

# **Shottermill Recreation Ground and Swimming Pool**

## **Report and Financial Statements**

### **Year ended 31 March 2015**

The Charity's Accounts are detailed below and comprise:

- **The Trustee's Annual Report**
- **Accounting Policies**
- **Statement of Financial Activity** – showing incoming resources and resources expended.
- **Balance Sheet** – showing assets and liabilities.
- **Notes to the Accounts**

#### **The Trustee's Annual Report**

The Trustee presents its report together with the Annual Accounts for the financial year ending 31 March 2015.

The annual report and accounts for the year ended 31 March 2015 have been prepared by the Trustee in accordance with the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2005. The Trustee has also complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

Charity name: Shottermill Recreation Ground Trust  
(working name: Haslemere Leisure Centre)

Charity number: 305060

Principal Office: Waverley Borough Council  
The Burys  
Godalming  
Surrey  
GU7 1HR

Name of Trustee: Waverley Borough Council  
(address as above)  
Contact: Mr G Clark

Bank details: The Trust currently uses the Bank Account of Waverley Borough Council.  
HSBC Bank plc  
110 High Street  
Godalming  
Surrey  
GU7 1DP

Independent Examiner: Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

#### Structure, governance and management:

The Governing Document is the Declaration of Trust dated 5 November 1909 and Conveyance dated 18 July 1946. These documents refer to the former Haslemere Urban District Council as Trustee. Following the Local Government reorganisation in 1974, the Haslemere Urban District Council was merged, together with several other district councils, to form Waverley Borough Council. Waverley Borough Council was the owner of the land on which the original leisure facility was situated subject to the Declaration of Trust of 1909. This Declaration of Trust provided that the land was to be held for recreational purposes for the benefit of the people of Shottermill and its immediate neighbourhood.

Following the need for extensive repairs to the leisure facility on the original site, it was concluded that the only means of funding a new leisure facility was to sell the original site for redevelopment and, with the proceeds of sale, to acquire land and build a new leisure facility. The sale was effected under the provisions of the Charities Act 1993 and was completed on 20 December 1996. In accordance with the provisions of the Trust, the money raised was applied to the provision of a new leisure facility (Haslemere Leisure Centre) on the 'Kings Road Site' which is within a one-mile radius of the original leisure facility.

During 2014/2015 the leisure centre was refurbished at a cost of some £3.8 million. Grant funding of £392,000 was received by Waverley Borough Council from Sport England towards the costs, the Trust contributed £205,000 and the remainder was paid for by Waverley Borough Council.

Waverley Borough Council is the sole Trustee of the Trust. Haslemere Leisure Centre was opened during 1998/1999 and the management of the leisure centre is wholly contracted out. The accounts shown below represent the costs of the Council as trustee in its capacity as a client of the management contractors.

Decision Taking: In the event that a key decision needs to be taken a meeting will be called of Waverley Borough Council in its capacity of Trustee and will comprise the full Council members.

Risk Exposure: Consideration has been given to the major risks to which the Trust is exposed. The legal rights and obligations of the Council are confined to its position as trustee, however, the Haslemere Leisure Centre is an important part of the Council's Leisure Strategy and it is reasonable to assume that the Council would step in to cover it should it fall into difficulties.

Aims and Objectives of the Charity for the public benefit:

The objectives of the Trust are the provision of recreation facilities for the area of Shottermill, Haslemere, Surrey which were successfully achieved during the financial year.

In line with the requirement to report on the charity's public benefit, the Trustees have considered the Charities Commission's guidance on public benefit including the guidance on geographical restrictions and access to facilities.

In accordance with the governing document and aims and objectives of the charity, the beneficiaries are the people of Shottermill and the immediate neighbourhood. This is considered reasonable as a geographical and catchment area for a recreational facility.

The Trust complies with the requirements of The Disability Discrimination Act in ensuring that the facility is accessible by all.

Achievements and Performance: The Trust achieved its objectives by the provision of a leisure centre run on behalf of the Trust by DC Leisure to the benefit of those set out in the governing document.

Financial Review: Expenditure totalled £243,647 (excluding Depreciation) against income of £63,182 (excluding assets given for use by the charity). The deficit of £180,465 was met from the Unrestricted Funds Account, which remains in surplus.

Reserves Policy: The Trust will maintain a reasonable level of reserves, which will be used entirely in the execution of its aims and objectives.

