

COBTREE MANOR ESTATE CHARITY COMMITTEE MEETING

Date: Thursday 17 January 2019
Time: 2.30 pm
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Cox (Vice-Chairman), Daley, Mrs Gooch, McLoughlin (Chairman)
and Perry

The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.

<u>AGENDA</u>	<u>Page No.</u>
1. Apologies for Absence	
2. Notification of Substitute Members	
3. Urgent Items	
4. Notification of Visiting Members	
5. Disclosures by Members and Officers	
6. Disclosures of Lobbying	
7. To consider whether any items should be taken in private because of the possible disclosure of exempt information.	
8. Minutes of the meeting held on 18 December 2018	1 - 3
9. Presentation of Petitions (if any)	
10. Questions and answer session for members of the public (if any)	
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Issued on Wednesday 9 January 2019

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

PART II

To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.

Head of Schedule 12A and Brief Description

16. Cobtree Manor Park Staff Restructure - Exempt Appendix	Paragraph 1 – Info re any individual	89
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PUBLIC SPEAKING

In order to book a slot to speak at this meeting of the Cobtree Manor Estate Charity Trust Committee, please contact on 01622 602743 or by email to committeeservices@maidstone.gov.uk by 5 p.m. one clear working day before the meeting. If asking a question, you will need to provide the full text in writing. If making a statement, you will need to tell us which agenda item you wish to speak on. Please note that slots will be allocated on a first come, first served basis.

ALTERNATIVE FORMATS

The reports included in Part I of this agenda can be available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact committeeservices@maidstone.gov.uk or 01622 602743**. To find out more about the work of the Committee, please visit www.maidstone.gov.uk

MAIDSTONE BOROUGH COUNCIL

COBTREE MANOR ESTATE CHARITY COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY 18 DECEMBER 2018

Present: Councillor McLoughlin (Chairman), and
Councillors Cox, Daley, McLoughlin and Perry

Also Present: Mr Roger Hext, Cobtree Charity Trust
Ltd

37. APOLOGIES FOR ABSENCE

It was noted that apologies were received by Councillor Mrs Gooch.

38. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

39. URGENT ITEMS

There were no urgent items.

40. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

41. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

42. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

43. EXEMPT ITEMS

RESOLVED: That all items be taken in public unless there is a need to disclose exempt information as detailed in the Exempt Appendix.

44. MINUTES OF THE MEETING HELD ON 7 NOVEMBER 2018

RESOLVED: That the minutes of the Meeting held on 7 November 2018 be agreed as an accurate record of the meeting and signed.

45. PRESENTATION OF PETITIONS

There were no petitions.

46. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

47. COBTREE PARK CAR PARK IMPROVEMENT WORKS

The Committee considered the report of Mr David Mounter, Projects Officer which detailed the procurement exercise to seek tenders from contractors to carry out car park improvement works at Cobtree Manor Park.

Mr Mounter advised that sixteen contractors had initially responded to the Pre-Qualification Questionnaire (PQQ) stage. Following that process four contractors were invited to tender.

In response to questions from the Committee, Mr Mounter advised that:-

- The main and lower car parks would provide a total of 172 car parking spaces including 10 disabled bays.
- There was potential for more parking spaces in the lower car park than there is at present as the spaces would be clearly marked.
- The difference in price in the tender was due to the size of the contractors submitting bids. The larger the contractor, the more they could compete on price.
- The quotes supplied include works to the lower car park. The contractors who had supplied the quotes had confirmed that there would be no price discount if the lower car park was not included in the works.
- The proposed works to the lower car park provided 3 disabled bays.
- The Contractors would have factored into the quote provided the risk of any delays due to adverse weather, particularly given that the likely start time was January 2019.
- An Employer's Agent would be appointed to supervise the contractor and ensure progress if there was inclement weather.
- The work was due to be completed by Easter and carried out in sections so at least 72 spaces would be available at any one time.
- The contractor had built in time for night work to carry out works to the entrance to minimise any disruption should this be necessary.

In response to a question about the funding for this project, Mr Paul Holland, Senior Finance Manager (Client) responded that the Council would charge interest on any money that the Trust borrowed so it may suit the Trust to borrow small amounts and pay back quickly. Mr Holland undertook to email around to the Committee some figures on what the initial borrowing would be.

RESOLVED: That

- 1) The winning tender price of £283,143.78 be accepted and the successful contractor be appointed, as detailed in the Exempt Appendix, to carry out the works as agreed.
- 2) Delegated authority be given to the Head of Regeneration and Economic Development to agree financial variations in line with the proper management of the contract in consultation with the Chairman of the Committee.
- 3) The Employer's Agent be asked to report to the Committee on an informal basis every three weeks once the contract has commenced.

Voting: Unanimous

48. DURATION OF MEETING

2.00 p.m. to 2.35 p.m.

Agenda Item 11

Cobtree Manor Estate Committee

17 January 2019

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	Interim Head of Regeneration & Economic Development – John Foster
Lead Officer and Report Author	Paul Holland, Senior Finance Manager (Client)
Classification	Public
Wards affected	Boxley

Executive Summary

The report summarises the current financial position of the Estate as at 30 November 2018 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre. These figures include details of the draft budgets for 2019/20. It also provides an update on the development of a separate financial management system for the Trust.

This report makes the following recommendations to this Committee:

1. That the current financial position be noted.
2. That the draft budgets for 2019/20 be agreed.
3. That the progress to date with the separate financial management system be noted.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	17 January 2019

Cobtree Manor Estate Financial Position

1. INTRODUCTION AND BACKGROUND

1.1 This is a regular update report on the financial position of the Estate, which enables the Committee to see how the various areas of activity are performing. The last few years have seen a number of significant financial pressures and issues, and it is important for the future of the Estate that these are addressed and monitored.

2. CURRENT FINANCIAL POSITION

2.1 The table below summarises the position as at 30th November 2018. **Appendix 1** provides a more detailed breakdown of the figures.

2.1.1 Overall Summary Position:

SUMMARY TOTALS

	A	B	C	(B-C)
	Budget for Year 2018/19	Budget to end of November 2018	Actuals to end of November 2018	Variance as at end of November 2018
Golf Course	-£100,046	-£78,087	-£79,352	£1,265
Manor Park	£94,650	£81,258	£68,358	£12,900
Kent Life	-£34,690	-£11,962	-£14,841	£2,879
Café/Visitor Centre	£11,730	£15,362	-£4,776	£20,138
Totals	-£28,356	£6,572	-£30,611	£37,182

In the table above a credit figure for the budget and actuals columns represents income, so at the end of November the operations of the estate are showing a surplus of £37,182 against the projected budget of £6,572.

Comments on the individual service areas are as follows:

- 2.1.2 **Cobtree Golf Course** – There are no issues to report at this stage. Mytime have been invoiced for the first two quarters for 2018/19. These have been paid, and the invoice will be raised shortly for the third quarter.
- 2.1.3 **Cobtree Manor Park** – Car park income continues to be high, which is off-setting some additional costs that have been incurred this year. As previously advised the main ones are the £2,500 contribution the committee agreed in respect of the railway feasibility study, and additional security costs of £2,336 that have been incurred following the break-ins at the site this year. The variance on the equipment maintenance budget relates to repair costs for the car parking pay and display machines.

- 2.1.4 Capital costs of £11,750 have also been incurred for additional survey and testing work for the car park resurfacing works, as also previously advised.
- 2.1.5 **Kent Life** - There are no issues to report at this stage. Planning Solutions have now been invoiced for the first instalment of their 2018/19 fee, although at the time of writing this report it had not been paid. This is because of a contract amendment to allow payment by two instalments that is currently being finalised.
- 2.1.6 As previously advised works are required to the Play Barn to deal with a beetle infestation. The costs and timing of these works have yet to be finalised.
- 2.1.7 **Café/Visitor Centre** – Responsibility for running the facility passed to DAGT in mid-April, so the budgets reflect the short time that it continued to run as an in-house operation. DAGT have been invoiced for the first two quarters rental, and whilst they have paid the second quarter the first quarter is in dispute over the number of days it should cover. There is also an invoice for casual staff costs that is currently in dispute. The favourable variance for the Visitor Centre reflects the fact that DAGT income has not yet been reflected in the budget. This will be corrected in the next quarter's report.
- 2.2 Members previously requested clarification on the position regarding VAT on internal recharges. Having spoken to the Council's VAT Officer he has confirmed that this is still classified as the supply of a service to the Trust and as such is subject to VAT where applicable.

3. DRAFT BUDGETS 2019/20

- 3.1 Members requested that these be brought before the Committee, and the detailed figures are also shown as part of **Appendix 1**. A summary of them is shown in the table below.

	Budget for Year 2018/19	Draft Budget for Year 2019/20
Golf Course	-£100,046	-£103,720
Manor Park	£94,650	£89,700
Kent Life	-£34,690	-£39,160
Café/Visitor Centre	£11,730	-£1,250
Totals	-£28,356	-£54,430

- 3.2 Where appropriate inflation at a rate of 2% has been applied to the controlled running costs budgets. The exception to this is gas and electricity budgets which have been increased by 10% and 11% respectively. These rates are the same ones the Borough Council has been using for its budgets for 2019/20.

3.3 At the time of writing this report the figures for rechargeable costs for 2019/20 had not been finalised, so the figures for 2018/19 are shown. However, it is planned that the Service Level Agreement between the Trust and the Borough Council will be in place for 2019/20, and that will be the subject of a separate report to the Committee at a future meeting.

3.4 The following points should also be noted:

- Staffing budgets reflect any increments due and a 2% inflation increase.
- The budget for car parking income has been increased to £90,000. This reflects the levels of income received last year and the year to date and the increase in charges that will come into effect when the resurfacing works are completed.
- The insurance premium at Kent Life has risen due to an increase in the insurance valuation for the site. The premium for the café/visitor centre is now included in the Manor Park budget as the building is jointly occupied by both the contractor and Cobtree staff. Now the café is being operated by an external contractor there has been an increase in the premium as it is now insured under the commercial properties policy rather than the general property policy. This policy comes with a lower excess and therefore premiums are generally higher.
- The budgets for the golf course and Kent Life include the revised contract sums due from the operators for 2019/20.

4. FINANCIAL MANAGEMENT SYSTEM

4.1 Members will be aware of the ongoing recommendation from the external auditors that the Trust have its own financial management system separate to that of the Council. The system that was identified as being most suitable was the Sage accounting package. This section of the report provides an update on progress to date.

4.2 Sage are planning to be on-site to commence implementation in the second week of January, so it is still anticipated that the system will be in place for 1st April 2019 at the latest.

4.3 Regular updates will continue to be provided to future Trust meetings.

5. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

5.1 It is recommended that the Committee note the contents of this report, and agree the draft budgets as this is good financial management practice.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 Officers will continue to monitor the financial position and take appropriate action where necessary.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The operation of the Estate directly supports the objects of the Trust and the Council's strategic objective to ensure there are good leisure and cultural attractions in the Borough.	Head of Regeneration & Economic Development
Risk Management	There is a potential reputational risk if the facilities are operated poorly. This is addressed in the annual risk management report.	Leisure Manager
Financial	There is a financial risk to the Trust if the operational cost is more than predicted or it fails to generate sufficient income to cover the costs of running them estate.	Senior Finance Manager (Client)
Staffing	There are no additional implications arising from this report.	
Legal	Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management. Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. This update report assists in meeting those	Team Leader (Corporate Governance), Mid Kent Legal Services

	requirements The position regarding VAT payable by the Trust is set out in the body of the report. There are no further implications arising from this report.	
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Team Leader (Corporate Governance), Mid Kent Legal Services
Equalities	No impact identified.	Equalities and Corporate Policy Officer
Crime and Disorder	There are no additional implications arising from this report.	
Procurement	There are no additional implications arising from this report.	

