

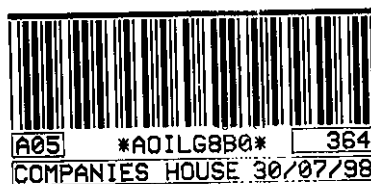
---

**LETCHWORTH GARDEN**  
**CITY SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**30 SEPTEMBER 1997**

---



# **LETCHWORTH GARDEN CITY SERVICES LIMITED**

---

Registered No. 3090647

## **DIRECTORS**

E Lyall CBE (Chairman)

S M Kenny

P Franklin

## **SECRETARY**

H A Patterson

## **AUDITORS**

Ernst & Young

400 Capability Green

Luton

Bedfordshire

LU1 3LU

## **BANKERS**

Midland Bank plc

Station Place

Letchworth Garden City

Hertfordshire

SG6 3AJ

## **REGISTERED OFFICE**

Estate Office

Broadway

Letchworth Garden City

Hertfordshire

SG6 3AB

# **LETCWORTH GARDEN CITY SERVICES LIMITED**

---

## **DIRECTORS' REPORT**

The directors present their report and the accounts for the year ended 30 September 1997.

### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £1,000 (1996 : NIL)

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activities of the company are the undertaking of bar and catering sales and souvenir sales. In addition, the company is a majority shareholder in Broadway Cinema Limited, a company which operates a cinema in Letchworth.

The directors consider the result for the year to be satisfactory.

### **FIXED ASSETS**

The changes in fixed assets during the year are summarised in notes 9 and 10. During the year the company subscribed for £1.6 million of ordinary shares in Broadway Cinema Ltd raising the shareholding to 90% of that company in exchange for reducing the debenture loan by the corresponding amount.

### **DIRECTORS AND THEIR INTERESTS**

The directors listed on page 2 served throughout the year ended 30 September 1997 and to the date of this report.

None of the directors had any beneficial interest in the share capital of the company during the year.

### **POLITICAL CONTRIBUTIONS**

The company makes no political contributions nor does it support either directly or indirectly any political organisation.

### **AUDITORS**

Ernst & Young have expressed their willingness to continue in office and a resolution proposing the reappointment will be put to the members at the Annual General Meeting.

By order of the Board



Secretary  
27 July 1998

## LETCHEWORTH GARDEN CITY SERVICES LIMITED

---

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**

**to the members of Letchworth Garden City Services Limited**

We have audited the accounts on pages 6 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

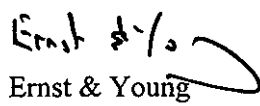
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young  
Registered Auditors  
Luton  
27 July 1998

# **LETCHWORTH GARDEN CITY SERVICES LIMITED**

## **PROFIT AND LOSS ACCOUNT** for the year ended 30 September 1997

		Year ended 30 September 1997 £'000	14 month period ended 30 September 1996 £'000
	Notes		
<b>TURNOVER</b>	2	130	122
<b>OPERATING COSTS</b>	3	(132)	(166)
<b>OPERATING LOSS</b>		<u>(2)</u>	<u>(44)</u>
Interest receivable	6	146	128
Interest payable	7	(145)	(84)
		<u>1</u>	<u>44</u>
<b>LOSS BEFORE AND AFTER TAXATION</b>	16	<u><u>(1)</u></u>	<u><u>NIL</u></u>

All income and the loss for the year are derived from the continuing activities of the company.  
There are no recognised gains or losses other than the loss for the year of £1,000, (1996 : £NIL).

# **LETCHWORTH GARDEN CITY SERVICES LIMITED**

## **BALANCE SHEET** at 30 September 1997

	Notes	1997 £'000	1996 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	22	4
Investments	10	1970	2,000
		<u>1992</u>	<u>2,004</u>
<b>CURRENT ASSETS</b>			
Stocks	11	17	22
Debtors	12	55	54
Cash at bank and in hand		28	104
		<u>100</u>	<u>180</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>73</u>	<u>(164)</u>
<b>NET CURRENT ASSETS</b>		<u>27</u>	<u>16</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,019	2,020
<b>CREDITORS: amounts falling due after more than one year</b>	14	(1,770)	(1,770)
		<u>249</u>	<u>250</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	250	250
Profit and loss account	16	(1)	NIL
		<u>249</u>	<u>250</u>

The accounts were approved by the Board of Directors on 27 July 1998.



P Franklin  
Director

# LETCWORTH GARDEN CITY SERVICES LIMITED

## NOTES TO THE ACCOUNTS at 30 September 1997

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

The accounts represent those of the company and not of the group as the company is a wholly owned subsidiary of a parent undertaking established in the EU which prepares consolidated accounts (see Note 18).

#### *Cash flow statement*

No cash flow statement has been prepared as the company is exempt, under FRS1 (Revised), being a wholly owned subsidiary of a parent undertaking established in the EU which prepares a consolidated cash flow statement.

#### *Fixed assets*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Plant, machinery and equipment	-	20%
--------------------------------	---	-----

#### *Stocks*

Stocks, comprising consumables, are stated at the lower of cost and net realisable value.

#### *Leasing*

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. The turnover and profit on ordinary activities before taxation are attributable to the principal continuing activity, as described on page 3, and all arises in the United Kingdom.

### 3. OPERATING COSTS

Operating costs comprise:

	<i>Year ended 30 September 1997 £'000</i>	<i>14 month period ended 30 September 1996 £'000</i>
Auditors' remuneration	5	3
Depreciation of owned fixed assets	3	1
Operating lease rentals - land & buildings	5	5
Other operating costs	119	157
	<u>132</u>	<u>166</u>

# LETCWORTH GARDEN CITY SERVICES LIMITED

## NOTES TO THE ACCOUNTS at 30 September 1997

### 4. EMPLOYEES

The company has no employees other than the directors. All labour services are provided by employees of the parent undertaking.

### 5. DIRECTORS' REMUNERATION

None of the directors who served during the year, all of whom are directors or officers of the parent undertaking, received any remuneration from the company.

### 6. INTEREST RECEIVABLE

	<i>Year ended 30 September 1997 £'000</i>	<i>14 month period ended 30 September 1996 £'000</i>
Bank deposit interest	3	80
Debenture interest - receivable from subsidiary undertaking	143	48
	<u>146</u>	<u>128</u>

### 7. INTEREST PAYABLE

	<i>Year ended 30 September 1997 £'000</i>	<i>14 month period ended 30 September 1996 £'000</i>
Interest on loan from parent undertaking	143	84
Other interest	2	-
	<u>145</u>	<u>84</u>

### 8. TAXATION

The company has entered into a Deed of Covenant with its charitable parent undertaking, Letchworth Garden City Heritage Foundation. Under this arrangement, the covenanted payment is an allowable deduction against the taxable profit of the company and as a result, no liability to Corporation Tax arises in the year.

# **LETCHWORTH GARDEN CITY SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS** at 30 September 1997

### **9. TANGIBLE FIXED ASSETS**

	<i>Plant Machinery and Equipment £'000</i>
Cost:	
at 30 September 1996	5
Additions	20
	<u>25</u>
at 30 September 1997	
Depreciation:	
at 30 September 1996	1
Provided during the year	2
	<u>3</u>
at 30 September 1997	
Net book value:	
at 30 September 1996	4
at 30 September 1997	<u>22</u>

### **10. INVESTMENTS**

	<i>Shares in Subsidiary Undertaking £'000</i>	<i>Loans to Subsidiary Undertaking £'000</i>	<i>Total £'000</i>
Cost			
At 30 September 1996	200	1,800	2,000
Additions	1,600	-	1,600
Consideration for shares	-	(1,600)	(1,600)
Repayments received	-	(30)	(30)
At 30 September 1997	<u>1,800</u>	<u>170</u>	<u>1,970</u>

On 29 September 1997, the company subscribed for 1,600,000 ordinary shares of £1 each in Broadway Cinema Limited. These shares were issued at par and the consideration due was settled by an equivalent reduction in the loan to the subsidiary. The company holds 90% of the ordinary share capital of Broadway Cinema Limited, a company whose principal activity is the operation of a cinema in Letchworth.

### **11. STOCKS**

	<i>1997 £'000</i>	<i>1996 £'000</i>
Stocks for resale	<u>17</u>	<u>22</u>

# **LETCHWORTH GARDEN CITY SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS** at 30 September 1997

<b>12. DEBTORS</b>	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
Trade debtors	-	1
Amounts owed by subsidiary undertakings	43	-
Amounts owed by parent undertakings	10	4
Other debtors	1	1
Prepayments and accrued income	1	48
	<u>55</u>	<u>54</u>

## **13. CREDITORS: amounts falling due within one year**

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
Bank overdraft	3	-
Trade creditors	8	16
Amounts owed to parent undertakings	37	77
Income tax deducted from covenant	2	11
Other creditors and accruals	23	60
	<u>73</u>	<u>164</u>

## **14. CREDITORS: amounts falling due after more than one year**

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
<b>Loan from parent undertaking:</b>		
Not wholly repayable within five years:		
By instalment	1,770	1,800
Less amount due within one year	-	30
	<u>1,770</u>	<u>1,770</u>
Amount due after more than one year	<u>1,770</u>	<u>1,650</u>
Instalments not due within five years	<u>1,770</u>	<u>1,650</u>
	<u>1,770</u>	<u>1,650</u>
<b>Amounts falling due:</b>		
In one year or less or on demand	-	30
Between one and two years	-	30
Between two and five years	-	90
In five years or more	1,770	1,650
	<u>1,770</u>	<u>1,800</u>

The loan is repayable in full by 30 September 2025, but only to the extent that the company has received repayment of its loan to Broadway Cinema Company as at that date (see note 10). As a result of the restructuring of that loan, no annual repayments are payable to the parent undertaking.