Plans for the future: For the continued provision of recreation facilities for the Shottermill area.

Provision of information to auditors:

Auditor reappointment: The audit of the Trust's annual report and accounts was carried out by Grant Thornton UK LLP for the third year. This was part of a three year contract after which the reappointment of auditors will be subject to review.

Graeme Clark  
Director of Finance and Resources and Section 151 Officer of Waverley Borough Council

Date:

## **Trustee's Responsibilities Statement**

The trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 requires the trustee to prepare financial statements for each financial year. The trustee has to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The trustee must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. 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.

The trustee confirms that:

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

The trustee is responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Main Accounting Policies

### 1. General Principles

The financial statements summarise the Shottermill Recreation Ground Trust's transactions for the 2014/2015 financial year and its position at the year-end on 31 March 2015. The Accounts have been prepared in accordance with the *Accounting and Reporting by Charities: Statement of Recommended Practice* (the SORP 2005), applicable accounting standards and the Charities Act 2011. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the trustee and a letter of support has been obtained from the charity's parent entity to confirm it may continue as a going concern for at least 12 months from the balance sheet date.

### 2. Funds Structure

The Charity has two funds, which are:

- Unrestricted Funds – these are funds which are available to the trustees to apply for the general purposes of the charity as set out in its governing document. These are 'general funds' which are free to be used for any of the charity's purposes.
- Endowment Funds – these are held on trust to be retained for the benefit of the charity as a capital fund. This fund is formed from the initial gift and any subsequent increases or decreases.

The Endowment Funds of this charity are classed as Permanent Endowment Funds as the trustees must maintain the whole of the fund. The Endowment Funds comprise the land held for recreation purposes as set out in the governing document and the subsequent building of the current leisure centre, which forms the fixed assets of the charity.

The analysis of the Charitable Funds is disclosed in note 9 on page 11.

### 3. Incoming Resources

Income is accounted for in the year that the charity is entitled to it, not simply when cash is received. Where income has been recognised, but cash has not been received, a debtor for the relevant amount is recorded in the balance sheet.

Where the amount of an item of income relating to the financial year is not known at the 31 March, estimation techniques are applied to ensure that the accounts reflect the most likely position.

The following income is received:

- Grant from Waverley Borough Council – a transfer of funds is made during the year to the value of grant agreed for the financial year, which is the net of total estimated support costs, energy costs, audit fees and management fee income.

- Investment income – the Shottermill Recreation Ground Trust uses Waverley Borough Council's bank account. Interest is calculated on the working balance according to the interest rates obtained on Waverley's investments. Interest earned for the year is credited at the year-end to the Shottermill Recreation Ground Trust.
- Other incoming resources – spend on the charity's assets by Waverley Borough Council and DC Leisure is included here as assets given for use by the charity. In 2014/2015 the leisure centre was refurbished by Waverley Borough Council, the value of this spend is treated as an incoming resource to the Trust.

#### 4. Resources Expended

Activity is accounted for in the year that it takes place, not simply when cash payments are made. Where expenditure has been recognised, but the payment not made, a creditor for the relevant amount is recorded in the balance sheet.

Where the amount of an item of expenditure relating to the financial year is not known at the 31 March, estimation techniques are applied to ensure that the accounts reflect the most likely position.

Costs of Generating Funds:

- The costs of administration is the charge from Waverley Borough Council for support services.
- The Trust made a contribution towards the refurbishment costs from unrestricted funds in furtherance of the Trust's aims and objectives.

#### 5. VAT

Irrecoverable VAT is charged to the category of resources expended to which it was incurred.

#### 6. Tangible Fixed Assets

Tangible fixed assets have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

**Recognition:** Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis provided that it yields benefits for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of assets (eg repairs and maintenance) is charged to revenue as it is incurred.

The de minimis level for the recognition of fixed assets is £1,000 for vehicles, plant and equipment and £10,000 for land and buildings.

**Measurement:** Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years.

**Impairment:** following a revaluation, a reduction in value is regarded as additional depreciation and included in the Resources Expended section of the Statement of Financial Activities.

**Depreciation:** depreciation is provided for on all assets with a determinable finite life by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. It is accounted for in the Resources Expended section of the Statement of Financial Activities.

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the life of the individual asset as advised by a suitably qualified officer

Newly acquired/enhanced assets receive a full depreciation charge in their first year, regardless of the precise timing of the expenditure. Assets disposed of receive no depreciation charge in the year of disposal. Where an asset has major components with different estimated useful lives, these are depreciated separately.