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Financial Position and Draft Budgets as at 30th November 2018
-

9. BACKGROUND PAPERS

None.

	A	B	C	(B-C)	
	Budget for Year 2018/19	Budget to end of November 2018	Actuals to end of November 2018	Variance as at end of November 2018	Proposed Budget 2019/20
GOLF COURSE					
Repair & Maintenance	£4,950	£3,300	£2,904	£396	£4,950
Premises Insurance	£950	£633	£633	-£0	£710
Equipment Maintenance	£1,000	£667	£0	£667	£1,020
General Expenses - VAT	£5,000	£3,333	£3,384	-£51	£5,100
Licence Fees	£200	£133	£0	£133	£200
Direct Telephones	£800	£533	£0	£533	£820
Controlled Running Costs	£12,900	£8,599	£6,921	£1,678	£12,800
Other Income	-£154,500	-£115,875	-£115,875	£0	-£159,130
Rent Income	-£5,300	-£5,300	-£5,250	-£50	-£5,300
Controlled Income	-£159,800	-£121,175	-£121,125	-£50	-£164,430
Direct Salaries	£4,660	£3,106	£3,107	-£0	£4,660
Central Recharges	£11,830	£7,886	£7,887	-£1	£11,830
Departmental Overheads	£1,780	£1,187	£1,187	-£0	£1,780
Rechargeable Costs	£18,270	£12,179	£12,180	-£1	£18,270
Cobtree Golf Course	-£128,630	-£100,397	-£102,024	£1,627	-£133,360
MBC 2/9ths share	£28,584	£22,310	£22,672	-£361	£29,640
CMET Total	-£100,046	-£78,087	-£79,352	£1,265	-£103,720
MANOR PARK					
Salaries	£49,990	£33,323	£32,574	£750	£51,490
Overtime	£4,000	£2,666	£1,257	£1,409	£4,000
Employers NI	£4,640	£3,093	£3,119	-£26	£4,780
Employers Superannuation	£7,050	£4,700	£4,770	-£71	£7,260
Employee Insurances	£820	£547	£547	-£0	£840
Employee Costs	£66,500	£44,329	£42,266	£2,063	£68,370
Medical Recharges	£60	£40	£40	-£0	£40
Repairs & Maintenance	£87,000	£57,994	£56,745	£1,249	£87,100
Gas	£3,600	£2,400	£2,001	£399	£3,960
Electricity	£7,980	£4,655	£4,515	£140	£8,860
Water Metered	£1,180	£1,180	£645	£535	£1,180

	A	B	C	(B-C)	
	Budget for Year 2018/19	Budget to end of November 2018	Actuals to end of November 2018	Variance as at end of November 2018	Proposed Budget 2019/20
Sewerage & Env Services	£1,080	£630	-£1	£631	£1,080
Trade Refuse Collection (Internal)	£13,000	£8,666	£7,140	£1,526	£13,260
Premises Insurance	£860	£573	£573	-£0	£2,400
Public Transport	£0	£0	£30	-£30	£0
Casual User Allowance	£600	£400	£0	£400	£620
Equipment Purchase	£1,000	£667	£755	-£88	£1,020
Equipment Maintenance	£2,000	£1,333	£2,497	-£1,164	£2,040
Equipment Rental	£0	£0	£48	-£48	£0
Equipment Hire	£500	£333	£290	£44	£510
Materials & Supplies	£1,000	£667	£163	£504	£1,020
Catering Provisions	£0	£0	£6	-£6	£0
Cash Collection	£2,310	£1,347	£1,531	-£184	£2,370
Protective Clothes	£500	£333	£0	£333	£510
Printing	£0	£0	£1	-£1	£0
Photocopying	£500	£333	£195	£138	£510
Stationery	£200	£133	£0	£133	£210
General Expenses	£500	£333	£695	-£362	£510
General Expenses - VAT	£5,000	£3,333	£4,177	-£844	£5,100
Audit Fee	£4,500	£0	£0	£0	£4,590
Licence Fees	£0	£0	£102	-£102	£0
Professional Services	£7,490	£4,494	£6,755	-£2,261	£7,640
Professional Services Security	£11,000	£7,333	£9,721	-£2,388	£11,220
Direct Telephones	£200	£133	£106	£27	£210
Mobile Telephones	£100	£67	£264	-£197	£110
Mobile Telephones - Cashless Parking	£1,500	£1,000	£833	£167	£1,530
Conferences	£0	£0	£247	-£247	£0
Other Subscriptions	£0	£0	£369	-£369	£0
General Insurances	£180	£120	£120	-£0	£960
External Print & Graphics	£160	£107	£0	£107	£170
Controlled Running Costs	£154,000	£98,604	£100,563	-£1,959	£158,730
Fees & Charges - Car Parking	-£73,450	-£56,750	-£68,026	£11,276	-£90,000
Other Income - Cobtree Charity Trust Ltd.	-£45,000	£0	£0	£0	-£40,000
Other Income	-£5,000	-£3,333	-£4,391	£1,058	-£5,000
Licences	-£420	-£280	-£650	£370	-£420

	A	B	C	(B-C)	Proposed Budget 2019/20
	Budget for Year 2018/19	Budget to end of November 2018	Actuals to end of November 2018	Variance as at end of November 2018	
Rent Income	-£26,000	-£17,323	-£17,418	£95	-£26,000
Controlled Income	-£149,870	-£77,687	-£90,485	£12,798	-£161,420
Direct Salaries	£2,810	£1,873	£1,873	-£0	£2,810
Central Recharges	£20,100	£13,399	£13,400	-£1	£20,100
Departmental Overheads	£1,110	£740	£740	-£0	£1,110
Rechargeable Costs	£24,020	£16,012	£16,013	-£2	£24,020
Cobtree Manor Park	£94,650	£81,258	£68,358	£12,900	£89,700

KENT LIFE					
Repairs & Maintenance of Premises	£1,500	£1,500	£1,500	£0	£1,500
Premises Insurance	£2,110	£1,407	£1,407	-£0	£4,640
General Expenses	£3,580	£2,386	£0	£2,386	£3,650
General Expenses - VAT	£5,000	£3,333	£2,840	£493	£5,100
Controlled Running Costs	£12,190	£8,626	£5,746	£2,880	£14,890
Other Income	-£64,000	-£32,000	-£32,000	£0	-£71,170
Controlled Income	-£64,000	-£32,000	-£32,000	£0	-£71,170
Direct Salaries	£2,660	£1,773	£1,773	-£0	£2,660
Central Recharges	£13,440	£8,959	£8,960	-£1	£13,440
Departmental Overheads	£1,020	£680	£680	-£0	£1,020
Rechargeable Costs	£17,120	£11,412	£11,413	-£1	£17,120
Kent Life	-£34,690	-£11,962	-£14,841	£2,879	-£39,160

CAFÉ/VISITOR CENTRE					
Salaries	£10,750	£10,750	£11,547	-£797	£0
Overtime	£5,530	£5,530	£5,034	£496	£0
Employers NI	£780	£780	£859	-£79	£0
Employers Superannuation	£1,110	£1,110	£999	£111	£0
Holiday In Excess	£1,040	£1,040	£568	£472	£0
Agency Temp Staff	£920	£920	£922	-£2	£0
Employee Costs	£20,130	£20,130	£19,930	£200	£0
Repairs & Maintenance of Grounds	£0	£0	£253	-£253	£0

	A	B	C	(B-C)	Proposed Budget 2019/20
	Budget for Year 2018/19	Budget to end of November 2018	Actuals to end of November 2018	Variance as at end of November 2018	
Cleaning Materials	£0	£0	£16	-£16	£0
Contract Cleaning	£1,470	£1,470	£1,469	£1	£0
Trade Refuse Collection (Internal)	£360	£360	£360	£0	£0
Premises Insurance	£350	£233	£233	-£0	£0
Equipment Purchase	£290	£290	£328	-£38	£0
Equipment Rental	£500	£500	£1,005	-£505	£0
Materials & Supplies	£50	£50	£835	-£785	£0
Catering Provisions	£11,360	£11,360	£11,363	-£3	£0
Cash Collection	£610	£610	£180	£431	£0
Printing	£0	£0	£19	-£19	£0
Bank Charges	£0	£0	£231	-£231	£0
Professional Services	£0	£0	£335	-£335	£0
Mobile Telephones	£10	£10	£16	-£6	£0
General Insurances	£0	£0	£0	£0	£0
Controlled Running Costs	£15,000	£14,883	£16,643	-£1,759	£0
Sales	-£15,750	-£15,750	-£17,219	£1,469	£0
Other Income	£0	£0	-£14,098	£14,098	£0
Other Income	-£6,400	-£6,400	-£6,402	£2	£0
Rent Income	-£20,000	-£10,000	-£16,130	£6,130	-£20,000
Controlled Income	-£42,150	-£32,150	-£53,849	£21,699	-£20,000
Direct Salaries	£4,800	£3,200	£3,200	-£0	£4,800
Central Recharges	£11,960	£7,973	£7,973	-£1	£11,960
Departmental Overheads	£1,990	£1,327	£1,327	-£0	£1,990
Rechargeable Costs	£18,750	£12,499	£12,500	-£1	£18,750
Cobtree Manor Park Visitor Centre	£11,730	£15,362	-£4,776	£20,138	-£1,250
OVERALL TOTALS	-£28,356	£6,572	-£30,611	£37,182	-£54,430

Agenda Item 12

COBTREE MANOR ESTATE TRUST COMMITTEE

17th January 2019

Accounts 2017/18

Final Decision-Maker	Cobtree Manor Estate Trust Committee
Lead Head of Service	Director of Finance & Business Improvement
Lead Officer and Report Author	Paul Holland, Senior Finance Manager – Client Accountancy
Classification	Public
Wards affected	Boxley

Executive Summary

The audit of the Trust accounts for 2017/18 has now been completed and an unmodified audit opinion will be issued. This report summarises the main points from the accounts and seeks approval of them so they may be submitted to the Charity Commission.

This report makes the following recommendations to this Committee:

1. That the Report and Financial Statement for 2017/18 are approved and submitted to the Charity Commission.
2. That the Letter of Representation be approved.

Timetable

Meeting	Date
Cobtree Manor Estate Trust Committee	17 th January 2019

Accounts 2017/18

1. INTRODUCTION AND BACKGROUND

1.1 The audit of the Report and Financial Statements is now complete. The audit was undertaken by UHY Hacker Young, appointed external auditors to the Trust. Issues arising from the audit are dealt with in the next section of this report.

2. ACCOUNTS 2017/18

2.1 The Annual Report and Financial Statements are shown at **Appendix 1**. This includes the independent auditor's report, which includes their opinion on the Statement.

2.2 There are no major issues that have arisen regarding the accounts following the audit. A number of minor amendments were made to the draft accounts that were submitted for audit, and there are also a small number of unadjusted misstatements, both of which are shown on the final two pages of the Audit Management Letter, which is reported elsewhere on this agenda. None of these have had any impact upon the financial resources available to the Trust.

2.3 There are a number of points that should be noted within the Financial Statements:

- The total funds of the Trust as shown on the Balance Sheet have reduced slightly from £4.30m to £4.26m, with the Statement of Financial Activities (SOFA) showing a deficit of £37,553 on the activities of the Trust for the year.
- The movement in the SOFA includes a deficit of £54,825 on the charitable activities of the Trust, which reflects the writing off of the sum due from Mytime with regards to the golf course contract, and the deficit on the operation of the café/visitor centre.
- The SOFA also reflects a small reduction of £17,922 in the value of the Charifund investment, and an upward movement of £35,194 in the value of fixed assets held.
- The final value of write-off of the Mytime debt within the accounts was reduced from £48,125 to £24,062. This was an adjustment recommended by the auditors to reflect the value to the Trust of the in-kind services to be provided by Mytime as part of the settlement of the disputed sum.
- The accounts also include a debtor for the VAT due at the end of March 2018, but this will have no impact on the financial resources of the Trust.