The loan bears interest which is fixed at 8% per annum.

# LETCWORTH GARDEN CITY SERVICES LIMITED

## NOTES TO THE ACCOUNTS

at 30 September 1997

15. SHARE CAPITAL	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1997 No.</i>	<i>1996 No.</i>	<i>1997 £'000</i>	<i>1996 £'000</i>
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>250</u>	<u>250</u>

## 16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Called up share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total share- holders' funds £'000</i>
At 11 August 1995	-	-	-
Issue of share capital	250	-	250
Result for the period	-	-	-
At 30 September 1996	<u>250</u>	<u>-</u>	<u>250</u>
Loss for the year	-	(1)	(1)
At 30 September 1997	<u>250</u>	<u>(1)</u>	<u>249</u>

## 17. FINANCIAL COMMITMENTS

### *Operating Leases*

Annual commitments under non-cancellable operating leases in respect of land and buildings are as follows:

	<i>1997 £'000</i>	<i>1996 £'000</i>
Operating leases which expire:		
Between two and five years	<u>5</u>	<u>5</u>

## 18. PARENT UNDERTAKING

The ultimate parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member of Letchworth Garden City Heritage Foundation, an Industrial and Provident Society with charitable status, registered in England and Wales, which owns 100% of the issued share capital. Copies of these group accounts are available from the registered office address on page 2

The company has entered into a guarantee to Midland Bank plc in respect of a loan facility made available to the parent undertaking. At 30 September 1997, the balance outstanding on that loan was £NIL.

## **LETCHWORTH GARDEN CITY SERVICES LIMITED**

---

### **NOTES TO THE ACCOUNTS**

at 30 September 1997

#### **19 RELATED PARTY TRANSACTIONS**

As the company is a 100% owned subsidiary of a parent which prepares consolidated accounts that are publicly available, no disclosures have been made in respect of transactions with entities that are part of the group. There are no other related party transactions that require disclosure.



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

- 1 Promoting the preservation of buildings and other environmental features of beauty or historic interest within Letchworth Garden City;
- 2 Providing or assisting in the provision of facilities for the recreation or other leisure activity of the local community in the interests of social welfare with the object of improving their conditions of life;
- 3 Promoting the advancement of education and learning within Letchworth Garden City;
- 4 Promoting the relief of poverty and sickness within Letchworth Garden City;
- 5 Supporting any charitable organisation having an office or branch in Letchworth Garden City; and
- 6 Promoting any other charitable purposes for the benefit of the local community.

THESE ACCOUNTS  
FORM PART OF THE  
GROUP ACCOUNTS  
OF COMPANY  
No. 3090647



Letchworth Garden City Heritage Foundation  
*Chairman's Statement*

This is the Report and Accounts for the second year of the Heritage Foundation. The main feature of the second year has been one of massive investment into Letchworth Garden City centre and there are clear signs that this strategy is starting to bear fruit.



LETCHWORTH  
 GARDEN CITY  
 • HERITAGE •  
 FOUNDATION

THE BOARD OF MANAGEMENT, PICTURED  
 HERE WHILST VISITING THE ART GALLERY  
 AT CREATION IN THE REFURBISHED  
 ARCADE. FROM LEFT TO RIGHT:  
 ERIC LYALL (CHAIRMAN) WITH PETER  
 HARKNESS, PAUL PALMER, PETER  
 MCMEINAMY, DENNIS WELLS, LORNA  
 KEECHIN AND ERIC PULOCK

During the second year of Letchworth Garden City Heritage Foundation our main priority has continued to be the revitalisation of the town centre. This has involved massive investment and there are clear signs that our strategy is starting to bear fruit.

Everybody in Letchworth must be aware of the tremendous transformation in progress at Spirella. This £8m project will provide modern flood cabled, air conditioned offices suitable for the 21st century. The project not only maintains the use of a magnificent Grade II\* Listed Building, which is the largest building in Letchworth, but also returns it to its former status as a major source of employment for the town. It is expected that the work will be completed in August, by which time several new companies will have moved into the building alongside a number of existing tenants.

During the year, it became apparent, in the light of attendance levels, that the capital structure of Broadway Cinema Limited imposed too heavy a burden on the company. The capital of the company has therefore been restructured by converting the debenture held by the Foundation into an increased share in the equity. This in turn also has the effect of substantially reducing the debenture interest and should secure the future of one of Letchworth's key assets.

We look forward to the redevelopment of the North Hertfordshire College site and the arrival of Wm. Morrison Supermarkets Plc. This rapidly expanding, northern based supermarket chain will have Letchworth as one of its first stores in the south of England.

The above progress has been due to the hard and loyal work of all our workforce under the leadership of our Directors and our Director General, Stuart Kenny. We were delighted when Stuart's work was recognised by the award of

Business Person of the Year at the 1997 North Hertfordshire Business Awards.

I would also like to pay tribute to our Governors, who have given support and guidance, and the occasional reminder. Our Governors are an invaluable conduit between the Heritage Foundation and the Garden City community. There have been some changes during the year and I would like to record our special tribute to the late Mrs Jean Hyde.

Mrs Jean Hyde was the first Matron of the Ernest Gardiner Day Hospital and served there for five years. Her contribution to the community in Letchworth is known by far too many for me to mention, and the whole town owes a debt of gratitude to Jean for her service.

Under the Rules, Mrs Jean Hyde's position as a Governor was taken by Mrs Lynda Needham who had received the next highest number of votes in the election in 1995. Mrs Needham is a Councillor of North Hertfordshire District Council and served on the Corporation Board as the Council's nominee for four years prior to the change of status to the Heritage Foundation.

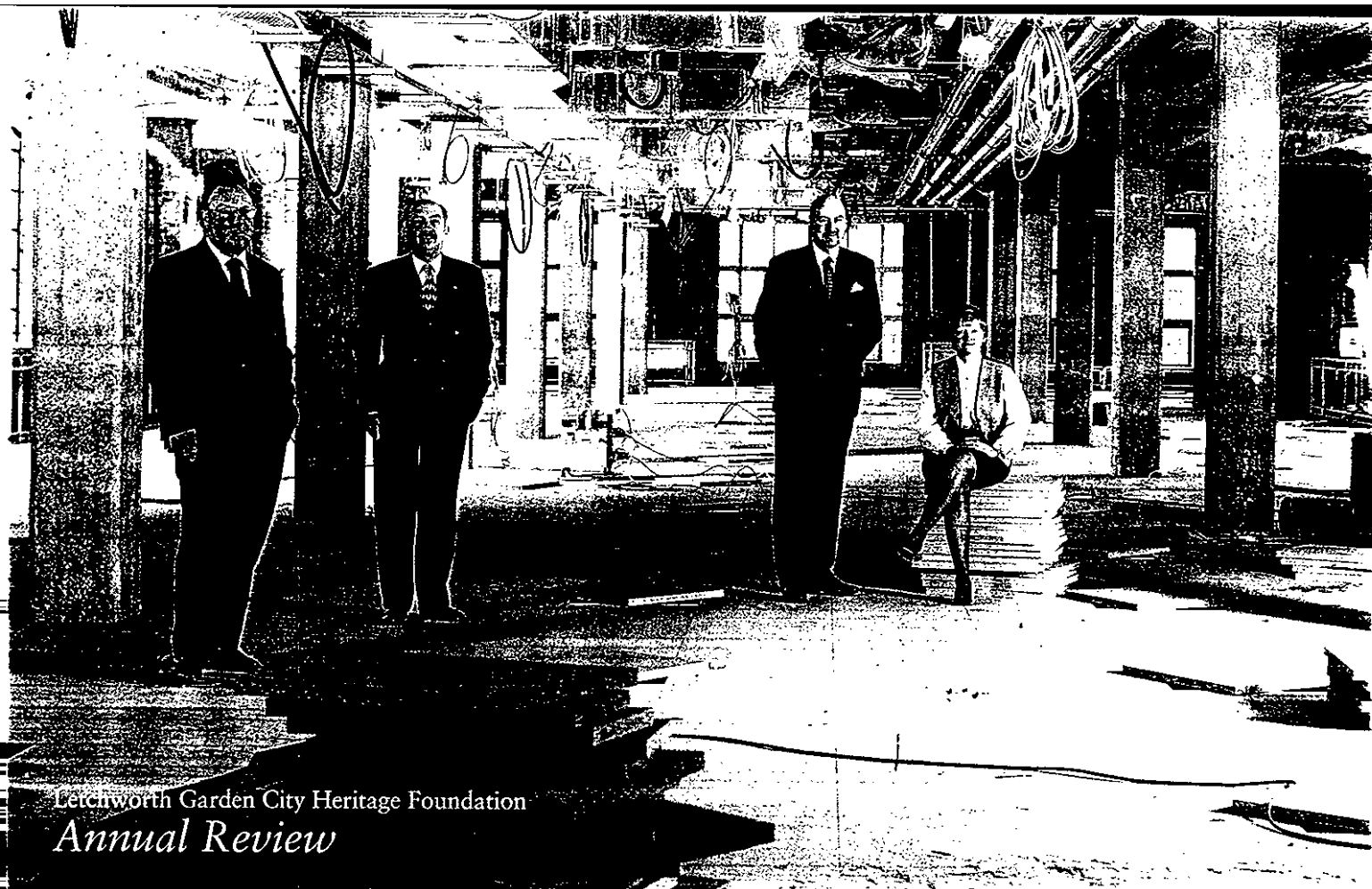
Demand for grant funding for all areas of our charitable objectives was strong during the year. Grants totalling £258,000 have been paid to a broad range of organisations. Significantly, a further £380,000 has been earmarked for projects which are subject to the success of Lottery applications by the respective organisations. These include a grant of £250,000 towards the District Council's scheme for Howard Hall and £70,000 towards the refurbishment of the theatre at St Francis College.