Following a revaluation, a full year of depreciation is charged in the year of revaluation.

# Waverley Borough Council as Trustee of Shottermill Recreation Ground

## Statement of Financial Activities

2013/2014 (Unaudited)		Unrestricted Funds £'000	2014/2015 Endowment Funds £'000	Total Funds £'000
£'000				
	<b>Incoming Resources</b>			
	Incoming Resources from generated funds			
(2)	Investment Income (Interest on cash balance)	(2)		(2)
	Incoming resources from charitable activities			
(67)	Grant from Waverley Borough Council	(40)		(40)
	Management Fee	(16)		(16)
	Other incoming resources			
(3)	Assets given for use by the charity		(3,580)	(3,580)
	Sale of gym equipment	(5)		(5)
<b>(72)</b>	<b>Total Incoming Resources</b>	<b>(63)</b>	<b>(3,580)</b>	<b>(3,643)</b>
	<b>Resources Expended</b>			
	Charitable activities			
1	Fees	1		1
2	Audit Fee	2		2
38	Management fee	0		0
35	Support costs	36		36
	Contribution towards refurbishment	205		205
194	Depreciation and Impairment		2,288	2,288
<b>270</b>	<b>Total Resources Expended</b>	<b>244</b>	<b>2,288</b>	<b>2,532</b>
<b>198</b>	<b>Net (incoming)/outgoing resources</b>	<b>181</b>	<b>(1,292)</b>	<b>(1,111)</b>
	<b>Other recognised gains/losses</b>			
0	(Gains)/losses on revaluation of fixed assets		515	515
<b>198</b>	<b>Net Movement in Funds</b>	<b>181</b>	<b>(777)</b>	<b>(596)</b>
	<b>Reconciliation of Funds</b>			
(9,297)	Funds brought forward as at 1 April 2014	(340)	(8,759)	(9,099)
198	Net Movement in Funds	181	(777)	(596)
<b>(9,099)</b>	<b>Funds carried forward as at 31 March 2015</b>	<b>(159)</b>	<b>(9,536)</b>	<b>(9,695)</b>



## Balance Sheet as at 31 March 2015

The assets in this Balance Sheet comprise Haslemere Leisure centre and its plant and equipment.

31 March 2014	31 March 2015		
£'000	Unrestricted Funds £'000	Endowment Funds £'000	Total £'000
	<b>Fixed Assets</b>		
8,568		9,163	9,163
191		373	373
<b>8,759</b>	<b>0</b>	<b>9,536</b>	<b>9,536</b>
	<b>Current Assets</b>		
0	29		29
373	179		179
<b>373</b>	<b>208</b>	<b>0</b>	<b>208</b>
<b>9,132</b>	<b>208</b>	<b>9,536</b>	<b>9,744</b>
	<b>Less: Current Liabilities</b>		
(33)	(49)		(49)
<b>9,099</b>	<b>159</b>	<b>9,536</b>	<b>9,695</b>
	<b>The Funds of the Charity:</b>		
(340)	(159)		(159)
(8,244)		(9,536)	(9,536)
(515)		0	0
<b>(9,099)</b>	<b>(159)</b>	<b>(9,536)</b>	<b>(9,695)</b>

The notes on pages 10 to 12 form part of these accounts

Graeme Clark  
Director of Finance and Resources and Section 151 Officer of Waverley Borough Council

Date:

## Notes to the Financial Statements

### 1. Related Party Transactions

Disclosure is required of any transactions which the Trust or any institution connected with it has entered into with a related party. Such transactions might inhibit the charity from pursuing its own separate interests.

Transparency is important to ensure the reported financial position and results do not include transactions influenced by interests other than the Trusts.

Waverley Borough Council is sole trustee of the Trust and, therefore, the only related party. The accounts presented represent the costs of the Council as trustee in its capacity as client of the management contractors. The costs go through the Council's own finance system and bank account.

### 2. Officers' Emoluments

There are no employees with emoluments over £60,000 charged to the Shottermill Recreation Ground Trust in 2014/2015.

No remuneration was paid to Trustees or persons connected with the Trustees.

### 3. Support Costs

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. They cover costs incurred in supporting the governance of the charity as well as the general management, budgeting and accounting & human resources. The staff that support the Trust are paid by Waverley Borough Council and then recharged to the Trust accounts.