2.4 **Appendix 2** is the Letter of Representation for 2017/18. This asks Trustees to confirm a number of statements relating to the audit and the information supplied to the auditors during the course of their audit.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 That the Committee approves the Report and Financial Statements in order that they can then be submitted to the Charity Commission by 31st January 2019.
 - 3.2 There are no other available options as there is a legal requirement to produce and approve the Report and Financial Statements.
-

4. RISK

- 4.1 The two main risks associated with this report are financial and reputational.
 - 4.2 The year-end accounts reflect information reported to the Trust during the course of the year on the financial performance of the estate activities. This enables the committee to make informed decisions on various issues presented to them.
 - 4.3 The reputational risk is that the accounts are not filed with the Charity Commission by the deadline of 31st January 2019. This report will enable that to happen.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Not applicable.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The Report and Financial Statements will be submitted to the Charity Commission for publication on their website.
-

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	None	

Risk Management	A number of risks have been identified which are outlined in the report.	Paul Holland – Senior Finance Manager (Client)
Financial	The financial implications are outlined in the report.	Paul Holland – Senior Finance Manager (Client)
Staffing	None	
Legal	<p>Under the Council’s Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management.</p> <p>The Trustee is responsible for preparing the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.</p> <p>Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity’s financial activities during the year and of its financial position at the end of the year.</p>	Keith Trowell, Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Keith Trowell, Team Leader (Corporate Governance), MKLS
Equalities	No impact identified.	Equalities and Corporate Policy Officer
Crime and Disorder	None	
Procurement	None	

8. REPORT APPENDICES

- Appendix 1: Report and Financial Statements 2017/18
 - Appendix 2: Letter of Representation
-

9. BACKGROUND PAPERS

None.

Cobtree Manor Estate

Trustees' Report and Financial Statements

For the Year Ended 31 March 2018

awaiting approval

Cobtree Manor Estate

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awaiting approval

Cobtree Manor Estate

Reference and Administrative Details of the Charity, its Trustees and Advisers For the Year Ended 31 March 2018

Corporate trustee	Maidstone Borough Council
Trustees	There are no individual trustees. All elected members of the Maidstone Borough Council perform duties of trustees, but are not trustees in their own right. A full list of members is available on request.
Charity registered number	2836174
Principal office	Maidstone Borough Council Maidstone House King Street Maidstone ME15 6JQ
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	All funds are managed by Maidstone Borough Council at: Lloyds Bank plc City Office Bailey Drive Gillingham Kent ME5 0LS
Solicitors	Head of Legal Partnership Mid-Kent Legal Services Maidstone Borough Council Maidstone House Maidstone Kent ME15 6JQ

Cobtree Manor Estate

Trustees' report For the year ended 31 March 2018

The Maidstone Borough Council acting as Corporate Trustee to the registered Charity known as "Cobtree Manor Estate" presents its annual report in relation to the financial year ending 31 March 2018.

Trustees

The trustee who served during the year is shown on the information page.

OBJECTIVES AND ACTIVITIES

Governing Object

The governing object of the Charity remains that defined in the lease of the Cobtree Estate dated 13 July 1971 between the Cobtree Charity Trust Limited (the lessor) and the Maidstone Borough Council (the lessee). The governing object is stated as:

"To hold Cobtree Manor and Cobtree Manor Estate for the benefit of the inhabitants of Maidstone and other members of the general public in one or other or all of the following ways:

- i) By maintaining the Cobtree Manor Estate as an open space as defined by the Open Spaces Act 1906 and if the lessees think fit providing thereat facilities for organised games and other sports".
- ii) With the consent of ... [the Cobtree Charity Trust Limited and the Kent County Council]... in such other way for the benefit of the inhabitants of Maidstone and other members of the general public as the Council shall from time to time think appropriate."

Object of the Charity

The late Sir Garrard Tyrwhitt-Drake bequeathed his former estate to the Cobtree Charity Trust Limited and set down in the codicils to his Will requirements for its future use. In seeking to interpret these, sometimes conflicting, codicils the Maidstone Borough Council and Cobtree Charity Trust Limited agreed that the Estate in its entirety, and the intended charitable objects, should be leased to and governed by, the Maidstone Borough Council.

The Maidstone Borough Council, as Corporate Trustee to the Charity, has determined and regularly reviews a series of policies to guide the actions of its Members and employees in fulfilling the governing object of the Charity.

Members of the Cobtree Manor Estate Charity Committee manage all aspects of the Charity on behalf of the Council. Informal liaison continues with the Trustees to the Cobtree Charity Trust Limited, particularly with regard to considering potential developments. Members of the Cobtree Charity Trust Limited are invited to attend the meetings of the Cobtree Manor Estate Charity Committee.

ACHIEVEMENTS AND PERFORMANCE

Organisation of the Charity

The Trustee to the Registered Charity known as the Cobtree Manor Estate remains the Corporate Body of the Maidstone Borough Council. How the functions of the Corporate Trustee are implemented is reiterated in the section above.

All individual elected Members to the Maidstone Borough Council are instructed to perform any duties and responsibilities they have in relation to the charity as though they were acting as individual trustees; albeit that they are not individual trustees in Charity Law. All elected Members and Officers of the Council are reminded of the Council's obligations to the Charity and how these need to be considered quite separately from the normal duties of the Council acting as the Local Authority. An A to Z "aid memoir" is made available to all Members and Officers via the Council's internal intranet site.

Under the terms of the lease upon which the Charity holds the Cobtree Manor Estate, and in the specified circumstances, the Council continues to liaise with both the freehold owner of the Estate, the Cobtree Charity Trust Limited, and the Kent County Council.

Advice to Trustees

The advice for trustees published by the Charity Commission is given to new members of the charity committee and new guidance is notified and made available to them as it is received from the Commission. Committee members have free access to all members of staff to ensure that they can be fully aware of the special considerations, activities and implications of, and for, the charity.

Cobtree Manor Estate

Trustees' report For the year ended 31 March 2018

Activities

The following paragraphs are included to demonstrate how the Charity is meeting its obligation to provide a public benefit. The primary activities of the Charity are to manage and maintain three facilities to which the general public have access:

- the Cobtree Manor Park – which is a parkland environment with woodland and meadows containing a wide variety of trees and shrubs and which is freely accessible to the general public, and
- the Cobtree Manor Park Golf Course - which is a pay and play facility accessible to all, and
- Kent Life – a farm heritage attraction, including a collection of historic artefacts, which is open to the public either on a pay on entry or through an annual membership fee.

Cobtree Golf Course

Year	Rounds Played
2009/2010	43,913
2010/2011	41,784
2011/2012	43,516
2012/2013	36,006
2013/2014	36,923
2014/2015	37,482
2015/2016	39,927
2016/2017	40,593
2017/2018	35,972

Although rounds played are down from previous year, the golf course has continued to diversify their offering and target the audience to increase visits for all activities.

Some of the activities undertaken are as follows:

2017/18 events and activities

- 2017 fireworks night at Cobtree was an exceptionally good. Tickets sold out at 500 people.
- Carvery nights with Sunday carveries introduced.
- Meetings – Dementia, Committees, Firm Friends, ongoing conferences etc.
- Dementia/Vulnerable adults -footgolf day
- Cinema evening
- Big screen sports evenings/afternoons
- Society days
- Charity golf days
- Christmas party nights / lunches

Plans for the new clubhouse, driving range and improvements to the course have been completed and will go through the planning pre-application process before full planning permission is sought before the end of 2018.

Cobtree Manor Estate

Trustees' report For the year ended 31 March 2018

Cobtree Manor Park

The park was awarded a Green Flag Award for 2017/18.

Ongoing park improvements include further renovation of shrubbery areas; a full tree survey, assessment of the Arboretum trees, work to trees and the further development of a community gardening space.

Four Conservation students undertook work placements, working with the Cobtree Ranger.

The Men In Sheds project continues to increase membership and now meet on four days per week. The group have continued to improve the space and increase the range of tools and machinery available. The group have delivered two carpentry badge workshops for local cubs groups.

A varied programme of events and activities delivered by the park team and partner organisations has been offered throughout the year. A Santa Run saw 350 participants in December.

The Visitor Centre/ café was broken into three times during 2017/8 in May, August and November with a safe containing cash stolen on two occasions. Damage to the building occurred each time and repairs have been undertaken. The Elephant House suffered a break-in in December with tools stolen. Insurance claims for all incidents are being pursued to recover losses. A comprehensive security review has been undertaken and measures to prevent further ram-raiding of the building have been implemented along with an upgrade of the CCTV system.

An unknown heavy vehicle reversed into the main gates in March causing damage to the posts, gates and height barrier.

Car park income totalled £83,895 net for 2017/18 financial year to 31 March 2018; this was £17,595 above target with an average weekly income of £1,583. Income was marginally lower than the previous financial year by £2,041.

There was a vehicle counter equipment failure from 17/01/2017- 27/04/2018 thus there are no available figures for the first quarter of the year 2018. The equipment is now functioning so visitor numbers can continue to be recorded.

Cobtree Manor Park Visitor Numbers (per calendar year):

	2015	Quarterly	% on previous year	2016	Quarterly	% on previous year	2017	Quarterly	% on previous year
Jan	13163			15923			21652		
Feb	17474			15798			19574		
Mar	19891	50528	-16.15	18227	49948	-1.15	25676	66902	33.94
Apr	27093			22144					
May	23254			29076					
Jun	20472	70819	-10.03	22031	73251	3.43			
Jul	27109			21043					
Aug	28517			33192					
Sep	22427	78053		19468	73703	-5.57			
Oct	10581			15124					
Nov	12518			17460					
Dec	14041	37140		18138	50722	36.57			
	236540	236540		247624	247624				

**Trustees' report
For the year ended 31 March 2018**

Kent Life Farm Attraction

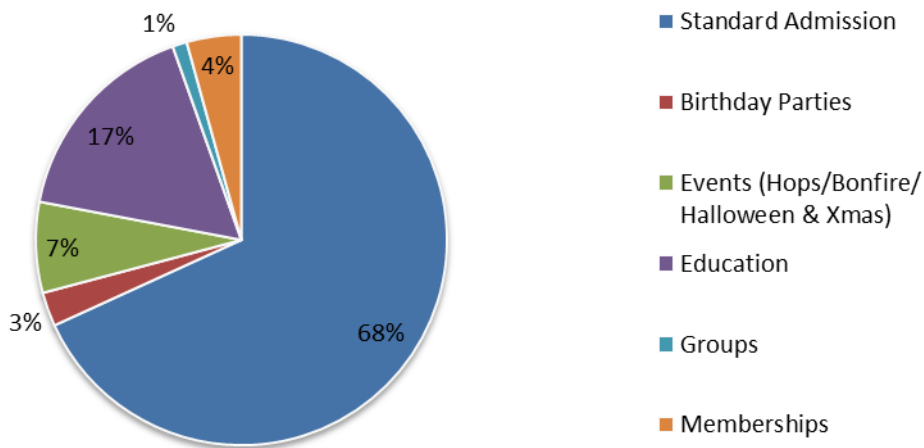
The site was awarded with a VAQUAS Rose earlier in the year.