We are starting now to prepare for Letchworth's Centenary in 2003. This will provide an exciting commencement to the new Millennium and one of which we hope Ebenezer Howard would have been proud.



*Eric Lyall*

ERIC LYALL C.B.E.  
CHAIRMAN  
10 FEBRUARY 1998



## Leitchworth Garden City Heritage Foundation *Annual Review*

THE EXECUTIVE DIRECTORS ON A RECENT

VISIT TO EVALUATE PROGRESS AT THE  
EXCITING SPIRELLA REDEVELOPMENT.

FROM LEFT TO RIGHT: PETER FRANKLIN

(FINANCE), ALLAN PATTERSON

(SECRETARY AND COMMUNITY AFFAIRS),

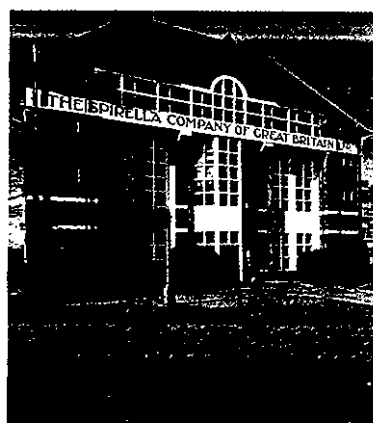
STUART KENNY (DIRECTOR GENERAL) AND

MARSHYAN HAYES (PROPERTY)

### Heart of the City

The overriding priority continued to be the revitalisation of the town centre, where considerable progress was made during the year.

Construction work to regenerate the Heritage Foundation's Grade II\* Listed Spirella Building began on site in February 1997. The £8m contract, awarded to John Laing plc, will create 82,000 sq ft of high quality, modern office accommodation. The project secured a £945,000 investment from the Government's urban regeneration agency, English Partnerships.

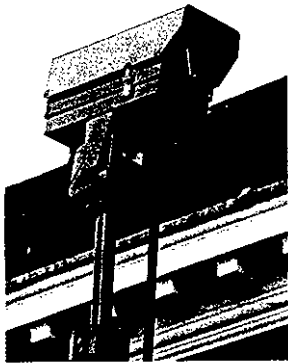


**Some of the individuals and organisations who were awarded grants or loans**

A. J. Graham Adventure 97 Age Concern Alastair Wallace Alison Mitchell Alison Todd All Saints Church William Andrew Barry B. A. Cousins Bacchus Venture Scouts Balcock Community Outreach Cara Flowers Careers Centre Central Methodist Church Central Methodist Shell Group Claire Stern Connect Darren Sarli Eid Bishakh Ernest Gardiner Day Hospital Fearnhill School First Letchworth Girls Brigade Garden House Hospice Gareth Dean Gareth Jones Grange Good Companions Club Grange School Hamonte Social Club Headway North Hertfordshire Hertfordshire 2000 Hertfordshire Action on Disability Hertfordshire and Middlesex Butterfly Conservation Hertfordshire Constabulary Hertfordshire FA

Report and  
Accounts

1997



The Heritage Foundation  
collaborated with Letchworth  
Chamber of Trade, Letchworth  
Shopping Centre and

Letchworth retailers in a series of initiatives to promote the town centre as the first choice for shopping and leisure. These included the production and distribution of a pocket guide map, a 'World of Christmas' press and radio advertising campaign and several town centre events including Letchworth's own 'Edwardian Day'. In September, a second shopping survey, which generated over 2,000 responses, highlighted the public's perception of a much improved town centre since the last survey in July 1996.

A wide range of environmental improvements were carried out in the town centre. Over 80 retailers put up colourful hanging flower baskets, in a scheme promoted by the Heritage Foundation, to improve the street scene. New lighting was introduced, in conjunction with North Hertfordshire District Council, along the Broadway pedestrian walkway between Letchworth Station and Kennedy Gardens. Working in partnership with West Anglian Great Northern Railways, extensive environmental improvements were made to the forecourt at Letchworth Railway Station.



In keeping with the pioneering zeal of the building's original owners, The Spirella Company of Great Britain Ltd, the new Spirella will offer something unique.

Within the splendidly restored building, the new Spirella will offer the very latest state-of-the-art communications technology, offering resident businesses rapid access to digital networks throughout the world, in a cost effective manner. Business support services will be available on site through Business Link. The project is due for completion in August 1998.

A £600,000 investment programme restored The Arcade, Letchworth's covered shopping area, to its former glory, creating a new pedestrian walkway into Openshaw Way and an additional retail unit. A new roof and extensive repair and redecoration works brought new vitality and vibrancy to the 75-year old retail complex. Several new retailers were quick to move into previously empty units. The Letchworth Shop relocated from Leys Avenue to a new, high profile unit in the centre of The Arcade.

Following in quick succession, a £150,000 investment in The Wynd created two new units, refurbished three others and redecorated the rest of the shops.

Letchworth's town centre Closed Circuit Television (CCTV) surveillance system became operational in May 1997. The County's first Police Shop opened in Letchworth town centre in December 1996, with the financial assistance of the Heritage Foundation. In its first nine months of operation, the Shop welcomed over 3,500 visitors and provided advice on a multiplicity of safety and security issues.





Letchworth Garden City Heritage Foundation  
*Review*



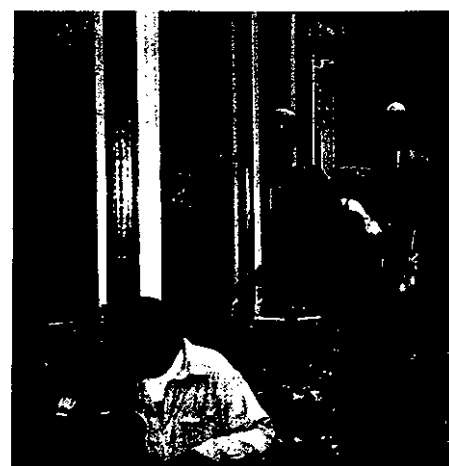
Councillors on North Hertfordshire District Council granted the Heritage Foundation, North Hertfordshire College and Wm Morrison Supermarkets Plc, planning permission for the flagship redevelopment of the North Hertfordshire College and the Broadway car park site to create a new 70,000 sq ft foodstore. This much-needed facility will have the most significant effect on the revitalisation of Letchworth town centre, creating strong physical links between the new store and the rest of the town centre. A new 22,000 sq ft facility for North Hertfordshire College will be built on the corner of the supermarket site adjacent to Plinston Hall and Kennedy Gardens.



The most significant acknowledgement of the impact of all these measures, was the number of new or existing retail businesses moving into new premises in Letchworth town centre.



DURING THE YEAR, 23 SHOPS OPENED THEIR DOORS,  
 FURTHER STRENGTHENING THE RETAIL MIX AND  
 PARTICULARLY ENHANCING SPECIALITY SHOPPING.



