure gardens. However, the Council makes no additional payment for its use of the Pavilion building currently on Charity land. The provision of Donated Services is therefore partly a rental payment in kind.

Income from commercial trading activities and recreational activities is recognised at point of sale.

c. Expenditure recognition

Raising funds - there are no directly attributable costs to the income from the concessions element of commercial trading operations. However the Council invests time and resources in negotiating and arranging the concessions. An estimate of the value of this service is reflected in the statement of financial activities on an accrual basis. Costs associated with the Council run café provision are included here.

Charitable activities - Maintenance includes the direct costs of maintaining the pavilion infrastructure, the gardens infrastructure, the cost of the Council staff and the machinery utilised in the landscaping, gardening and horticulture. It also includes the costs of maintaining and running public conveniences. The costs of recreational activities includes the mini-golf and those incurred staging various public events.

Governance costs - these comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to preparing statutory accounts, the statutory audit, legal fees and costs of committee meetings. All of these are met by the Council.

d. Tangible fixed assets

The asset valuations policy treats amounts of less than £1,000 as revenue expenditure and so they are charged to the accounts in the year of expenditure.

Assets are depreciated on a straight line basis over their estimated useful lives as follows: -

Freehold buildings - Pavilion, lower gardens bandstand	50 years
Freehold buildings - lower gardens minor buildings, certain improvements to main buildings	10 - 25 years

Assets are assessed at each year-end (in 2022 this was by the external company Norse Group whose employees are accredited by the Royal Institute of Chartered Surveyors (RICS) as to whether there is any indication that they may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and any shortfall is recognised as an impairment loss.

Impairment losses are accounted for in the following ways:

- where there is a balance of revaluation gains for the asset in the Restricted Income fund the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains;
- where there is no balance in the Restricted Income fund or an insufficient balance the carrying amount of the asset is written down against the expenditure in the Statement of Financial Activities.

Where an impairment loss is subsequently reversed the reversal is credited to the SoFA up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

e. Cash held on behalf of trust

Cash at bank is equal and opposite to the sum of the creditors. The charity does not have its own bank account, all receipts are paid into and all payments paid from the BCP Council's main bank account.

f. Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount.

g. Funds structure

The charity has a single unrestricted income fund that comprises those funds which the trustee is free to use for any purpose in furtherance of the charitable objects.

The endowment fund represents the pavilion asset that was donated to the Charity and is held on trust to be retained for the benefit of the Charity as a capital fund. The fund cannot be spent as if it was income.

The restricted income fund represents total valuations, the cost of any subsequent routine fixed asset additions, any revaluations and any disposals of assets. These assets exclude the pavilion asset.

h. Leases

Where the Charity grants an operating lease over an item of property, plant or equipment the asset is retained in the Balance Sheet. Rental income is credited to Commercial Operations line under Activities for Generating Funds in the Statement of Financial Activities. There are no finance leases where the Charity is the lessee or lessor.

i. Revaluation gains or losses

Any revaluation gains or losses are adjusted through the Statement of Financial Activities and are held in the endowment fund if it is in relation to the pavilion otherwise it is held in the restricted income fund.

2. Analysis of Commercial Trading Operations

Various food concessions have been let to operate attractions in the Lower Gardens. The income from these concessions is treated as earned by the Charity. Some of the cost of the Christmas Tree Wonderland was covered by income from Bournemouth BID's (Business Improvement Districts), the Council & sponsors.

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Refreshments & concessions	270,446	171,281
Commemorative benches & bandstand	0	0
Ice rink costs reimbursement	23,142	0
Arts by the Sea	10,754	29,380
Christmas Tree Wonderland	226,740	0
	531,083	200,661

3. Analysis of charitable activities

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Mini-Golf	242,966	127,680
Art Exhibition	4,223	2,106
	247,189	129,786

4. Analysis of Expenditure on raising funds

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Maintenance of gardens and public buildings		
Direct costs - maintenance and repairs	13,144	17,275
Maintenance team	336,113	321,179
Public conveniences	12,122	17,162
Assets Maintenance	94,339	129,043
	<u>455,718</u>	<u>484,659</u>

The maintenance staff are employed by the Council rather than directly by the Charity and only the proportion of cost relating to the Lower Gardens is recharged. This arrangement is in place as this is considered the most cost effective way for maintenance of the Lower Gardens to be carried out. The actual cost is based on the timesheets records and estimates where the timesheets are not available.