2017 Performance

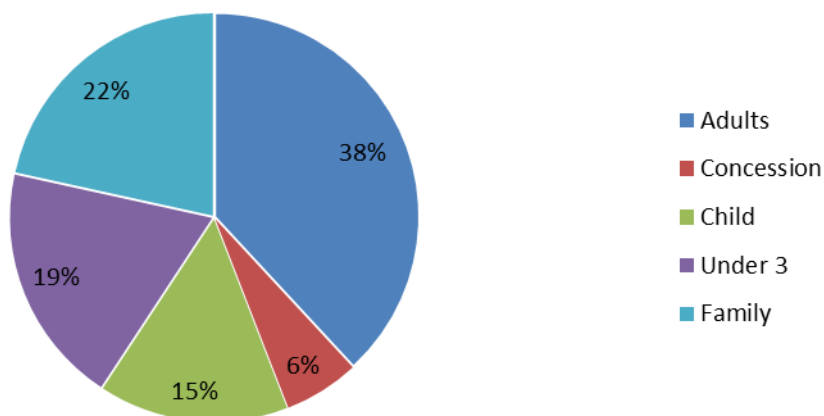
The site welcomed 169,151 guests in total with overall revenue of £931,628

Kent Life's 2017 performance is outlined below firstly in breakdown of visitor groups, by age range and by membership sales.

Admission Groups 2017

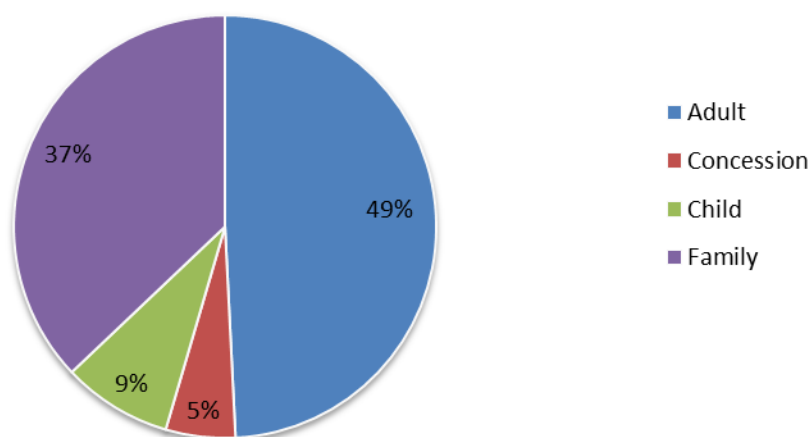


Individual Breakdown 2017



Trustees' report
For the year ended 31 March 2018

Membership sales 2017



This graph above shows 49% of members are adults with under 4's (8701 under 4's visited YTD). The overall membership visits in 2017 add up to 28,087 which equates to approximately 5.6 visits per member. The sale of child memberships is up on 2016 making that and under 4s almost even. This could be as a result of increased offer for over 4s that drives visits during the holidays.

Education

Welcomed 25,450 education numbers with a revenue of £145,399

Improvements undertaken in 2017/18

- Introduction of the Animal Arena by the Hoppers huts with barriers and seating
- Creating a pathway from the hill to the Owl academy
- Laying a new floor in the big top
- Improvements to the stage, lighting rig and sound quality
- Repair and maintenance of the Indoor play area
- Improved water zorbing area with ramp for ease and cleanliness
- Re-turfing the wedding seating area and adding a patio for guests to use
- Sanding down and re-varnishing of all function flooring
- Replacing new pumps for the sewage system, this continues to be an issue and something Planning Solutions will aim to fix in 2018
- Introduction of sound into the heritage buildings following a story of the characters that may have lived there
- New pathway laid around the vintage village to facilitate not only access for the guests but also for the land train

Focus for 2018/19

The main focus will be on improving the offering and maximising incremental spend of visitors whilst on site. The site is aware of their customers' needs and this knowledge will be used to provide events and activities that appeal directly to that market.

Target Audience:

Primary Markets

- Maidstone & Medway residents with families
- Schools and Education
- Parents with young children, and grandparents with grandchildren (possibly child care providers)
- Visiting friends and relatives (VFR)
- Day visitors to Kent, areas around 1 – 1.5 hour drive time of Maidstone
- Active Greys, recently retired
- Staying visitors (both nearby Kent Life, or staying elsewhere in Kent)

Cobtree Manor Estate

Trustees' report For the year ended 31 March 2018

Secondary Markets

- Children's Birthday Parties
- Group Tour Organisers
- Youth Groups (Scouts, Brownies etc.)
- Coach Tour Companies
- Weddings
- Corporate Groups

Additional Volunteer Help and Intangible Income

The volunteer help given on the estate is referred to above; in addition to this the Kent Wildlife Trust volunteers and the Friends of Kent Life and Cobtree Young Farmers continued to play an important role providing voluntary assistance to support activities across the estate.

Forstal Field

Friningham Manor Enterprise currently lease the Forstal Field adopting zero tillage agricultural practices and wildlife habitat buffers to field margins.

Review of Public Benefit

The Trustee continues to consider and ensure that the Charity meets its requirement to comply with the test of public benefit. The Cobtree Manor Park remains freely accessible to the general public and the pay and play golf course is accessible to all those who wish to take advantage of its facilities at reasonable cost, whilst Kent Life provides a varied family day out for a reasonable fee.

Related Party Disclosure

The Maidstone Borough Council is the Corporate Trustee of the Charity. In addition the Council itself owns part of the land upon which the Cobtree Manor Park Golf Course is built. The accounting arrangements between the Council and the Charity are that the Council is responsible for all receipts and payments for both the golf course and the Cobtree Manor Park. At the end of each financial year the total net operating surplus or deficit of the Manor Park is transferred to the Charity accounts. For the golf course 7/9ths of the total net operating surplus or deficit is transferred to the Charity accounts, reflecting the split of land ownership. The remaining 2/9ths are shown in the accounts of the Council.

The Council also employs a Manager at the Manor Park, a Cobtree Officer and a number of permanent and temporary staff in the new café/visitor centre. These posts exist solely for the benefit of the Charity and the cost for each is shown in the Charity accounts under the arrangements specified above. Other officers of the Council are engaged from time to time in duties specifically related to the operation and management of the Estate; their time and associated costs are apportioned accordingly to the Cobtree accounts. Additional labour for litter picking and managing the park out of hours at weekends and evenings during school holidays between Easter and the end of September has also been introduced due to the increase in visitor numbers.

Full details of the financial impact of these related party transaction is provided in note 20 to the financial statements.

**Trustees' report
For the year ended 31 March 2018**

FINANCIAL REVIEW

Financial Review and Investment Policy

Income for the year amounted to £588k, a small increase on income of £582k in 2016/17.

Charitable costs fell during the year from £647k to £643k, roughly in line with the reduced income. This left an overall deficit for the year, before investment losses and other gains/losses, of £55k compared to £65k in 2016/17.

This year, a loss on investments (the movement in the year on the charity' listed investment securities) means the investment losses of £18k bring the overall result for the year before movements on the revaluation of fixed assets to a net decrease in funds of £73k.

The final movement in funds for the year relates to fixed asset revaluations. The carrying value of the fixed assets has been increased by £35k to reflect the latest valuation performed in the year by a chartered surveyor.

The Balance sheet shows net assets at 31 March 2018 of £4.26m, reduced from £4.30m at the end of the prior year. Much of this value is related to the charity's tangible fixed assets and other investments.

Most of the charity's funds are held in endowment funds, which comprise £4.1m of the total. The remaining funds sit as unrestricted free reserves.

Interest due to the Charity in respect of the permanent endowment held on the Charity's behalf by the Borough Council is included as part of the unrestricted income.

The Trustee has now determined its preferred future development option for the Cobtree Manor Park; it is now seeking to identify sources of funding to implement this option.

Reserves Policy

Restricted reserves are maintained in respect of the permanent endowment funds.

Risk Management

The Trustee continues to review the business and operational risks which the Charity faces, and identifies where appropriate steps to minimise the impact of any identified risks. All contractors working on the Estate are also required to undertake risk assessments appropriate to their activities.

PLANS FOR FUTURE PERIODS

The Trustee continues to review the business and operational risks which the Charity faces, and identifies where appropriate steps to minimise the impact of any identified risks. All contractors working on the Estate are also required to undertake risk assessments appropriate to their activities.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing these statements the Trustee is required to:

- select suitable accounting policies and 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 financial statements;

Cobtree Manor Estate

**Trustees' report
For the year ended 31 March 2018**

- prepare the financial statements on the going concern unless it is inappropriate to presume that the Charity will continue in business.

The Trustee has overall responsibility for ensuring that the Charity has appropriate systems of controls, financial and otherwise. It is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustee on and signed on its behalf by

Councillor
Chairman of the Cobtree Manor Estate Charity Committee

awaiting approval

Cobtree Manor Estate

Independent Auditors' Report to the Trustees of Cobtree Manor Estate

Opinion

We have audited the financial statements of Cobtree Manor Estate (the 'charity') for the year ended 31 March 2018 set out on pages 12 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Cobtree Manor Estate

Independent Auditors' Report to the Trustees of Cobtree Manor Estate

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date:

UHY Kent LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Cobtree Manor Estate

**Statement of Financial Activities
For the Year Ended 31 March 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income and endowments from:						
Donations and legacies	2	-	35,663	-	35,663	44,103
Charitable activities	3	480,713	-	-	480,713	464,811
Other trading activities	4	28,891	-	-	28,891	27,872
Investments	5	42,566	-	-	42,566	45,086
Total income and endowments		552,170	35,663	-	587,833	581,872
Expenditure on:						
Charitable activities		606,995	35,663	-	642,658	647,183
Total expenditure	6	606,995	35,663	-	642,658	647,183
Net expended resources before investment gains/(losses)		(54,825)	-	-	(54,825)	(65,311)
Net gains/(losses) on investments	12,13	-	-	(17,922)	(17,922)	75,145
Net income / (expenditure) before other recognised gains and losses		(54,825)	-	(17,922)	(72,747)	9,834
Gains/(losses) on revaluations of fixed assets	11	-	-	35,194	35,194	(194,453)
Net movement in funds		(54,825)	-	17,272	(37,553)	(184,619)
Reconciliation of funds:						
Total funds brought forward		213,460	-	4,082,913	4,296,373	4,480,992
Total funds carried forward		158,635	-	4,100,185	4,258,820	4,296,373

The notes on pages 15 to 24 form part of these financial statements.

Cobtree Manor Estate

**Balance Sheet
As at 31 March 2018**

	Note	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	10		12,500		25,000
Tangible assets	11	2,509,212		2,669,871	
Investment property	12	825,000		635,000	
Total tangible assets			3,334,212		3,304,871
Investments	13		856,107		874,029
			4,202,819		4,203,900
Current assets					
Debtors	14	26,477		9,266	
Cash at bank and in hand		222,939		180,373	
		249,416		189,639	
Creditors: amounts falling due within one year	15	(193,415)		(97,166)	
Net current assets			56,001		92,473
Net assets			4,258,820		4,296,373
Charity Funds					
Endowment funds	16		4,100,185		4,082,913
Unrestricted funds	16		158,635		213,460
Total funds			4,258,820		4,296,373

The financial statements were approved by the Trustee on

and signed by:

Councillor

Chairman of the Cobtree Manor Estate Charity Committee

The notes on pages 15 to 24 form part of these financial statements.

Cobtree Manor Estate

**Statement of Cash Flows
For the Year Ended 31 March 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	18	-	(577,351)
Cash flows from investing activities:			
Dividends, interest and rents from investments		42,566	45,086
Disposal of investments		-	335,000
Net cash provided by investing activities		42,566	380,086
Change in cash and cash equivalents in the year		42,566	(197,265)
Cash and cash equivalents brought forward		180,373	377,638
Cash and cash equivalents carried forward	19	222,939	180,373

The notes on pages 15 to 24 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

Cobtree Manor Estate constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The financial statements are prepared on the basis that the charity will continue in operational existence for the foreseeable future.