**Some of the individuals and organisations who were awarded grants or loans**

Highfield School Hitchin Swimming Club Homestart Baldock & Letchworth James Lacey Jo Cruse Luncheon Club John Young Jonathan Dallimore Jonathan Grant K. J. Smith K. Smith Karen Groot Karen Sachs Kelvin Hopkins Kennedy Gardens Day Centre Kim Denyer Langleigh Day Centre Langleigh Sheltered Housing Lannock School Letchworth Community Education Trust Letchworth Croquet Club Letchworth First Garden City Majorettes Letchworth Football Club Letchworth Free Church Letchworth Garden City Sunday Club Letchworth Library Letchworth Lions Letchworth Morris Men Letchworth MS Therapy Centre Letchworth Music Club

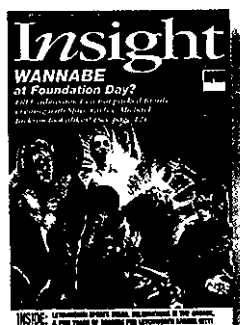
Report and  
Accounts

1997



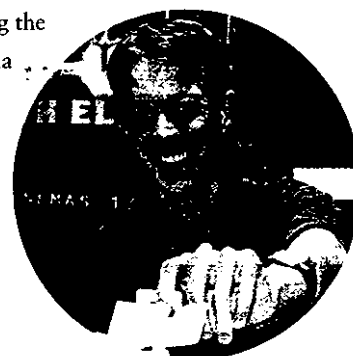
New and expanded shops which opened during the year were: Alldays, Base Camp One, Callaghan's, Cookability, Cox's of Letchworth, D P Clarke, Docklands Crafts, Expectations, Fax and Phone Warehouse, Hartley's, Letchworth Carpet Centre, The Letchworth Shop, The Music Place, Opal Marketing, Police Information Shop, Pot Village, Reflections, Robert Brend Collectables, Simmons, Simply Oak, Squires, Start-rite and Travellers Tales.

Town centre revitalisation featured prominently in 'Insight', the Heritage Foundation's free newsletter delivered to the Garden City's 14,500 letterboxes. Further afield, media coverage was secured in the Sunday Telegraph, Daily Mail and Daily Express on such 'good' news stories as the Spirella redevelopment, Morrisons supermarket announcement and Letchworth's ranking as the seventh best place to live in Britain by the University of Strathclyde's 'Quality of Life' study.



## Broadway Cinema

Broadway Cinema, which re-opened last year after a £2m refurbishment, provided a programme of top films during the year. In May 1997, the Cinema was the venue for the world premiere of a Hollywood movie. 35-year old film director Simon West, a former Letchworth schoolboy, chose the Garden City to screen his \$77m blockbuster, Con Air.





## Hitchworth Garden City Heritage Foundation *Annual Review*

### Business in Bloom

Demand for business space was strong and resulted in void industrial space falling to below 1%. Rental income from the built estate exceeded expectations at £4.6m, and some 3.75 acres of land were sold to local businesses.

A major £680,000 scheme to develop land at the end of Works Road, created space for a number of expanding companies including Siac Construction, who will relocate their regional headquarters from Hitchin to part of the site during 1998.

DIRECTOR GENERAL, STUART KENNY,

PRESENTED BELOW WITH SUE

CONSTRUCTION'S JOHN DOMEGHAN AT

THE WORKS ROAD SITE IN JULY 1997.

THE RELATED INFRASTRUCTURE FOR THE

SITE CREATES AN OPPORTUNITY FOR

FURTHER DEVELOPMENT



Some of the individuals and organisations who were awarded grants or loans

Letchworth Pre-School Music Club Letchworth Recorded Music Society Letchworth Round Table Letchworth Salvation Army Letchworth Settlement Letchworth Sinfonia Letchworth South District Guides The Libra Club Lorraine Bell M. J. Blakemore Macfadyen Webb House Manor Wood Conservation Marion Cooper Nick Bandu Nicola Edwards Nicola Hadley Noel Family Centre North Avenue Methodist Church North Hertfordshire Alzheimer's Society North Hertfordshire Celtic F.C. North Hertfordshire Education Support Centre North Hertfordshire Road Runners North Hertfordshire Sanctuary North Hertfordshire Soup Run Norton Hall Residents Association Norton School

Report and  
Accounts

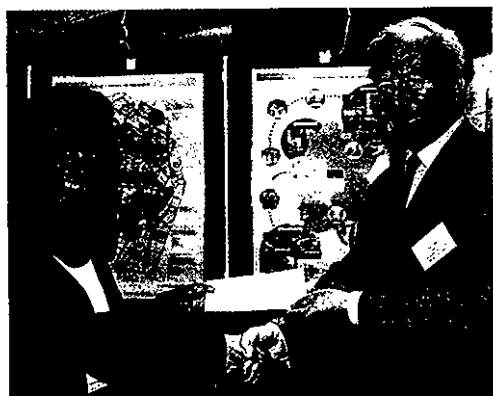
1997



## Rural Competition

Invitations to devise a strategy and management plan for the Garden City's rural estate resulted in the submission of 21 proposals for the Letchworth Garden City Centenary Competition from landscape, planning and other professionals. Chaired by Heritage Foundation Director General, Stuart Kenny, a panel of expert Assessors awarded the first prize of £15,000, and opportunity to implement proposals, to the Cheltenham-based firm Illman Young, from a short-list of four entries.

The project, which is targeted to enhance wildlife habitats, encourage the diversity of flora and fauna and improve public access, will have an annual capital budget of £100,000 and be completed by 2003, the Centenary of the Garden City.



## On the Farms

Production at the Heritage Foundation's two farms generated profits of £78,000. After nine years under the successful stewardship of the Shaw family, the contract to farm the Northland estate was tendered during the year and awarded to CWS Farms, with effect from September 1997. The introduction of a new children's play area helped to increase the number of visitors, and the time they spent, at Standalone Farm.

## Home Front

446 applications from Letchworth householders to alter or extend their homes were received, with 430 of these gaining approval. A revised Design Guide was agreed by the Heritage Foundation's Board of Management.





Letchworth Garden City Heritage Foundation  
*Annual Review*

WESTBURY SCHOOL PUPILS REHEARSE THE

FIRST LETCHWORTH SCHOOLS MUSIC

FESTIVAL HELD AT PLINSTON HALL IN

MARCH 1977.

## Facilities for Recreation and Leisure

Two popular Garden City venues were among projects awarded financial assistance towards the costs of refurbishment. The Settlement was allocated a total of £61,000 towards the costs of internal improvements and a new roof, subject to receiving Lottery funding. North Avenue Methodist Church Hall, badly damaged in an arson attack in December 1996, was awarded a grant of £40,000 towards refurbishment costs. Letchworth Free Church Hall was granted £18,000, being 50% of the cost of a new pitched roof and external guttering.

Performing arts benefited too. The St Paul's Amateur Dramatics Society (SPADS) were granted £1,000 towards their 60th Anniversary celebrations. Letchworth Sinfonia received a £250 grant towards the costs of their Summer concert.

The Hertfordshire Football Association was awarded a grant of £50,000 to support the relocation of their headquarters to Letchworth Football Club's Baldock Road ground which will be extensively redeveloped and improved.

### Recreation and Leisure

53 GRANTS AWARDED  
TOTTALLING £128,384  
PLUS DIRECT FUNDING  
TOTTALLING £222,000

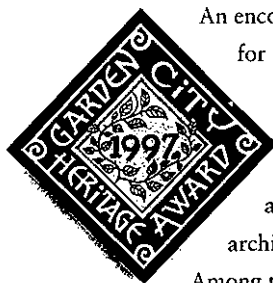
A Working Group, comprising four Governors, examined the options and opportunities available at Plinston Hall to improve its facilities, in the light of the redevelopment of the College site.

Buildings and Environment

20 GRANTS AWARDED  
TOTTALLING £26,971  
PLUS DIRECT FUNDING  
TOTTALLING £218,000

## Preservation of Buildings and other Environmental Features

Architectural Heritage Grants totalling £18,181 were awarded towards the costs of renovating residential and retail properties. Grants towards new or improved shopfronts for several shops, including Bell House Gallery, Cookability, The Chrome and Brass Centre and The Classic Sandwich Bar, made a further contribution towards the improving street scene in Letchworth town centre.



An encouraging level of entries for Architectural Heritage Awards indicated an increasing awareness of design standards amongst householders, architects and builders.

Among the prize winners was

The Salvation Army for a front extension to their Norton Way North building.



Poverty and Sickness

20 GRANTS AWARDED  
TOTTALLING £38,315  
PLUS DIRECT FUNDING  
TOTTALLING £253,000

## Education and Learning

Letchworth's Fearnhill, Grange, Highfield, Lannock, Norton, Pixmore and St Nicholas schools received grants for a range of projects totalling £12,888. Letchworth Community Education Trust received £4,407 for arts and music presentations at Plinston Hall. Letchworth Library bought a CD-ROM for their reference section on the development and achievements of the British New Towns, with their £465 grant. Letchworth Pre-School Music Club was awarded a start-up grant of £300. Top-up grants, totalling £4,750, were awarded to 19 Letchworth students.

Education and Learning

46 GRANTS AWARDED  
TOTTALLING £30,716  
PLUS DIRECT FUNDING  
TOTTALLING £133,000

Over 5,000 people visited the First Garden City Heritage Museum during the year.