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Costs of providing recreational activities		
Events		
Art Exhibition	3,145	2,527
Bandstand	2,078	754
Arts by the Sea	23,107	54,650
Christmas Tree Wonderland	360,800	0
Festival Coast Live	93,845	0
Ice Rink	25,130	0
Events Team	20,398	18,489
	<u>528,503</u>	<u>76,421</u>
Mini-Golf	40,806	27,265
	<u>569,308</u>	<u>103,686</u>

Governance costs incurred are met by BCP Council. Included within these costs are audit fees of £6,500 (2020-21 : £12,000) excluding VAT.

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Governance costs	6,500	12,000

5. Tangible fixed assets

	<u>Freehold land and buildings</u>		<u>Total</u>
	<u>Pavilion</u>	<u>Gardens</u>	
	£	£	£
2020-21			
Asset valuation brought forward	16,600,002	2,352,499	18,952,501
Revaluation (net)	(1,357,306)	38,633	(1,318,673)
Depreciation charge for year	(407,459)	(21,130)	(428,589)
Net book value carried forward	<u>14,835,237</u>	<u>2,370,002</u>	<u>17,205,239</u>
2021-22			
Asset valuation brought forward	14,835,237	2,370,002	17,205,239
Revaluation (net)	4,078,018	218,838	4,296,856
Depreciation charge for year	(403,253)	(20,391)	(423,644)
Net book value carried forward	<u>18,510,002</u>	<u>2,568,449</u>	<u>21,078,451</u>

Historically, under an Indenture drawn up in 1873 a trust was created and this was formally registered with the Charity Commissioners.

The effect of the Indenture was to transfer substantially all the risks and rewards of ownership to the Charity and the Council.

The assets of the Charity are treated as comprising the freehold interest (based on the Council as trustee's right to manage) in the land between Bournemouth Square and the seafront laid out as formal public pleasure gardens. The area is approximately six hectares. Furthermore it comprises the Charity's ownership of the Pavilion.

Valuation

The Charity accounts for its unencumbered share of the assets using the same approach to valuation as adopted by the Council's Property Services department when preparing valuations for the Council. The trustee consider this to be a fair, cost effective and pragmatic basis.

In 2022 the valuations were undertaken by the external company Norse Group whose employees are accredited by the Royal Institute of Chartered Surveyors (RICS) so are considered to be independent of the Charity.

The following approaches to valuation have been adopted: -

Assets included in the Balance Sheet are re-valued annually.

Pavilion - at the end of 2009-10 the land swap took place giving the Charity full ownership of the building. The value of the asset in the Balance Sheet is based on the full amount of the depreciated replacement cost and is subject to a full depreciation charge. The Pavilion is leased to BCP Council who under the agreement have sub-leased it to BH Live. Both leases are for nil consideration.

Lower Central Gardens - a full share of the existing use valuation based on the concessions. The land now occupied by concessions is carried at nil value. The trustee recognises that there is an intrinsic value to the rest of the gardens but as there is no likelihood of a full or major disposal and because of the costs and difficulty in obtaining a valuation this is carried at £ nil.

6. Stock

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Balance brought forward	2,507	8,275
Movement during the year	454	(5,769)
Balance carried forward	2,961	2,507

7. Creditors: Amounts falling due within one year

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Creditors	(13,894)	0

8. Unrestricted Income fund

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Balance brought forward	2,507	8,275
Movement during the year	454	(5,769)
Balance carried forward	2,961	2,507

The unrestricted income fund is the value of the stock held.

9. Endowment fund

	£	£
	<u>2021-22</u>	<u>2020-21</u>
Balance brought forward	14,835,237	16,600,002
Revaluations	4,078,018	(1,357,306)
Net movement in funds	(403,253)	(407,459)
Balance carried forward	18,510,002	14,835,237

As mentioned in Note 6 above the Pavilion became fully owned by the Charity in 2009-10 and was reflected that year in the accounts as a donated asset and the endowment fund.

This reserve is in the nature of an endowment i.e. it may not be spent as income nor disposed of.

10. Restricted Income fund

	£ <u>2021-22</u>	£ <u>2020-21</u>
Balance brought forward	2,370,002	2,352,499
Revaluations	218,838	38,633
Net movement in funds	(20,391)	(21,130)
Balance carried forward	2,568,449	2,370,002

The full amount of total valuations and the cost of any subsequent routine fixed asset additions is credited to the restricted income fund as these assets can only be used for specific purposes. Any revaluations or disposals of assets within these sums is also adjusted through the reserve.

To the extent that the carrying amount of the depreciated assets is reflected in the restricted income fund the relevant amount of the depreciation charge in the statement of financial activities is transferred as a reserves adjustment to the general fund.

11. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds £	Restricted Endowment funds funds £	£	Total funds £
Tangible Fixed Assets	0	2,568,449	18,510,002	21,078,451
Current assets	2,961	0	0	2,961
	2,961	2,568,449	18,510,002	21,081,412

Analysis of net assets between funds - prior year

	Unrestricted funds £	Restricted Endowment funds funds £	£	Total funds £
Tangible Fixed Assets	0	2,370,002	14,835,237	17,205,239
Current assets	2,507	0	0	2,507
	2,507	2,370,002	14,835,237	17,207,746

12. Related party transactions

The Lower Central Gardens Bournemouth's corporate trustee includes the charity in its consolidated financial statements. The consolidated financial statements are prepared under International Financial Reporting Standards and are available to the public at

<https://www.bcpouncil.gov.uk/About-the-council/Budgets-and-finance/Documents/annual-accounts/draft-statement-of-accounts-2021-to>

In these financial statements the Lower Central Gardens Bournemouth is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the requirement to present a cashflow statement. Having given regard to Public Benefit Entity guidance the corporate trustee considers the Lower Central Gardens Bournemouth to be a Public Benefit Entity.

The Council acting in its role as trustee of the charitable trust nominates certain Members to act as members of the Trust Board. The Trust Board has a Constitution setting out administration and management arrangements of the trust.

The charity trustee was not paid or reimbursed expenses during the year and did not receive any emolument or payment for professional or other services. There were no transactions involving the trustee and related parties and there were no ex-gratia payments.

As disclosed in the analysis of resources expended, the Council provides staff who maintain the gardens - there are no staff employed by the charity. The Council has historically subsidised the annual deficits of the Charity.

	£ <u>2021-22</u>	£ <u>2020-21</u>
Donated services received		
Income & expenditure from activities - Unrestricted Income fund	366,333	252,255
Assets Maintenance - Restricted Income fund	94,339	129,043
BCP Council in its role as local authority	460,671	381,297

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The Lower Central Gardens Trust

Charity Accounts 2021/22 - Bridging Document - Draft accounts dated 18 April 2022 to Final Accounts dated 24 January 2023

		Draft Accounts 18 April 2022	Final Accounts 24 January 2023	Movement £	Adjustment	Adjustment Comment
Donation from BCP Council	page 17	(461,474)	(460,672)	802		Recognition of the net reduction in expenditure reducing the donation required from BCP Council
Reference and administrative details	page 3					Updated with board members joining and leaving dates
Financial Review						
Unrestricted income fund	page 5	2,960	2,961	1		Roundings of 2020/21 brought forward
Statement of Financial Activities						
Expenditure on						
- Commercial trading operations	page 11	206,834	206,963	129		Amount amended to reflect actual costs compared to accrued costs plus movement in catering year end closing stock
- Maintenance of gardens and public buildings	page 11	361,365	361,379	14		Amount amended to reflect actual costs compared to accrued costs
- Cost of providing recreational activities	page 11	570,708	569,308	(1,400)		Amount amended to reflect actual costs compared to accrued costs
Net Movement in Funds		0	454	454		Presentational adjustment, regarding closing stock movement 2021/22 vs 2020/21
Total Funds brought forward	page 11	2,506	2,507	1		Roundings of 2020/21 brought forward
Transfer to / (from) unrestricted income fund	page 11	454	0	(454)		Presentational adjustment, regarding closing stock movement 2021/22 vs 2020/21
Balance Sheet						
Stock	page 12	2,960	2,961	1		Roundings of 2020/21 brought forward
Cash held on behalf of trust	page 12	0	13,894	13,894		Cash held within BCP bank account to settle creditors
Creditors	page 12	0	(13,894)	(13,894)		Amounts owed to creditors at year end
Funds of the Charity						
Unrestricted Income fund	page 12	2,960	2,961	1		Roundings of 2020/21 brought forward
Note 1 - Accounting policies	page 14					Presentational adjustment, new Note 1e Cash held on behalf of Trust
	page 14					Presentational adjustment, new Note 1f Creditors
Note 4 - Analysis of Expenditure on raising funds						
Public conveniences	page 15	12,107	12,122	15		Amount amended to reflect actual costs compared to accrued costs
Ice rink	page 15	25,104	25,130	26		Amount amended to reflect actual costs compared to accrued costs
Mini-golf	page 15	42,230	40,806	(1,424)		Amount amended to reflect actual costs compared to accrued costs
Note 6 - Stock						
Balance carried forward	page 16	2,960	2,961	1		Roundings of 2020/21 brought forward
Note 7 - Creditors						
Creditors	page 16	0	(13,894)	(13,894)		Amounts owed to creditors at year end
Note 8 - Unrestricted income fund						
Balance brought forward	page 16	2,506	2,507	1		Roundings of 2020/21 brought forward
Note 11 - Analysis of net assets between funds						
Current assets	page 17	2,960	2,961	1		Roundings of 2020/21 brought forward

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