1.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

1.5 Intangible fixed assets and amortisation

Material intangible assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided at a rate to write off the cost over the expected life of the asset as follows:

Website development costs	-	25% on cost
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1.6 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	Nil
Fixtures and fittings	-	10-25% on cost

35

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

1. Accounting Policies (continued)

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

2. Income from donations and legacies

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Will Trust income	-	35,663	-	35,663	42,907
Other donations	-	-	-	-	1,196
Total donations and legacies	-	35,663	-	35,663	44,103
<i>Analysis of 2017 total by fund</i>	<i>1,196</i>	<i>42,907</i>	<i>-</i>	<i>44,103</i>	

3. Income from charitable activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Golf club revenue	92,605	-	-	92,605	80,694
Café income	236,792	-	-	236,792	235,932
Car park income	88,662	-	-	88,662	90,474
Kent Life income	61,419	-	-	61,419	55,451
Other income	1,235	-	-	1,235	2,260
Total	480,713	-	-	480,713	464,811
<i>Analysis of 2017 total by fund</i>	<i>464,811</i>	<i>-</i>	<i>-</i>	<i>464,811</i>	

4. Trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rental income	28,891	-	-	28,891	27,872
Net income from trading activities	28,891	-	-	28,891	27,872

In 2017, the income from trading activities was to unrestricted funds.

Cobtree Manor Estate

Notes to the Financial Statements
For the Year Ended 31 March 2018

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	42,566	-	-	42,566	45,086
<i>Analysis of 2017 total by fund</i>	45,086	-	-	45,086	

6. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation and amortisation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Charitable activities	210,391	18,353	413,914	642,658	647,183
<i>Analysis of 2017 total</i>	219,433	18,353	409,397	647,183	

7. Direct costs

	Total 2018 £	Total 2017 £
Staff training, welfare and other costs	3,220	3,475
Repairs and maintenance	36,068	23,474
Grounds maintenance	59,873	69,533
Rent and rates	16,819	2,781
Heat and light	11,293	6,590
Insurance	4,203	4,094
Cleaning and other property services	25,895	22,863
Security	11,440	8,445
Catering supplies and provisions	87,909	109,409
Printing, postage and stationery	1,058	393
Governance costs in relation to legal and professional fees	13,350	30,346
Advertising and marketing	428	3,525
Telephone and internet	323	492
Other fees and services	126,504	71,382
Equipment hire and maintenance	15,531	13,706
Contract charges	-	38,889
Wages and salaries	165,905	188,242
National insurance	9,799	8,886
Pension cost	34,687	22,305
Depreciation and amortisation	18,353	18,353
	642,658	647,183
<i>Total 2017</i>		647,183

Cobtree Manor Estate

Notes to the Financial Statements For the Year Ended 31 March 2018

8. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	5,853	5,853
Amortisation of intangible fixed assets	12,500	12,500
Auditors' remuneration - audit	5,130	4,995
	<u> </u>	<u> </u>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

9. Staff costs

Maidstone Borough Council employs various staff whose roles exist solely for the benefit of the Charity. These costs are recharged to the Charity, and to reflect the substance of the arrangement the costs are reflected in these accounts as staff costs.

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries (including agency staff)	165,905	188,242
Social security costs	9,799	8,886
Other pension costs	34,687	22,305
	<u> </u>	<u> </u>
	<u>210,391</u>	<u>219,433</u>

The average number of MBC and temporary agency employees engaged on Cobtree Manor Estate business during the year was as follows:

	2018 No.	2017 No.
Manor Park Grounds Maintenance	-	4
Park Ranger	1	1
Catering staff (including agency staff)	15	20
Manager	1	1
	<u> </u>	<u> </u>
	<u>17</u>	<u>26</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Manor Park grounds maintenance	0	1
Park Ranger	1	1
Catering staff	2	4
Manager	1	1
	<u> </u>	<u> </u>
	<u>4</u>	<u>7</u>

No employee received remuneration amounting to more than £60,000 in either year.

Cobtree Manor Estate

Notes to the Financial Statements For the Year Ended 31 March 2018

10. Intangible fixed assets

	Website development £
Cost	
At 1 April 2017 and 31 March 2018	50,000
Amortisation	
At 1 April 2017	25,000
Charge for the year	12,500
At 31 March 2018	37,500
Carrying amount	
At 31 March 2018	12,500
<i>At 31 March 2017</i>	<i>25,000</i>

11. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2017	2,623,054	58,523	2,681,577
Revaluation surplus/(deficit)	(154,806)	-	(154,806)
At 31 March 2018	2,468,248	58,523	2,526,771
Depreciation			
At 1 April 2017	-	11,706	11,706
Charge for the year	-	5,853	5,853
At 31 March 2018	-	17,559	17,559
Net book value			
At 31 March 2018	2,468,248	40,964	2,509,212
<i>At 31 March 2017</i>	<i>2,623,054</i>	<i>46,817</i>	<i>2,669,871</i>

The estate is held under a 999 year lease which is due to expire in 2970. The long leasehold land and buildings are used solely for direct charitable purposes and form part of the permanent endowment of the Charity.

All properties are revalued by a professional firm of chartered surveyors periodically, using a 'market approach'. The golf course and the visitor centre are valued annually. The Kent Life Attraction is generally revalued every five years.

The most recent valuations included in the accounts are therefore set out below:-

Cobtree Manor Golf Course (including clubhouse, messroom/garage and visitor centre)	January 2018
Kent Life Attraction	January 2018

Cobtree Manor Estate

Notes to the Financial Statements For the Year Ended 31 March 2018

12. Investment property

	Long term leasehold investment property £
Valuation	
At 1 April 2017	635,000
Surplus/(deficit) on revaluation	190,000
At 31 March 2018	<u>825,000</u>
Comprising	
Cost	391,305
Revaluation surplus/(deficit):	
2014	243,695
2018	190,000
At 31 March 2018	<u>825,000</u>

The investment properties are held to generate a rental income stream for the Charity.

All properties are revalued by a professional firm of chartered surveyors on a five yearly cycle (subject to existing tenancies where appropriate). A valuation took place in January 2018. The next valuation is due April 2023.

13. Fixed asset investments

	Listed securities £	
Market value		
At 1 April 2017		874,029
Revaluations		(17,922)
At 31 March 2018		<u>856,107</u>
Historical cost		<u>784,000</u>

Investments at market value comprise:

	2018 £	2017 £
Listed investments	<u>856,107</u>	<u>874,029</u>

All the fixed asset investments are held in the UK

14. Debtors

	2018 £	2017 £
Other debtors	<u>26,477</u>	<u>9,266</u>

Cobtree Manor Estate

Notes to the Financial Statements For the Year Ended 31 March 2018

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Amounts owed to Maidstone Borough Council	212,356	92,044
Other creditors	(18,941)	5,122
	<u>193,415</u>	<u>97,166</u>

16. Summary of funds

Summary of funds - current year

	Balance at 1 April 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2018 £
General funds	213,460	552,170	(606,995)	-	158,635
Endowment capital funds	4,082,913	-	-	17,272	4,100,185
Restricted funds	-	35,663	(35,663)	-	-
	<u>4,296,373</u>	<u>587,833</u>	<u>(642,658)</u>	<u>17,272</u>	<u>4,258,820</u>

Summary of funds - prior year

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2017 £
General funds	278,771	538,965	(604,276)	-	-	213,460
Endowment capital funds	4,202,221	-	-	-	(119,308)	4,082,913
Restricted funds	-	42,907	(42,907)	-	-	-
	<u>4,480,992</u>	<u>581,872</u>	<u>(647,183)</u>	<u>-</u>	<u>(119,308)</u>	<u>4,296,373</u>

Unrestricted Funds

These comprise funds that the trustees are free to use in accordance with the charitable objects.

Restricted Income Funds

These are funds that have been given for particular purposes and projects. The restricted fund relates to The Will Trust Fund, the income from which is used to maintain the rural park. The assets of this fund are held by Cobtree Charity Trust Limited, a separate entity.

Permanent Endowment Capital Fund

The endowment fund represents those assets that must be held permanently by the Charity and investment properties held to generate a rental income stream. Income arising on the endowment fund can be used in accordance with the objects of the Charity and is included as unrestricted income. Any capital gains and losses arising on the investments form part of the fund. The assets of the fund are set out below.

Cobtree Manor Estate

Notes to the Financial Statements For the Year Ended 31 March 2018

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £
Intangible fixed assets	12,500	-	-	12,500
Tangible fixed assets	40,964	-	2,468,248	2,509,212
Fixed asset investments	-	-	856,107	856,107
Investment property	-	-	825,000	825,000
Current assets	249,416	-	-	249,416
Creditors due within one year	(144,245)	-	(49,170)	(193,415)
	<u>158,635</u>	<u>-</u>	<u>4,100,185</u>	<u>4,258,820</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £
Intangible fixed assets	25,000	-	-	25,000
Tangible fixed assets	46,817	-	2,623,054	2,669,871
Fixed asset investments	-	-	874,029	874,029
Investment property	-	-	635,000	635,000
Current assets	189,639	-	-	189,639
Creditors due within one year	(47,996)	-	(49,170)	(97,166)
	<u>213,460</u>	<u>-</u>	<u>4,082,913</u>	<u>4,296,373</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(72,747)	9,834
Adjustment for:		
Depreciation and amortisation charges	18,353	18,353
Gains/(losses) on investments	17,922	(75,145)
Dividends, interest and rents from investments	(42,566)	(45,086)
Increase/(decrease) in creditors	30,913	(485,307)
Increase in provisions	48,125	-
Net cash used in operating activities	<u>-</u>	<u>(577,351)</u>

19. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	222,939	180,373
	<u>222,939</u>	<u>180,373</u>

Cobtree Manor Estate

Notes to the Financial Statements For the Year Ended 31 March 2018

20. Related party transactions

Maidstone Borough Council (MBC) is the Corporate Trustee of the Charity.

MBC owns part of the land upon which the golf course is built. The accounting arrangements between MBC and the charity are that MBC is responsible for all receipts and payments for both the golf course and the Manor Park. At the end of each financial year the the income and expenditure relating to Cobtree Manor Estate is shown in the Charity's accounts.

For the golf course 7/9ths of the total revenue is transferred to the trust accounts, reflecting the split of land ownership. The remaining 2/9ths are shown in the accounts of the Council.

The Statement of Financial Activities includes income of £157,159 (2017: £151,473) in relation to operating the estate in accordance with this arrangement, as broken down below.

	2018	<i>2017</i>
	£	£
Golf club revenue	92,605	80,694
Will trust income	35,663	42,907
Rental income	28,891	27,872
	-----	-----
	157,159	151,473

Expenditure reflected through the Statement of Financial Activities includes operating costs in relation to income streams above.

As disclosed in note 8, MBC employs staff whose roles exist solely for the benefit of the Charity, and hence the cost of their employment is shown within staff costs. In total, staff costs include £174,186 (2017: £178,419) of recharged employment costs.

During the year MBC provided various other services to the Charity, which have been included within 'other fees and services' in charitable expenses. During the year total recharges of £131,675 (2017: £77,811) were made for these services.

At 31 March 2018 the Charity owed £188,293 (2017: £92,044) to Maidstone Borough Council.

21. Post balance sheet events

Since April 2018, the Cobtree Manor Park Café has been taken over by a privately run company.

22. Controlling party

The Charity is under the control of the Corporate Trustee, Maidstone Borough Council.

UHY Hacker Young,
Thames House,
Roman Square,
Sittingbourne,
Kent. ME10 4BJ

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of Cobtree Manor Estate for the year ended 31 March 2018. We note that your audit was performed for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the result and financial position of Cobtree Manor Estate in accordance with the UK Generally Accepted Accounting Practice financial reporting framework.