## Relief of Poverty and Sickness, Promoting Charitable Organisations and Purposes

The Ernest Gardiner Day Hospital continued to provide high quality care to local people, at a cost of £196,000, whilst funds for new equipment, generated through the activities of The Friends of the Hospital, increased by 10%.

The mini-bus service carried thousands of elderly and disabled passengers during the year, free of charge, at a cost to the Heritage Foundation of £57,000. A grant of £18,000 was awarded to the Herts Multiple Sclerosis Therapy Centre towards the expansion of their facilities at Such Close, Letchworth.

A grant of £5,000 was awarded to Letchworth St John's Ambulance towards the cost of purchasing a new mobile first aid unit. Temporary accommodation for the North Herts Winter Sanctuary provided shelter for some 26 people. A grant of £1,000 was also awarded to the North Herts Soup Run.

## *Report of the Board of Management*

*for the year ended 30 September 1997*

### **1. Activities**

Letchworth Garden City Heritage Foundation (the Foundation) is an Industrial and Provident Society with charitable objects, registered under the Industrial and Provident Societies Act 1965. The objects of the Foundation are to carry on, for the benefit of the local community of Letchworth Garden City, the six charitable activities set out on page 1.

### **2. Undertaking Vested**

The undertaking of Letchworth Garden City Corporation was vested in the Heritage Foundation on 1 October 1995.

### **3. Results for the Year**

The incoming resources generated from the administration of the estate amounted to £5,758,000, including surpluses on sales and leasing of land and buildings amounting to £463,000. During the year direct charitable expenditure of £1,377,000 and other resources expended of £3,571,000, leaving a surplus for the year of £515,000 on the General Revenue Fund and £295,000 on the Restricted Fund attributable to Letchworth Cottages and Buildings Limited. The total reserves held on the General Fund amount to £73,736,000 and on the Restricted Fund amounted to £1,442,000. The reserves were represented by the net assets set out in note 20 from which the incoming resources are generated.

### **4. Changes in Tangible Assets**

Details of changes in tangible fixed assets are included in notes 11 and 12. The revaluation of investment properties at 30 September 1997 increased values by £5,503,000 and this is reflected in the accounts. Annual revaluations of operational properties are not incorporated in the accounts.

### **5. Governance of the Letchworth Garden City Heritage Foundation**

#### **(i) The role of Governors**

The Rules provide for up to 30 Governors as members of the Foundation who appoint the Board of Management from their own number. Meetings of Governors are held for the purpose of exchanging views and information.

#### **(ii) The role of the Board of Management**

The Board of Management meets regularly for the purpose of establishing policy and directing the administration of the Foundation through the executive directors.

#### **(iii) The role of the Audit Committee**

The audit committee meets periodically to assess the effectiveness of internal and external audit.

#### **(iv) The role of the Ombudsman**

In accordance with the Letchworth Garden City Heritage Foundation Act 1995, a Letchworth Commissioner is appointed by the President of The Law Society for the purpose of conducting independent investigations into complaints on matters of maladministration. One complaint was received in the year but no maladministration was found.

### **6. Board of Management**

The members of the Board of Management are as listed on the inside cover and served throughout the year ended 30 September 1997 and to the date of this report, except where indicated. Mr P W Harkness and Mr P E McMenemy retire by rotation at the Annual General Meeting and are eligible for re-election. The members appointed by the County Council and the District Council retire at the Annual General Meeting and are eligible for reappointment by the respective authorities.

### **7. Political Contributions**

The Foundation makes no political contributions nor does it support either directly or indirectly any political organisation.

**Eric Lyall**

*Chairman*

*10 February 1998*

### *Responsibilities of the Board of Management in respect of the accounts of the Foundation*

The Board of Management of the Foundation is required to prepare accounts for each financial year which comply with the Industrial and Provident Societies Act 1965 to 1968 and Statement of Recommended Practice No. 2 (SORP2) Accounting by Charities. In preparing those accounts, the Board of Management:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

- prepares the accounts on the going concern basis unless it is inappropriate to presume that the business of the Foundation will continue.

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

---

## *Report of the Auditors*

*for the year ended 30 September 1997*

### **Report of the Auditors to the Governors of Letchworth Garden City Heritage Foundation**

We have audited the accounts on pages 14 to 31, which have been prepared under the historical cost convention as modified by the revaluation of investment properties and on the basis of the accounting policies set out on pages 18 and 19.

#### **Respective responsibilities of directors and auditors**

As described above, the Board of Management are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts, and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Board of Management in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Heritage Foundation and of the group as at 30 September 1997 and of the surplus of the Group for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Act 1965, the Friendly and Industrial and Provident Societies Act 1968 and the Letchworth Garden City Heritage Foundation Act 1995.

**Ernst & Young**  
*Chartered Accountants*  
*Registered Auditor*  
*Luton*

10 February 1998

*Consolidated Statement of Financial Activities**for the year ended 30 September 1997*

	Notes	Restricted Fund £'000	General Fund £'000	Total 1997 £'000	Total 1996 £'000
<b>Incoming Resources</b>					
Property income		–	4,599	4,599	4,471
Other income		–	182	182	391
Interest receivable	1	–	258	258	253
Surplus on sales and leasing of land and buildings		–	463	463	629
Net income from trading subsidiaries	2	–	(40)	(40)	18
Net income from charitable subsidiary	2	296	–	296	277
<b>Total Incoming Resources</b>		<b>296</b>	<b>5,462</b>	<b>5,758</b>	<b>6,039</b>
<b>Resources Expended</b>					
Direct charitable expenditure	3	1	1,376	1,377	1,448
Other expenditure:					
Property expenditure		–	1,979	1,979	1,533
Construction expenditure written off		–	400	400	–
Marketing and publicity expenditure		–	268	268	281
Management and administration		–	852	852	968
Interest payable	7	–	72	72	90
<b>Total Resources Expended</b>	3	<b>1</b>	<b>4,947</b>	<b>4,948</b>	<b>4,320</b>
Net incoming resources for the year		295	515	810	1,719
Vested from Letchworth Garden City Corporation		–	–	–	66,935
		<b>295</b>	<b>515</b>	<b>810</b>	<b>68,654</b>
<b>Other Recognised Gains and Losses</b>					
Revaluation of tangible fixed assets		–	5,503	5,503	342
Goodwill written off	13	–	(131)	(131)	–
<b>Net movement in funds</b>		<b>295</b>	<b>5,887</b>	<b>6,182</b>	<b>68,996</b>
<b>Fund Balances Brought Forward at 1 October</b>					
		1,147	67,849	68,996	–
<b>Fund Balances Carried Forward at 30 September</b>					
	19,20	<b>1,442</b>	<b>73,736</b>	<b>75,178</b>	<b>68,996</b>

# Consolidated Summary Income and Expenditure Account

for the year ended 30 September 1997

	Notes	Total 1997 £'000	Total 1996 £'000
<b>Income</b>			
Gross income of continuing operations	4	6,972	6,414
Surplus on sales and leasing of land and buildings		463	629
Interest receivable		186	319
Gross Income		<u>7,621</u>	<u>7,362</u>
<b>Expenditure</b>			
Expenditure on charitable activities	3	1,377	1,448
Operating expenditure	5	5,480	4,151
Interest payable		72	90
		<u>6,929</u>	<u>5,689</u>
<b>Retained Surplus for the Year</b>	6	692	1,673
Minority interest	2	118	46
<b>Net Surplus Attributable to the Group</b>		<u>810</u>	<u>1,719</u>

The Consolidated Income and Expenditure Account is presented in order to ensure compliance with the Industrial and Provident Societies Acts. The major difference in the figures presented from those in the Consolidated Statement of Financial Activities is that trading activities of subsidiary undertakings are shown gross to ensure that the total income and expenditure of the group are reported and that revaluations of tangible fixed assets are excluded.

The Consolidated Summary Income and Expenditure Account is derived from the Consolidated Statement of Financial Activities on page 14 which, together with the notes on pages 18 to 31, provide full information on the movements during the year of all the funds of the group.