#### Charitable Activities

#### Basis of Allocation

2013/2014 £'000 (Unaudited)		2014/2015 £'000	
22	Leisure staff support	20	The support costs are allocated at the year end
8	Finance	11	on the basis of time spent on the charity.
3	Legal	3	The charge includes overheads.
2	Information Systems support	2	
<u>35</u>	Total	<u>36</u>	

### 4. Audit Costs

Audit fees are paid in arrears, the fees for the review of the 2014/2015 Accounts will be charged to 2015/2016 and will be for a full audit, at a cost of £5,000, due to the value of the incoming resources.

The Shottermill Recreation Ground Trust paid the following fees relating to external audit:

2013/2014 (Unaudited)		2014/2015
£		£
2,000	External Audit Fees	2,000
<u>£2,000</u>		<u>£2,000</u>

## 5. Fixed Assets

### Movement on Fixed Assets

Operational Assets	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
<b>Cost or Valuation</b>			
At 1 April 2014	9,022	488	9,510
Donations *	3,312	268	3,580
At 31 March 2015	12,334	756	13,090
<b>Depreciation and Impairments</b>			
At 1 April 2014	(454)	(297)	(751)
Charge for 2014/2015	(155)	(69)	(224)
Impairments **	(2,562)	(17)	(2,579)
At 31 March 2015	(3,171)	(383)	(3,554)
<b>Balance Sheet amount at 31 March 2015</b>	<b>9,163</b>	<b>373</b>	<b>9,536</b>
<b>Balance Sheet amount at 31 March 2014</b>	8,568	191	8,759

\* Donations comprise the refurbishment costs of the leisure centre and new equipment paid for by Waverley Borough Council.

\*\* The leisure centre was revalued as at the 31 March 2015 following the refurbishment. The value given was lower than the opening value plus refurbishment costs hence an impairment was recognised. Due to the existence of previous revaluation gains within the revaluation reserve (per note 9) £515k of the impairment was processed through the revaluation reserve (which is represented on the SOFA within the (gains)/losses on revaluation of fixed assets line) and the remainder through the depreciation and impairment line on the SOFA.

### Depreciation Methods used

#### Land and Buildings

Depreciation on buildings has been calculated on a straight-line basis using asset lives estimated by Waverley Borough Council's Estates and Valuation Manager.

#### Vehicles, Plant and Equipment

Depreciation on vehicles, plant and equipment has been calculated on a straight-line basis using asset lives of between five and ten years, depending on the type of asset.

## 6. Valuation Information

### The valuation of the Council's assets:

#### Land and Buildings

The land and buildings were valued externally by Waverley's Estates and Valuation Manager, Gary Streets MRICS, in accordance with the Royal Institute of Chartered Surveyors (RICS) Statement of Asset Valuation Practice and Guidance Notes (Red Book) as supplemented by the Manual of Valuation (White Book). The land and buildings are valued at the lower of net current replacement cost or net realisable value in existing use. The de minimis level for land and buildings has been set at £10,000.

#### Vehicles, Plant and Equipment

The value of vehicles, plant and equipment in the Balance Sheet, reflects their net current replacement value (i.e. what it would cost, at today's prices, to replace the asset in its current condition to perform its current function). The de minimis level for vehicles, plant and equipment is £1,000.

## 7. Debtors

31 March 2014 Closing Balance £'000		31 March 2015 Closing Balance £'000
0	Trade Debtors	29
<u>0</u>	<b>Total of Debtors</b>	<u>29</u>

## 8. Creditors

31 March 2014 Closing Balance £'000		31 March 2015 Closing Balance £'000
(33)	Trade Creditors	(49)
<u>(33)</u>	<b>Total of Creditors</b>	<u>(49)</u>

## 9. Analysis of Charitable Funds

	1 April 2014 Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	Asset Revaluations £'000	31 March 2015 Closing Balance £'000
Unrestricted Funds	340	63	(244)	0	159
Endowment Funds	8,244	3,580	(2,288)	0	9,536
Revaluation Reserve	515	0	0	(515)	0
	<u>9,099</u>	<u>3,643</u>	<u>(2,532)</u>	<u>(515)</u>	<u>9,695</u>

## 10. Approval of Accounts

The Accounts were approved by Graeme Clark, Director of Finance and Resources and Section 151 Officer, of Waverley Borough Council on 15th September 2015.