We confirm to the best of our knowledge and belief, the following representations made to you in connection with your audit of this entity's financial statements:-

1. **General**

- We acknowledge as trustees our responsibility under the Charities Act 2011 for preparing financial statements, which give a true and fair view of the financial position of Cobtree Manor Estate as of 31 March 2018, and of the result of its operations for the year then ended, and for making accurate representations to you. The financial statements are free of material misstatements, including omissions. We confirm that we have held prior discussion with you to ensure that there is complete agreement on the meaning of all confirmations that we are making to you.
2. We have made available to you all the accounting records necessary for your audit, including books of account, supporting documentation and all minutes of meetings of shareholders and the board of trustees. All the entity's transactions have been reflected in the accounting records produced to you. We have not withheld any information, the knowledge of which could cause you to take a materially different view in your report.
 3. All relevant access to persons within the charity has been made available to you for the purpose of your audit.
 4. We acknowledge our responsibility for the design and implementation of internal control procedures to prevent and detect fraud and error, and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 5. We are not aware of any irregularities involving either management, employees with a significant role in internal control, former employees, analysts, regulators or anyone else where those irregularities could have a material effect on the financial statements.

6. **Non-audit services**

We understand that, under the Auditing Practices Board Ethical Standards, the provision of audit and non-audit services to us by yourselves gives rise to a potential threat to independence. This includes the preparation of the statutory financial statements and corporation tax computations. We confirm that you have explained to us the threats and the safeguards that you have put in place to address the potential self-review threat.

We confirm that we have discussed the draft accounts and final journals and agree to inclusion of the (attached) journals in the final accounts (see Appendix I).

We understand that there were no unadjusted audit differences arising.

7. **Commitments, contingencies and liabilities**

We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties. We do not know of any substantial liabilities, contingent liabilities of capital commitments, of a material amount, other than those disclosed in the financial statements.

8. **Litigation**

There is no litigation in progress or pending (other than to recover debts).

9. **Transactions and arrangements with officers and related parties**

We confirm that we are aware that a related party of the charity is a person or organisation which either (directly or indirectly) controls, has joint control of, or significantly influences the charity or vice versa and as a result will include: trustees/directors, other key management, close family and other business interests of the previous.

10. We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework.

11. **Post Balance Sheet Events**

No other events or transactions have occurred, or are pending, which could either have a material effect on the financial statements or which are of such significance in relation to the entity's affairs that they should either require adjustment or be disclosed in the financial statements, or notes thereto, in order to avoid giving a misleading view of the entity's financial position.

12. Laws and Regulations

We are not aware of any events which involve possible or actual instances of non-compliance with those laws and regulations which provide a legal framework within which the entity conducts its business. The entity has complied with all aspects of contractual agreements and the requirements of regulatory authorities that, in either case, could, in the event of non-compliance, have a material effect on the financial statements.

13. Future Plans

We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

14. Accounting estimates

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

15. Fixed assets

We confirm that the following land and buildings shown in the accounts are owned by the charity and that we believe the carrying valuations are appropriate:

Long-term leasehold properties:

Cobtree Manor Golf Course	777,777 (being 7/9 th of the £1m valuation by Harrisons in April '18)
Cobtree Play Area	765,471
Cobtree Café/Visitor Centre	225,000 (based on Harrisons valuation in April '18)
Kent Life Attraction	700,000 (based on Harrisons valuation April '18)

	2,468,248

Investment properties:

Gate Lodge	-
Garden Cottage	275,000 (based on Harrisons valuation April '18)
2 Stream Cottages	190,000 (based on Harrisons valuation April '18)
3 Stream Cottages	190,000 (based on Harrisons valuation April '18)
4 Stream Cottages	170,000 (based on Harrisons valuation April '18)
Tyland Farm	-

	825,000

16. **Going Concern**

We confirm that having considered our expectations, intentions and projections for the twelve months following the date of this letter, and the availability of unrestricted reserves, we are not aware of any matters that would suggest that the charity will not continue as a going concern.

In particular we confirm that whilst the year-end balance owing to Maidstone Borough Council is £188,293, it is our understanding that there will be no call on this loan within the twelve months from the date of this letter.

We confirm to the best of our knowledge and belief that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,

.....
Name and Signature

On behalf of the Cobtree Manor Estate Committee

Date:

APPENDIX I – AGREED ADJUSTMENTS INCLUDED IN THE FINANCIAL STATEMENTS

The following adjustments were discussed and agreed with you, and the impact on net income is shown below:

		Effect on 2018 net income
	£	£
Adjustment to reduce MyTime contract golf income write off to take into account the value of services in kind provided to Cobtree as part of settlement	24,064	24,063
49 Transfer provision per client's draft account for MyTime balance against the MBC creditor since Cobtree element of debtor has never been reflected in CME accounts	48,125	-
Bring in VAT debtor per 31 March 2018 VAT return (no impact on net income as adjusted against balance owing to MBC)	17,211	-
		<u>24,063</u>
Reconciliation between draft accounts presented for audit and final accounts		
Net income per original accounts		(61,616)
UHY adjustments above		24,063
Net movement in funds per Statement of Financial Activities		<u><u>(37,553)</u></u>

Agenda Item 13

COBTREE MANOR ESTATE TRUST COMMITTEE

17th January 2019

External Audit Management Letter 2017/18

Final Decision-Maker	Cobtree Manor Estate Trust Committee
Lead Head of Service	Director of Finance & Business Improvement
Lead Officer and Report Author	Paul Holland, Senior Finance Manager – Client Accountancy
Classification	Public
Wards affected	Boxley

Executive Summary

As part of the audit process the external auditors produce a Management Letter, the purpose of which is to bring matters of interest they have identified to the attention of Trustees.

This report makes the following recommendations to this Committee:

1. It is recommended that the Committee notes the contents of the Management Letter and the proposed courses of action from officers.

Timetable

Meeting	Date
Cobtree Manor Estate Trust Committee	17 th January 2019

External Audit Management Letter 2017/18

1. INTRODUCTION AND BACKGROUND

- 1.1 The audit of the Report and Financial Statements is now complete, as detailed elsewhere on this agenda.
- 1.2 As part of process the external auditors are required to produce a Management Letter.

2. MANAGEMENT LETTER 2017/18

- 2.1 The Management Letter is attached at **Appendix 1**. The purpose of this letter is to bring to the attention of the Committee various matters that have arisen from the external audit.
- 2.2 Sections 1 to 5 provide a background and overview to the audit and to the letter itself. Sections 6 to 7 deal with specific issues that arose from the audit. The most significant issues are dealt with below in this section of the report.
- 2.3 Section 6 deals with status of audit issues that were raised in previous years. The most significant of these are as follows:

Issue	Summary	Management Response
1 - General charity records	MBC set up a separate accounting system for the Cobtree accounts.	This is now in progress, as detailed in the Financial Position report elsewhere on this agenda.
2 - Unincorporated legal status of the charity	Consideration be given to changing the legal structure of the charity.	Nothing further to add at this stage, the issue was discussed when this matter was first raised and it was agreed that no changes would be made.
3 - Fixed Assets	A formal impairment review should be carried out as part of the annual valuation process.	The external valuer will be asked to carry this out as part of the 2018/19 valuation process.
4 - Potential tax on commercial trading	The café and car parking operations could be considered to be commercial activities for the purpose of taxation, and it is possible that the tax threshold limit	The situation will continue to be monitored closely during the year to see if there is a possibility of reaching the limit. However at this stage it is unlikely that the limit will be reached.

	could be reached in the coming years.	
--	---------------------------------------	--

- 2.4 There are three new recommendations arising from the 2017/18 audit. Two of these relate to the café and are noted as the operation of this facility has now transferred to DAGT. The final one relates to VAT registration software, but the new Sage system includes the facility to deal with this.
- 2.5 Appendix I to the Management Letter summarised the accounting adjustments that were agreed following the audit of the accounts, and Appendix II summarises the minor differences that were identified but not adjusted for.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 That the Committee notes the contents of the Management Letter and the proposed courses of action from officers.
- 3.2 There are no alternative actions. The Management Letter is written for the benefit of those charged with governance to bring to their attention matters of interest that have arisen during the external audit process, therefore it needs to be considered by the Committee.

4. RISK

- 4.1 A number of risks have been identified as detailed in the table at paragraph 2.3 of this report.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Not applicable.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 A response to the Management Letter will be returned to the external auditors.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	None	
Risk Management	A number of risks have been identified which are outlined in the report.	Paul Holland – Senior Finance Manager (Client)
Financial	The financial implications are outlined in the report.	Paul Holland – Senior Finance Manager (Client)
Staffing	None	
Legal	<ul style="list-style-type: none"> There is no statutory requirement for an external audit, but the Charity has previously decided that external auditing should be undertaken. 	Keith Trowell, Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Keith Trowell, Team Leader (Corporate Governance), MKLS
Equalities	No impact identified.	Equalities and Corporate Policy Officer
Crime and Disorder	None	
Procurement	None	

8. REPORT APPENDICES

- Appendix 1: Management Letter 2017/18

9. BACKGROUND PAPERS

None.

Audit findings report

for the year ended 31 March 2018 for

Cobtree Manor Estate

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Prepared by: Allan Hickie, Audit Partner

Date of issue: 4 January 2019



1. Introduction

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1. Introduction

This report has been prepared for Maidstone Borough Council, which acts as the corporate trustee of Cobtree Manor Estate (“Cobtree”), to bring attention to those charged with governance various matters arising from the audit of the charity for the year ended 31 March 2018.

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included an examination of the transactions and controls thereon of the charity.

The work we have done was not primarily directed towards identifying weaknesses in the charity’s accounting systems, other than those that would affect our audit opinion, nor to the detection of fraud. We have, however, designed our audit procedures in such a way that we felt would increase our chance of detecting any fraud.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all weaknesses that may exist or improvements that could be made.

This report is to be regarded as confidential to the corporate trustee and is intended only for use by them, and their finance staff. No responsibility is accepted to any other person in respect of the whole or part of its contents. Before this report, or any part of it, is disclosed to a third party our written consent must be obtained.

The report is designed to include useful recommendations that may help improve performance and avoid weaknesses that could result in material loss to the charity or misstatement of the financial statements and other financial data.

Roles and Responsibilities

The corporate trustee is responsible for the preparation of the financial statements and for making available to us all of the information and explanations we consider necessary. Therefore, it is essential that the corporate trustee confirms that our understanding of all of the matters referred to in this report are appropriate, having regard to their knowledge of the particular circumstances.

2. Overview

Audit Status and overall opinion

We set out below the current status of the audit and our timetable to completion.

We have substantially completed our work, and intend to issue an unmodified audit opinion, subject to the corporate trustee approving the financial statements and any other minor outstanding items listed below being received and/or completed.

The follow matters are outstanding at the date of this report:

- Final review and approval by you of the final financial statements;
- Agreement of the final financial statements, including the Trustees' Annual Report, to the latest draft;
- Post balance sheet events review to the date of signing the financial statements, including review of latest minutes and management accounts;
- Receipt of signed letter of audit representations.



2. Overview

Independence and ethical standards

We have not identified any potential threats to our independence as auditors. Please see Section 3 for further details.

Audit scope and objectives

We set out the scope and objectives of our audit. See Section 4.

Overall audit strategy

We set out our overall audit approach. See Section 5.

Key audit and accounting issues

We have obtained sufficient, appropriate audit evidence for the significant issues and risks identified during our audit.

During our audit we found no instances of fraud.

Recommendations

We are required to report to you on the significant deficiencies we found in internal controls during the course of our audit, along with any other deficiencies identified.



2. Overview

Misstatements and adjustments to the accounts

It is considered good practice to inform you of any material misstatements within the financial statements presented for audit that have been discovered during the audit. A material misstatement is one where the auditors believe that the misstatement is such as to affect the reader's understanding of the accounts. Materiality is considered in relation to the value of the misstatement and also its context and nature.

The adjustments agreed with you during the course of our audit are shown in Appendix I.