**Balance Sheets***for the year ended 30 September 1997*

		Group		Foundation	
	Notes	1997 £'000	1996 £'000	1997 £'000	1996 £'000
<b>Fixed Assets</b>					
Tangible assets:					
Investment properties	11	58,536	52,952	49,369	45,965
Operational assets	12	13,244	13,051	9,697	9,491
		<u>71,780</u>	<u>66,003</u>	<u>59,066</u>	<u>55,456</u>
Tangible assets in course of construction		4,100	509	4,100	509
Investments	13	—	—	1,350	1,350
		<u>75,880</u>	<u>66,512</u>	<u>64,516</u>	<u>57,315</u>
<b>Current Assets</b>					
Stocks	14	699	747	7	23
Debtors	15	1,812	1,599	1,820	1,409
Loans	16	1,593	3,936	3,118	4,719
Cash at bank and in hand		190	263	—	7
		<u>4,294</u>	<u>6,545</u>	<u>4,945</u>	<u>6,158</u>
<b>Creditors</b>					
Amounts falling due within one year	17	(3,938)	(2,754)	(4,464)	(2,108)
<b>Net Current Assets</b>		<u>356</u>	<u>3,791</u>	<u>481</u>	<u>4,050</u>
<b>Total Assets Less Current Liabilities</b>		<u>76,236</u>	<u>70,303</u>	<u>64,997</u>	<u>61,365</u>
<b>Creditors</b>					
Amounts falling due after more than one year	17	(430)	(626)	(430)	(626)
<b>Provisions for Liabilities and Charges</b>					
Provision for pension payments	18	(461)	(527)	(461)	(527)
		<u>75,345</u>	<u>69,150</u>	<u>64,106</u>	<u>60,212</u>
<b>Capital Funds</b>					
General fund	19	73,736	67,849	64,106	60,212
Restricted fund	19	1,442	1,147	—	—
	20	<u>75,178</u>	<u>68,996</u>	<u>64,106</u>	<u>60,212</u>
Minority interest in Broadway Cinema Limited		167	154	—	—
		<u>75,345</u>	<u>69,150</u>	<u>64,106</u>	<u>60,212</u>

Eric Lyall  
Chairman

Stuart Kenny  
Director General

10 February 1998

**Cash Flow Statement***for the year ended 30 September 1997*

	Notes	1997 £'000	1996 £'000
<b>Net Cash Inflow from Operating Activities</b>	22	<u>407</u>	<u>634</u>
<b>Returns on Investments and Servicing of Finance</b>			
Interest received		188	305
Interest paid		(2)	—
Interest paid on finance leases		(20)	(27)
<b>Net Cash Inflow and Returns on Investments and Servicing of Finance</b>		<u>166</u>	<u>278</u>
<b>Capital Expenditure and Financial Investment</b>			
Additions to investment property		(444)	(1,579)
Sales of investment property		973	2,047
Purchase of operational assets		(356)	(1,683)
Sales of operational assets		9	9
Assets in course of construction		(3,715)	(1,387)
Purchase of properties held for resale		(164)	(166)
Sale of properties held for sale		176	235
Loans to, less repayments from, staff, businesses and local organisations		2	(81)
Loans advanced relating to leasehold enfranchisement		(31)	—
Repayment of loans relating to leasehold enfranchisement		101	134
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		<u>(3,449)</u>	<u>(2,471)</u>
<b>Acquisitions and Disposals</b>			
Cash and bank balances acquired on vesting		—	1,520
<b>Net Cash Inflow from Acquisitions and Disposals</b>		<u>—</u>	<u>1,520</u>
<b>Net Cash Outflow before Use of Liquid Resources and Financing</b>		<u>(2,876)</u>	<u>(39)</u>
<b>Management of Liquid Resources</b>			
Net maturities of money market deposits	23	2,267	443
<b>Net Cash Inflow from Management of Liquid Resources</b>		<u>2,267</u>	<u>443</u>
<b>Financing</b>			
Repayment of capital element of finance lease obligations	23	(152)	(147)
<b>Net Cash Outflow from Financing</b>		<u>(152)</u>	<u>(147)</u>
<b>(Decrease)/Increase in Cash</b>	23	<u>(761)</u>	<u>257</u>

The comparative figures have been revised to comply with FRS 1 (Revised).

## *Notes to the Accounts*

*for the year ended 30 September 1997*

### **1. Accounting Policies**

#### **Accounting convention**

The accounts which are prepared in accordance with applicable accounting standards including Statement of Recommended Practice No.2, Accounting by Charities (Charities SORP) are prepared under the historical cost convention modified by the revaluation of investment properties.

#### **Vesting**

On 1 October 1995, the undertaking of Letchworth Garden City Corporation was vested in Letchworth Garden City Heritage Foundation at the values disclosed in the final accounts of the Corporation other than tangible fixed assets which were revalued at market value at vesting date.

#### **Basis of consolidation**

Consolidated accounts of the group incorporate the accounts of Letchworth Garden City Heritage Foundation and its subsidiary undertakings all of which are made up to 30 September.

No Income and Expenditure Account is presented for Letchworth Garden City Heritage Foundation.

#### **Investment Properties**

Certain of the Foundation's properties are held for long-term investment, and are stated in the balance sheet at their market value at the balance sheet date. Other properties classified as operational properties are held at cost.

The Board of Management believes that this policy is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to the current value, are of importance rather than a calculation of systematic annual depreciation.

All movements in the value of investment properties, whether arising from expenditure, disposals or revaluation, are reflected in the Consolidated Statement of Financial Activities.

#### **Depreciation of tangible fixed assets**

No depreciation is provided in respect of land and investment properties other than leasehold properties with less than 25 years to run.

The cost of other tangible fixed assets is written off by equal annual instalments over their expected useful life as follows:

Operational buildings	2%
Short leasehold properties	% based on remaining length of lease
Vehicles, machinery and equipment	20%
Furniture and fittings	10%
Office equipment	20%

#### **Stocks**

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

#### **Leases**

Tangible fixed assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Heritage Foundation are identified as a specific class of asset. Such assets are subject to depreciation on the same basis as other similar assets. The finance charges are charged to the Consolidated Statement of Financial Activities over the primary periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the Consolidated Statement of Financial Activities on a straight line basis over the term of the lease.

## *Notes to the Accounts*

*for the year ended 30 September 1997*

### Pensions

#### *a) Defined Benefit Scheme*

The Heritage Foundation participates in a pension scheme which provides benefits based on pensionable earnings near retirement. The associated pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the working lives of the employees concerned.

#### *b) Defined Contribution Scheme*

The Heritage Foundation operates an additional defined contribution pension scheme for certain employees. Contributions are charged to the Consolidated Statement of Financial Activities as they become payable.

### Rents receivable

Rents receivable are recognised on an accruals basis. Service charges are recognised in the period to which they relate and are credited against relevant expenditure.

## 2. Trading Results of Subsidiaries

The Heritage Foundation has two wholly owned trading subsidiaries which are incorporated in England and Wales. Letchworth Garden City Farms Limited, farms the rural estate under a tenancy agreement with the Heritage Foundation and operates a model farm centre. Letchworth Garden City Services Limited provides bar and catering facilities within Plinston Hall and retails crafts and souvenirs through the Letchworth Shop. Both companies covenant their taxable profits to the Heritage Foundation and pay rent and interest on loans from the Heritage Foundation.

Letchworth Garden City Services Limited has a controlling interest in Broadway Cinema Limited which operates a three screen cinema in the town.

A summary of the trading results before amounts covenanted to the Heritage Foundation is shown below.

	LGC Farms Ltd £'000	LGC Services Ltd £'000	Broadway Cinema Ltd £'000	Total Trading 1997 £'000	Total Trading 1996 £'000
Profit and Loss Account:					
Turnover	957	140	596	1,693	1,278
Operating costs	(893)	(140)	(699)	(1,732)	(1,348)
Other operating income	—	—	—	—	8
Operating profit/(loss)	64	—	(103)	(39)	(62)
Interest receivable	14	146	9	169	166
Interest payable	—	(145)	(143)	(288)	(132)
Profit/(loss) on ordinary activities	78	1	(237)	(158)	(28)
Less: Minority interest	—	—	118	118	46
Profit/(loss) attributable to the Heritage Foundation	78	1	(119)	(40)	18

In addition, the Heritage Foundation has a charitable subsidiary, Letchworth Cottages and Buildings Limited, which is a housing association that retains its surplus and therefore constitutes a restricted fund within the group accounts of the Heritage Foundation. The trading results for the year are shown below.

	1997 £'000	1996 £'000
Income and Expenditure Account:		
Turnover	794	766
Operating costs	(546)	(521)
Operating surplus	248	245
Interest receivable	48	32
Surplus on ordinary activities	296	277
Direct charitable expenditure	(1)	(3)
Retained surplus	295	274

*Notes to the Accounts**for the year ended 30 September 1997***3. Analysis of Total Resources Expended**

	Staff costs £'000	Other £'000	Depreciation £'000	Total 1997 £'000	Total 1996 £'000
<b>Direct Charitable Expenditure</b>					
Plinston Hall	179	132	12	323	330
Ernest Gardiner Day Hospital	140	54	2	196	211
First Garden City Heritage Museum	58	69	12	139	123
Minibus service	24	26	7	57	59
Grants and donations	-	258	-	258	411
Community information	-	52	-	52	57
Community benefit	2	86	-	88	88
Environment	47	171	-	218	123
	<u>450</u>	<u>848</u>	<u>33</u>	<u>1,331</u>	<u>1,402</u>
Administration	-	46	-	46	46
	<u>450</u>	<u>894</u>	<u>33</u>	<u>1,377</u>	<u>1,448</u>
<b>Other Expenditure</b>					
Property expenditure	559	1,351	69	1,979	1,533
Construction expenditure written off	-	400	-	400	-
Marketing expenditure	74	194	-	268	281
Management and Administration	390	411	51	852	968
Interest payable	-	72	-	72	90
	<u>1,473</u>	<u>3,322</u>	<u>153</u>	<u>4,948</u>	<u>4,320</u>

**Direct Charitable Expenditure Commitments**

At 30 September 1997, further grants and donations totalling £452,000 (1996: £178,000) had been approved by the Board of Management and are committed for payment in the following accounting years.

**4. Analysis of Gross Income of Continuing Commitments**

Gross income of continuing operations is exclusive of Value Added Tax and comprises the invoiced value of rents receivable and farm and other sales, all of which arose in the United Kingdom and can be analysed as follows:

	1997 £'000	1996 £'000
Rents receivable	4,953	4,833
Farm sales	957	960
Other income	1,062	621
	<u>6,972</u>	<u>6,414</u>

**5. Gross Operating Expenditure**

Property outgoings	2,495	1,826
Construction expenditure written off	400	-
Farm operating expenditure	753	831
Other operating expenditure	677	136
Administration and other costs	1,155	1,358
	<u>5,480</u>	<u>4,151</u>

## *Notes to the Accounts*

*for the year ended 30 September 1997*

**6. Retained Surplus for the Year**

is stated after charging:

	1997 £'000	1996 £'000
Depreciation of tangible fixed assets	296	236
Board of Management Members' expenses	3	4
Auditors' remuneration and expenses:		
audit services	30	32
non audit services	5	17
Operating lease rentals:		
land and buildings	157	163
plant and machinery	18	18
	<hr/>	<hr/>

**7. Interest Payable and Similar Charges**

On amounts repayable within 5 years:

Bank overdraft	2	-
Property sinking funds	5	6
Finance leases	18	22
Inter-group loans	2	9
	<hr/>	<hr/>
	27	37
Notional interest on provision for pension payments	45	53
	<hr/>	<hr/>
	72	90

**8. Taxation**

The Heritage Foundation is not liable to taxation on revenue or capital surpluses since the Heritage Foundation has been accepted by the Inland Revenue and The Registrar of Friendly Societies as having charity status.

# Notes to the Accounts

for the year ended 30 September 1997

## 9. Staff Costs

Staff costs during the year were as follows:

	1997 £'000	1996 £'000
Wages and salaries	1,522	1,524
Social security costs	126	128
Defined benefit pension scheme	28	(74)
Defined contribution pension scheme	14	14
	<u>1,690</u>	<u>1,592</u>

The average weekly number of full and part-time employees during the year was as follows:

	Average Number 1997	Average Number 1996
Charitable activities	50	46
Property management and maintenance	29	37
Agricultural	7	11
Administration	19	18
Publicity and promotion	5	5
	<u>110</u>	<u>117</u>

The total remuneration, inclusive of taxable benefits of the Director General, was as follows:

	1997 £'000	1996 £'000
Director General		
Remuneration	84	78
Defined benefit employer's pension contributions	11	9
Relocation costs	—	11
	<u>95</u>	<u>98</u>

## Board of Management

Members of the Board of Management are not remunerated for their services, but one member (1996: two members) was reimbursed for out of pocket expenses which amounted to £2,497 (1996: £2,542) in the year.

## 10. Surplus Attributable to Letchworth Garden City Heritage Foundation

The surplus dealt with in the accounts of the Heritage Foundation for the year was £128,000 (1996: £997,000)

# Notes to the Accounts

for the year ended 30 September 1997

## 11. Tangible Assets - Investment Properties

Group	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Buildings & freehold land subject to finance leases £'000	Total £'000
At 30 September 1996					
at valuation	48,019	2,045	-	2,706	52,770
at cost	-	-	195	-	195
Additions	833	9	-	-	842
Disposals	(748)	-	-	-	(748)
Increase on revaluation	5,043	316	-	144	5,503
At 30 September 1997					
at valuation	53,147	2,370	-	2,850	58,367
at cost	-	-	195	-	195
Depreciation:					
At 30 September 1996	-	-	13	-	13
Charge for the year	-	-	13	-	13
At 30 September 1997	-	-	26	-	26
Net book value:					
At 30 September 1997	53,147	2,370	169	2,850	58,536
At 30 September 1996	48,019	2,045	182	2,706	52,952

*Notes to the Accounts**for the year ended 30 September 1997***11. Tangible Assets - Investment Properties (continued)**

	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Buildings & freehold land subject to finance leases £'000	Total £'000
<b>Foundation</b>					
At 30 September 1996					
at valuation	41,032	2,045	—	2,706	45,783
at cost	—	—	195	—	195
Additions	686	9	—	—	695
Disposals	(746)	—	—	—	(746)
Increase on revaluation	3,008	316	—	144	3,468
At 30 September 1997					
at valuation	43,980	2,370	—	2,850	49,200
at cost	—	—	195	—	195
Depreciation:					
At 30 September 1996	—	—	13	—	13
Charge for the year	—	—	13	—	13
At 30 September 1997	—	—	26	—	26
Net book value:					
At 30 September 1997	43,980	2,370	169	2,850	49,369
At 30 September 1996	41,032	2,045	182	2,706	45,965

The investment properties other than short leasehold properties and sundry residential properties were valued at 30 September 1997 by Bidwells, Chartered Surveyors, on an open market value basis which envisaged the continued letting of all properties. The valuation of these properties amounted to - Group £57,455,000 (1996: £51,975,000) and Heritage Foundation £48,288,000 (1996: £44,988,000).

The valuation has been prepared in accordance with the Statements of Asset Valuation Practice and Guidance Notes prepared by the Royal Institution of Chartered Surveyors except that:-

- a) the valuation of the portfolio is undertaken on a rolling programme whereby Bidwells inspect 20% of the properties each year and take account of information provided by the Heritage Foundation to update information they hold on the remainder of the portfolio since their last inspection, in order to reach their conclusions;
- b) in the case of let and temporarily vacant properties, no account has been taken of development potential.

Residential Properties occupied under licence and otherwise have been valued at 30 September 1997 on an open market basis by employees of the Heritage Foundation who are qualified as Chartered Surveyors. The valuation of these properties amounted to £912,000 (1996: £795,000).

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

## *Notes to the Accounts*

*for the year ended 30 September 1997*

### 12. Tangible Assets - Operational Assets

	Freehold property £000	Plant equipment machinery vehicles and furniture £000	Total £000
<b>Group</b>			
Cost:			
At 30 September 1996	12,213	1,063	13,276
Additions	27	456	483
Disposals	-	(11)	(11)
At 30 September 1997	<u>12,240</u>	<u>1,508</u>	<u>13,748</u>
Depreciation:			
At 30 September 1996	49	176	225
Charge for the year	55	228	283
Disposals	-	(4)	(4)
At 30 September 1997	<u>104</u>	<u>400</u>	<u>504</u>
Net book value:			
At 30 September 1997	<u>12,136</u>	<u>1,108</u>	<u>13,244</u>
At 30 September 1996	<u>12,164</u>	<u>887</u>	<u>13,051</u>
<b>Foundation</b>			
Cost:			
At 30 September 1996	9,219	424	9,643
Additions	27	319	346
Disposals	-	(2)	(2)
At 30 September 1997	<u>9,246</u>	<u>741</u>	<u>9,987</u>
Depreciation:			
At 30 September 1996	43	109	152
Charge for the year	25	115	140
Disposals	-	(2)	(2)
At 30 September 1997	<u>68</u>	<u>222</u>	<u>290</u>
Net book value:			
At 30 September 1997	<u>9,178</u>	<u>519</u>	<u>9,697</u>
At 30 September 1996	<u>9,176</u>	<u>315</u>	<u>9,491</u>

## Notes to the Accounts

for the year ended 30 September 1997

### 13. Investments

	£000		
<b>Group</b>			
Other fixed asset investments			
Cost:			
At 30 September 1996 and 30 September 1997			10
Amount provided:			
At 30 September 1996 and 30 September 1997			10
Net book value:			
At 30 September 1996 and 30 September 1997			-
	<b>Subsidiary undertakings</b>	<b>Other investments</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Foundation</b>			
Cost:			
At 30 September 1996 and 30 September 1997	1,350	10	1,360
Amount provided:			
At 30 September 1996 and 30 September 1997	-	10	10
Net book value:			
At 30 September 1996 and 30 September 1997	1,350	-	1,350

#### Subsidiary undertakings

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

Name of Company	Country of registration (or incorporation) and operation	Holding	Proportion of shares held and voting rights	Nature of business
Letchworth Cottages & Buildings Limited	England and Wales	Ordinary shares	100%	Charitable housing association
Letchworth Garden City Farms Limited	England and Wales	Ordinary shares	100%	Farming
Letchworth Garden City Services Limited	England and Wales	Ordinary shares	100%	Retail
Broadway Cinema Limited	England and Wales	Ordinary shares	90%	Cinema operator

All are held by the Heritage Foundation except Broadway Cinema Limited which is held by Letchworth Garden City Services Limited.