It is generally not practicable to make accounts completely accurate because judgements need to be made and it is difficult to obtain 100% of information about all transactions. Our role is to ensure that deviations from complete accuracy are not material to the reader of the accounts. Any unadjusted audit differences are included in Appendix II.

Going concern

The corporate trustee needs to give consideration to the level of reserves maintained, and consider going concern for the period up to at least 31 January 2019, being an estimate of 12 months from the anticipated date of approval of the accounts, and ensure they agree with the assessment. The corporate trustee has confirmed that the financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. Our review supports the going concern status of the charity.

Thanks

We would like to take this opportunity to thank Maidstone Borough Council for the assistance afforded to us during the course of the audit.



3. Independence

Under current UK Ethical Standards we are required as auditors to confirm our independence to “those charged with governance” i.e. the corporate trustee.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to bear on our objectivity and independence as auditors.

The procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the audit engagement partner and the audit staff. This document considers such matters in the context of our audit for the year ended 31 March 2018.

In addition to performing the statutory audit, we also provide the following non-audit services:

Service	Possible threat	Safeguards
Preparation of the statutory financial statements from your underlying records and trial balance	Self-review	<p>The process is largely a mechanical one, taking your financial results and putting them into statutory accounts which comply with the relevant legislation and financial reporting standards.</p> <p>All adjustments identified will be discussed with finance staff at Maidstone Borough Council (the corporate trustee), who are qualified accountants, and will be agree with them.</p>

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4. Audit scope and objectives

Our statutory audit of the financial statements is carried out in accordance with International Standards on Auditing (UK) of the statutory financial statements, with the aim of forming an opinion whether:

The financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of the result for the year then ended.

The financial statements have been properly prepared in accordance with UK GAAP.

The financial statements have been prepared in accordance with the requirements of the Charity SORP.

The information given in the Trustees' Report for the financial year is consistent with the financial statements.

The charity company has kept adequate accounting records.

The financial statements are in agreement with the accounting records and returns.

Other information contained in the annual report is not consistent with the audited financial statements.

Certain disclosures of trustees' remuneration specified by law are not made.

We have not received all the information and explanations we require for our audit.



5. Overall audit strategy

Risk-based audit

We performed a risk-based audit, focussing our work on key audit areas. We began by developing an understanding of the charity's activities and the specific risks it faces. We held an initial planning meeting with key management and finance staff to ascertain management's own view of potential audit risk, and to gain an understanding of the activities. We have also developed an in depth understanding of the accounting systems and controls so that we may ensure their adequacy as a basis for the preparation of the financial statements, and that proper accounting records have been maintained.

Our audit procedures were carried out, and then we ensured the presentation and disclosure in the accounts meet all the necessary requirements.

Significant risks

As part of our audit procedures we are required to consider the significant risks that require special audit attention.

Auditing Standards require us to consider:

- Whether there is a risk of fraud;
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention;
- The complexity of transactions;
- Whether the risk involves significant transactions with related parties;
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty; and
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.



5. Overall audit strategy

The identified significant audit risks were communicated to you in our audit planning report issued before our main fieldwork began. We now note the work performed and conclusions drawn on the following pages:

Significant risk	Explanation of the risk	Audit work performed	Conclusion
<p>Revenue recognition (mandatory risk)</p> <p>63</p>	<p>The auditor's responsibility is to conduct the audit on the basis that there is an assumption that revenue recognition is a fraud risk.</p> <p>Work is therefore required to ensure that all income is recognised appropriately and in line with the charity's accounting policies and the charity SORP.</p> <p>We are also required to confirm that income has been correctly classified between restricted and unrestricted funds.</p>	<p>Obtain an understanding of all sources of income, and any contracts or terms & conditions attached.</p> <p>Sample testing income, verifying to supporting documentation to ensure income has been recognised in the correct period.</p> <p>Cut off testing around the period-end to ensure all income is included in the relevant period.</p> <p>Review to ensure that income has been correctly classified between restricted and unrestricted funds, reviewing any terms and conditions etc.</p> <p>Analytical review.</p>	<p>Nothing has come to our attention to suggest there is any fraud risk associated with revenue recognition, however we have made some general comments and recommendations relating to income from the café and car park meters in section 7 of this report.</p>



5. Overall audit strategy

Significant risk	Explanation of the risk	Audit work performed	Conclusion
<p>Management override</p> <p>(mandatory risk)</p> <p>64</p>	<p>The corporate trustee and other management have the primary responsibility for the detection of fraud, as an extension of their role in preventing fraudulent activity. The Corporate trustee should ensure a sound system of internal controls is in operation to support these, and other, objectives.</p> <p>Auditing Standards presume a significant risk of management override of the system of internal controls, because management can often find themselves in a unique position where they could potentially override routine day to day financial controls.</p> <p>Our audit is designed to provide reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error.</p> <p>We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent.</p>	<p>Management often find themselves in a unique position where potentially could override routine day to day financial controls.</p> <p>Our audit considers this risk and we adapt our procedures accordingly.</p> <p>During our audit we considered the possibility of manipulation of financial results, for example through the use of journals or management estimates, such as provisions and accruals.</p>	<p>Our audit procedures have not identified any instances of management override.</p>





5. Overall audit strategy

Significant risk	Explanation of the risk	Audit work performed	Conclusion
<p data-bbox="89 359 257 502">Non-depreciation of freehold buildings</p> <p data-bbox="89 726 145 782">65</p>	<p data-bbox="291 359 1041 470">Where the accounting policy is not to depreciate it is necessary to complete an annual impairment review to consider the carrying value of the buildings.</p> <p data-bbox="291 502 963 582">Due to the absence of depreciation there is a risk that the carrying value of the property is overstated.</p> <p data-bbox="291 614 940 646">If this were to be the case funds will also be overstated.</p>	<p data-bbox="1064 359 1624 430">Review and analysis of any impairment review undertaken.</p>	<p data-bbox="1646 359 2139 430">No impairment review was carried out by the charity.</p> <p data-bbox="1646 470 2139 614">However from our own impairment review carried out, the non-depreciation of freehold buildings appears appropriate.</p>






6. Status of audit issues raised in prior years

This section updates you on the status of the issues your previous auditors brought to your attention last year, and confirms whether any further action is required.

	Brought forward issue / observation	Risk rating prior year	Previous solution suggested	Follow up comments, including whether further action required	New risk / priority rating
1.	<p>General charity records. This issue was first raised in the 2014/15 audit as a Red/High Priority Point</p> <p>In 2014/15 we commented on the significant difficulty we had during the audit trying to agree the amounts included in the accounts and as a result had to spend a considerable amount of time reworking the 2015 accounts to a position where we were comfortable with the figures.</p> <p>We advised that the lack of a clear audit trail was mainly down to the fact that the charity's records are so intrinsically linked to MBC records, and because the accounts are effectively created from the council ledger and spreadsheets.</p> <p>This issue was downgraded to Medium in 2015/16 and has remained at this level since then because although the records have not yet been separated out, the records supporting the balance owing to MBC have been much clearer.</p>	 Med	<p>Since 2014/15 we have recommended that MBC set up the charity's own accounting records, either using spreadsheets or, perhaps more ideally, using accounting software.</p> <p>This would enable MBC to record the double entry of all transactions which relate to the charity, even if the transaction goes through the MBC bank account.</p> <p>To do this a MBC loan/intercompany account would need to be set up in the charity's records and every time a CME transaction goes through the MBC bank account then an entry can be made to the loan account, with a corresponding debit to expenditure or credit to income.</p> <p>If something similar is set up in MBC then, as a double check, the two loan accounts should always agree.</p>	<p>The records have still not been set up separately for the charity.</p> <p>MBC are working towards separate accounting records and assessing appropriate accounting software. Cost considerations are also part of this process.</p> <p>The accounts preparation process was improved this year and the accounting records supported the figures. We do, however, continue to recommend that completely separate records are established for the charity.</p> <p>Paul Holland informed us that a decision has been made to use Sage, and that as of the date of this report the new system is in the process of being implemented.</p> <p>See also point 3 in section 7.</p>	 Med





6. Status of audit issues raised in prior years

	Brought forward issue / observation	Risk rating prior year	Previous solution suggested	Follow up comments, including whether further action required	New risk / priority rating
2.	<p>Unincorporated legal status of the charity. This issue was first raised in the 2014/15.</p> <p>The charity is structured as an unincorporated trust, with no limited liability for the corporate trustee, Maidstone Borough Council.</p> <p>Our management letter in 2015 set out various risks associated with this current set up.</p>	 Med	<p>We recommend you give consideration to changing the legal structure of the charity, and consider both the limited by guarantee company and new CIO structure.</p>	<p>We understand that this issue has been considered and, for now, the corporate trustee is comfortable with the position.</p> <p>Nevertheless our previous advice in respect of this observation remains, and we feel this is something that should be re-considered from time to time.</p>	<p>Resolved given the decision to continue with the current structure</p>
3.	<p>Fixed assets. Issue first raised in the 2014/15 audit</p> <p>It was noted during our fixed assets testing that an impairment review had not been carried out. Where the accounting policy is not to depreciate it is necessary to complete an annual impairment review to consider the carrying value of the buildings.</p>	 Low	<p>In order to ensure that the carrying value of the property is not overstated, it is important that the charity carries out an annual impairment review.</p> <p>This should be done in advance of the audit fieldwork.</p>	<p>There was still no formal impairment review exercise.</p> <p>The carrying value of Kent Life has been reduced this year by £154,806 as a result of a downwards revaluation.</p>	 Low



6. Status of audit issues raised in prior years

	Brought forward issue / observation	Risk rating prior year	Previous solution suggested	Follow up comments, including whether further action required	New risk / priority rating
4.	<p>Potential tax on commercial trading Issue first raised in the 2015/16 audit</p> <p>We commented on the significant income first generated during the 2015/16 year from two new income streams (the café and car parking) which could be seen to be commercial trading.</p> <p>We commented that information made available suggested that the café function has operated at a loss for the period from opening in August 2015 to 31 March 2016.</p> <p>With few costs associated with the car park the profit from the car park is likely to be close to the income figure of £26k.</p> <p>Income from both sources was expected to be substantially higher for the first full year of operation through to 31 March 2017, and so we highlighted the risk that the charity could find itself with a tax liability for 2016/17 (noting that any losses for 2015/16 should be available to offset against some of these profits).</p>	 Med	<p>We had previously pointed out this potential tax issue (in an email from Brian Carey on 12 February 2017).</p> <p>We commented that whilst HMRC had never asked for a tax return to be completed, probably on the basis that the income from the golf course – historically the main source of income – was being applied for charitable purposes, the changes in the type and scale of income received by the trust going forward means this may need to be raised with HMRC.</p> <p>We recommended that the tax position of the charity is given some immediate thought.</p>	<p>Follow up comment from 2017 audit: Café income increased significantly to £235k in 2016/17, although the accounting records indicated the café generated a deficit of £76k.</p> <p>Car park income had also increased, to £90k, but the Manor Park activities have also run at an overall deficit for the year.</p> <p>We therefore commented that there do not appear to be any tax implications for 16/17 but the position should be monitored in the future, and noted your intentions to transfer the café operation to an external contractor, probably with effect from 1 February 2018.</p> <p>Follow up comment for 2018 audit: Both café and car park income remained at similar levels for 2017/18, with both operating at a deficit. Based on this any tax implications seem unlikely, and we note that the café has now been transferred to an external contractor (on 17 April 2018).</p>	 Low



7. Recommendations for the current year

Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you. As the purpose of the audit is for us to express an opinion on the charitable company's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We confirm that we have not identified any significant deficiencies in internal control during the 2018 audit.

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We are also required to communicate other significant audit findings such:

- where we consider a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate in the particular circumstances of the entity;
- significant difficulties, if any, encountered during the audit; or
- other matters, if any, arising from the audit that, in our professional judgement, are significant to the oversight of the financial reporting process are communicated to those charged with governance.