Letchworth Cottages and Buildings Limited is a charitable housing association registered under the Industrial and Provident Societies Act 1965. No part of the accumulated reserves can be attributable to its share capital and its income and net assets constitute a Restricted Fund within the Group Accounts of the Heritage Foundation.

On 29 September 1997 £1,600,000 of borrowings by Broadway Cinema Limited from Letchworth Garden City Services Limited was converted into 1,600,000 newly issued £1 ordinary shares, which increased the shareholding from 200,000 shares (50% of 400,000 issued) to 1,800,000 shares (90% of 2,000,000 issued). Goodwill arising of £131,000 has been written off to the General Fund.

## *Notes to the Accounts*

*for the year ended 30 September 1997*

**14. Stocks**

	Group		Foundation	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Farm stocks	667	699	—	—
Estate stocks	7	23	7	23
Retail activities	25	25	—	—
	<u>699</u>	<u>747</u>	<u>7</u>	<u>23</u>

**15. Debtors**

Trade debtors	830	1,068	818	910
Amounts owed by subsidiary undertakings	—	—	137	106
Other debtors	546	78	451	57
Prepayments and accrued income	436	362	414	336
Income Tax recoverable	—	91	—	—
	<u>1,812</u>	<u>1,599</u>	<u>1,820</u>	<u>1,409</u>

**16. Loans and deposits**

Due within one year:				
Loans to staff	21	24	21	24
Loans to individuals and local organisations	25	23	25	23
Money Market deposits	275	2,542	—	1,525
Loans relating to leasehold enfranchisement	64	53	64	53
Due after one year:				
Loans to staff	50	43	50	43
Loans to individuals and local organisations	104	120	104	120
Loans relating to leasehold enfranchisement	1,054	1,131	1,054	1,131
Loans to subsidiary undertaking	—	—	1,800	1,800
	<u>1,593</u>	<u>3,936</u>	<u>3,118</u>	<u>4,719</u>

**Loans relating to leasehold enfranchisement**

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

*Notes to the Accounts**for the year ended 30 September 1997***17. Creditors**

	Group		Foundation	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Amounts falling due within one year:				
Bank overdraft	694	6	694	6
Finance leases	160	153	160	153
Trade creditors	416	603	345	279
Owed to subsidiary undertakings	—	—	859	39
Taxes and social security	56	226	37	168
Other creditors	183	304	45	37
Accruals and deferred income	2,429	1,462	2,324	1,426
	<u>3,938</u>	<u>2,754</u>	<u>4,464</u>	<u>2,108</u>
Amounts falling due after more than one year:				
Finance leases	209	368	209	368
Deposits held in respect of licences to occupy residential properties	221	258	221	258
	<u>430</u>	<u>626</u>	<u>430</u>	<u>626</u>

**Deposits**

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

**Finance Leases**

Maturity of these amounts is as follows:

Amounts payable:

within one year	173	173	173	173
between two and five years	216	389	216	389
	<u>389</u>	<u>562</u>	<u>389</u>	<u>562</u>
Less: finance charges allocated to future periods	20	41	20	41
	<u>369</u>	<u>521</u>	<u>369</u>	<u>521</u>

Under the terms of the leases, future finance charges are subject to fluctuations in interest rates.

Finance leases are analysed as follows:

Current obligations	160	153	160	153
Non current obligations	209	368	209	368
	<u>369</u>	<u>521</u>	<u>369</u>	<u>521</u>

**Reconciliation between the change in cash and the change in net debt**

	1997 £'000	1996 £'000
(Decrease)/Increase in cash	(761)	257
Cash inflow from decrease in liquid resources	(2,267)	(443)
Cash outflow from repayment of finance leases	152	147
Movement in net debt in the period	(2,876)	(39)
Net debt at start of year	2,278	2,317
Net debt at end of year	<u>(598)</u>	<u>2,278</u>

## Notes to the Accounts

for the year ended 30 September 1997

### 18. Commitments to Pension Fund

#### Defined Benefit Scheme

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

The most recent valuation was carried out as at 31 March 1995 using the projected unit method, together with the following main assumptions:

Rate of interest	8.5% per annum
Salary increase	6% per annum
Increases to pensions in payment	4% per annum
Dividend growth rate	4% per annum

This valuation revealed a shortfall of assets compared to the past service liabilities. As the Heritage Foundation's proportion of the value of the whole scheme represents a minor amount, it is not practicable to disclose the market value of the scheme's assets or the funding level directly attributable to the Heritage Foundation's membership.

The provision for pensions as at 30 September 1997 in the Heritage Foundation's accounts is £461,000 (1996: £527,000). The pensions cost for the year to 30 September 1997 was £87,000 (1996: £65,000). The Heritage Foundation made actual contributions of £153,000 (1996: £125,000) during the year to 30 September 1997. The provision includes £357,000 (1996: £421,000) in respect of previously unfunded pension increases and is being extinguished over 12 years from 1 April 1990.

Movements on the provision in the year were as follows:

	1997 £'000	1996 £'000
<b>Group and Heritage Foundation</b>		
Balance at 1 October	527	587
Pension costs before interest	42	12
Interest	45	53
Contributions and payments in the year	(153)	(125)
Balance at 30 September	<u>461</u>	<u>527</u>

#### Defined Contribution Scheme

The Heritage Foundation operates an additional defined contribution pension scheme for certain employees. The assets of this scheme are held separately from those of the Heritage Foundation and invested in assurance policies. The contributions to the defined contribution scheme are accounted for as they are paid in and are included within the above figures.

*Notes to the Accounts**for the year ended 30 September 1997***19. Capital Funds**

	Restricted fund £000	General fund £000	Total £000
<b>Group</b>			
At 30 September 1996	1,147	67,849	68,996
Surplus on sales and leasing of land and buildings	-	463	463
Retained surplus for the year	295	52	347
Increase on revaluation	-	5,503	5,503
Goodwill written off	-	(131)	(131)
Balance at 30 September 1997	<u>1,442</u>	<u>73,736</u>	<u>75,178</u>
<b>Foundation</b>			
At 30 September 1996	-	60,212	60,212
Covenant repayment in respect of 1996	-	(165)	(165)
Surplus on sales and leasing of land and buildings	-	463	463
Retained surplus for the year	-	128	128
Increase on revaluation	-	3,468	3,468
Balance at 30 September 1997	<u>-</u>	<u>64,106</u>	<u>64,106</u>

**20. Analysis of Group Net Assets Between Funds**

Fund Balances at 30 September 1997 are represented by:

<b>Tangible Fixed Assets</b>			
Investment properties	637	57,899	58,536
Operational assets	11	13,233	13,244
In course of construction	-	4,100	4,100
Current assets	947	3,347	4,294
Current liabilities	(153)	(3,785)	(3,938)
Creditors due after one year	-	(430)	(430)
Provision for pension payments	-	(461)	(461)
	<u>1,442</u>	<u>73,903</u>	<u>75,345</u>
Less: Minority interests	-	(167)	(167)
	<u>1,442</u>	<u>73,736</u>	<u>75,178</u>

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

Unrealised gains at 30 September 1996	-	342	342
Net gains arising on revaluations in the year	-	5,503	5,503
Unrealised gains at 30 September 1997	<u>-</u>	<u>5,845</u>	<u>5,845</u>

## *Notes to the Accounts*

*for the year ended 30 September 1997*

### 21. Financial Commitments

Authorised capital expenditure not provided for in these accounts, including £5,500,000 (1996: £700,000) for the Group and for the Heritage Foundation for which contracts have been placed is as follows:

Group and Heritage Foundation	1997 £'000	1996 £'000
Erection, purchase and redevelopment of premises:		
Industrial	420	245
Commercial and Residential	5,500	8,620
Equipment and machinery	80	200
	<u>6,000</u>	<u>9,065</u>

Annual commitments under non-cancellable operating leases in respect of land and buildings are as follows:

Leases expiring:		
within one year	4	4
within two to five years	-	31
in over five years	180	122
	<u>184</u>	<u>157</u>

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

Net incoming resources for the year	810	1,719
Interest payable	72	90
Interest receivable	(258)	(253)
Net income from subsidiaries	(256)	(295)
Operating profit of subsidiaries	209	183
Construction expenditure written off	400	-
Surplus on sale and leasing of land and buildings	(463)	(629)
Depreciation	296	236
Surplus on sales of operational assets	(2)	(2)
Decrease/(Increase) in stock	48	(237)
Decrease/(Increase) in debtors	8	(36)
Decrease in creditors	(346)	(29)
Pension fund commitment	(111)	(113)
	<u>407</u>	<u>634</u>
Net cash inflow from operating activities		

### 23. Analysis of Changes in Net Debt

	At 1.10.96 £000	Cashflow £000	At 30.9.97 £000
Cash at bank and in hand	263	(73)	190
Overdrafts	(6)	(688)	(694)
	<u>257</u>	<u>(761)</u>	<u>(504)</u>
Money market deposits	2,542	(2,267)	275
Finance leases	(521)	152	(369)
	<u>2,278</u>	<u>(2,876)</u>	<u>(598)</u>