We have nothing to bring to your attention in respect of the three bullet points above.



7. Recommendations for the current year

Other deficiencies in internal control

We also bring to your attention other deficiencies that came to our attention during our work, again along with our recommendations, and your own response:



High

High risk/priority. Potential for significant impact on operational performance, a major failure of your internal control processes and/ or imminent risk to charitable funds. Action needs to be taken to ensure this risk is managed.



Med

Medium risk/priority. Less significant failure of internal control processes or the other bullet points listed under High Risk, but where the finding would have only a moderate impact.



Low

Low risk/priority. Low level concern. Minor issues relating to immaterial items or more isolated failures where little on-going risk arises.





Advisory only. This point has been raised merely to bring something to your attention, for example to highlight areas of inefficiencies or good practice, or forthcoming changes in legislation.

	Priority	Area	Observation	Recommendations
1. 70	 Low	Café sales and VAT	<p>The café till rolls include a mix of standard and zero rated supplies.</p> <p>On the accounts system all café income has been posted net of 20% VAT which does not take into accounts some of the sales being zero rated per the till rolls.</p> <p>The majority of sales per the till receipts reviewed have been processed as zero rated supplies, which suggests that sales may be understated. Based on the sample reviewed we estimated that sales be understated by c. £36k.</p> <p>On discussing this with you further we understand that a decision had been made from the outset to record all café sales as standard rated supplies because it would be difficult to police whether customers were actually taking the cold food sales away from the premises to consume, a pre-requisite for zero rating. However for some reason the till entries did not follow the expected treatment, and included a mix of standard and zero rated sales.</p>	<p>The issue here therefore seems to be the till set up. VAT has potentially been declared unnecessarily on some sales, but you were aware of this and had agreed to proceed on this basis due to the practicalities of policing where the consumption of cold food sales occurs.</p> <p>This has been listed as a Low priority point merely because with the café transferring to an external operator shortly after the year end there are only a couple of weeks in the 2018/19 any issue here is academic as of the date of this report.</p> <p>Therefore if you remain content with the way all sales have been treated as standard rated there is no further recommendation or necessary action.</p>



7. Recommendations for the current year

	Priority	Area	Observation	Recommendations
2.	 Low	Café records	The till receipts and other accounting records supporting the café income for the year were not made available to us until nearly 3m after our main fieldwork visit.	The café records themselves will not be an issue now that the café operation has been transferred out of the charity, but in general please ensure that all accounting records are available at the time of the fieldwork visit.
3.		VAT registration, software and Making Tax Digital (MTD)	<p>Given the decision to transfer the café to an external operator you may wish to revisit the need for VAT registration.</p> <p>MTD comes into force from 1 April 2019 and you will need to ready to be compliant and be using appropriate accounting software which will enable you to complete and file VAT returns within the MTD rules.</p>	<p>Consideration should be given to the on-going need for the VAT registration on the reduced income.</p> <p>Your new Sage system is compliant with Making Tax digital.</p>

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Appendix I - Agreed accounting adjustments

The following adjustments have been made to the financial statements, with your management's agreement:

Adjustments agreed

	£	Effect on 2018 net income £
Adjustment to reduce MyTime contract golf income write off to take into account the value of services in kind provided to Cobtree as part of settlement	24,064	24,063
Transfer provision per client's draft account for MyTime balance against the MBC creditor since Cobtree element of debtor has never been reflected in CME accounts	48,125	-
Bring in VAT debtor per 31 March 2018 VAT return (no impact on net income as adjusted against balance owing to MBC)	17,211	-
		<u>24,063</u>

Reconciliation between draft accounts presented for audit and final accounts

Net income per original accounts		(61,616)
UHY adjustments above		24,063
		<u>(37,553)</u>

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Appendix II – Unadjusted audit differences

We are required to bring to your attention any unadjusted audit differences:

No unadjusted audit differences arose this year.



Agenda Item 14

Cobtree Manor Estate Charity Committee

Cobtree Manor Estate Update Report

Final Decision-Maker	Cobtree Manor Estate Charity Committee
Lead Head of Service/Lead Director	Head of Regeneration and Economic Development
Lead Officer and Report Author	Elizabeth Buckingham - Cobtree Manager
Classification	Public
Wards affected	Boxley

Executive Summary

The information in the report is intended to give the Committee an understanding of the day to day work of the Estate and the issues that affect its management. It also provides a record of all that is achieved across the different parts of the estate.

The estate update covers the period from when the Committee last met in November 2018.

This report makes the following recommendations to this Committee:

- 1) That the contents of this report be noted.

Timetable

Meeting	Date
Cobtree Manor Estate Charity Committee	17 th January 2019

Cobtree Manor Estate Update Report

1. INTRODUCTION AND BACKGROUND

1.1 This report covers the period from November 2018 to January 2019.

Cobtree Manor Park

1.2 Maintenance of the park over this period covers winter works
Works to the park include:

- Pathway vegetation management
- Removal of fallen trees
- Bulb planting
- Seasonal shrub pruning
- Further tree works following survey recommendations

Events

1.3 An outline events programme for 2019 has been completed.

Community

1.4 The Men's Shed Group continues to grow in numbers. Sales of wooden items such as bird boxes, insect houses and turned wooden bowls increased over the Christmas period.

Visitor Numbers

1.5 The vehicle counter suffered a further fault, failing to record vehicle movements after 11th November. The figures that were recorded up to that date do not appear to be credible, giving a total number of visitors for October 2018 as 42,395, a 70% increase on October 2017. In addition, the counter recorded vehicle movements of between 1000 and 2000 in a single hour on ten separate occasions. The possible reasons for the failure and unreliable recordings are being investigated with the manufacturer.

Cobtree Manor Park Visitor Numbers 2016-18

	2016	Quarterly	% on previous year	2017	Quarterly	% on previous year	2018	Quarterly	% on previous year
Jan	15923			21652			9644		
Feb	15798			19574			17940		
Mar	18227	49948	-1.15	25676	66902	33.94	11768	39352	-41.18
Apr	22144			30554			30444		
May	29076			24952			34489		
Jun	22031	73251	3.43	25694	81200	10.85	30519	95452	17.55
Jul	21043			31187			33522		
Aug	33192			37491			45813		
Sept	19468	73703	-5.57	23675	92353	25.3	31009	110344	19.48
Oct	15124			24995			42395		
Nov	17460			12290					
Dec	18138	50722	36.57	16623	53908	6.28			
	247624	247624		294363	294363				

Car park

1.6.1 Car park income for October and November saw a 13% increase compared to the same period in 2017. December's income figures have not yet been released. Forty three annual car park passes were purchased during November and December.

1.6.2 Following the committee's approval of the winning tender for car park improvements, pre-start meetings will be held in early January with a view to works commencing at the end of January.

Cafe and Visitor Centre update

1.7.1 A break-in occurred on 1st December. The front door was forced open and the empty safe was dragged out by a vehicle. Some drinks and confectionary were also stolen.

The stockroom walls, ceiling and floor were damaged along with racking and furniture. Much stock had to be written off.

Police attended but very little forensic evidence could be obtained. The CCTV images are being examined by the Police.

The vehicle gained access via the golf course and in doing so caused damage to the playing surface.

An assessment of all potential access points between the golf course and the park has been undertaken and sufficient large boulders have been sourced to narrow any gaps to prevent vehicle access by this route.

A further security review is to be undertaken to consider further measures and a verbal update will be given at the meeting.

Cobtree Manor Golf Course

1.8.1 December 2018 was a very good month for the course as weather conditions were excellent. Food and Beverage saw a year on year increase with exceptional feedback on the food and some customers have already made bookings for Christmas parties in 2019. Retail is down due to the pro shop being made smaller to accommodate the wellbeing room. The golf pro will be starting Get Active In Golf in February, a structured, six week programme for all ages and abilities.

1.8.2 Rounds Played

	Dec -17	Dec - 18	Difference
Rounds Played	1,623	1936	+313
Footgolf	32	0	-32

1.8.3 Marketing, Campaigns & Events

The planning application for the new club house and redesign of the course will be considered by committee on 31st January and the outcome of this will determine the marketing of the events programme for 2019

1.8.4 The Cobtree Wellbeing Programme

Figures and KPIs for the second quarter September-December are not yet available but a verbal update will be given at the meeting. A health and wellbeing event will be held at the golf course on January 18th with taster sessions, free health checks, nutrition information and the opportunity to find out more information. This will largely be promoted through social media.

Kent Life Farm Attraction

1.9.1 Visitor Numbers

Third quarter figures have not yet been made available. A verbal update will be given at the meeting.

1.9.2 Maintenance

A recent inspection of the Play Barn has shown the timber to be infected with wood boring, death watch and furniture beetles. The Play Barn will

have to be shut for two weeks in January to enable the specialists to carry out treatment.

Cobtree Railway

1.10.1 Planning Solutions, operators of Kent Life have been working on marketing and revenue forecasts in order to produce an updated business plan on which to base a decision to continue with the project.

1.11 AVAILABLE OPTIONS

1.11.1 The committee could choose not to note the information contained in this reports, however the committee has requested regular updates on the operations on the estate.

1.12 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

1.12.1 It is recommended that the information in this report is noted.

1.13 RISK

1.13 This report is presented for information only and has no risk management implications.

1.14 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

1.14.1 No consultation has taken place since the last report.

1.15 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

1.15.1 Any comments from the Committee will be passed on to the relevant parties.

2 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The work of the charity links directly to its charitable objects and the corporate priorities of the Council.	Head of Regeneration and Economic Development

Risk Management	Risks to running the estate are dealt with in the annual Estate Risk Management Report.	
Financial	Financial risks are considered in the ongoing finance updates.	
Equalities	No Implications	

3 REPORT APPENDICES

- None

4 BACKGROUND PAPERS

- None

Agenda Item 15

Cobtree Manor Estate Charity Committee

Cobtree Manor Park Staff Restructure Report

Final Decision-Maker	Cobtree Manor Estate Charity Committee
Lead Head of Service/Lead Director	Head of Regeneration and Economic Development
Lead Officer and Report Author	Cobtree Manager -Elizabeth Buckingham
Classification	Public Private – Exempt Appendix
Wards affected	Boxley

Executive Summary

Cobtree Manor Park has seen a year-on-year increase in visitor numbers since the completion of the improvement Masterplan in 2015 with a total of over 300,000 projected for 2018/19.

Current staffing levels of a team of two are now insufficient to provide the highest quality service to the volume of visitors and meet ambitious performance standards. This report outlines the current challenges faced by the team and proposes changes to the team structure to address these.

This report makes the following recommendations to this Committee:

- 1) To approve the appointment of one additional Cobtree Ranger.
- 2) To approve the recruitment of a Cobtree Apprentice

Timetable

Meeting	Date
Cobtree Manor Estate Charity Committee	17 th December 2018

Cobtree Manor Park Staff Restructure Report

1. INTRODUCTION AND BACKGROUND

- 1.1 The implementation of the three phase Master Plan of enhancements to Cobtree Manor Park between 2012 and 2015 has resulted in an increase in visitor numbers of 40,000 in 2011 to a projected 300,000 in 2018.
- 1.2 By increasing the attractiveness of the park and thus increasing the number of visitors, the objectives of the charity to enhance the public benefit of the park to the inhabitants of Maidstone and the surrounding areas have been met.
- 1.3 The current Cobtree Team consists of the Cobtree Manager (1 FTE) and the Cobtree Ranger (1 FTE).

The manager's role encompasses

- Management and maintenance of the park including budget management
- Management development plans, progress reports, Green Flag applications
- Staff management
- Event management
- Enquiry and complaint handling
- Income generation
- Promotion and marketing
- Additional duties relating to the wider Cobtree Estate

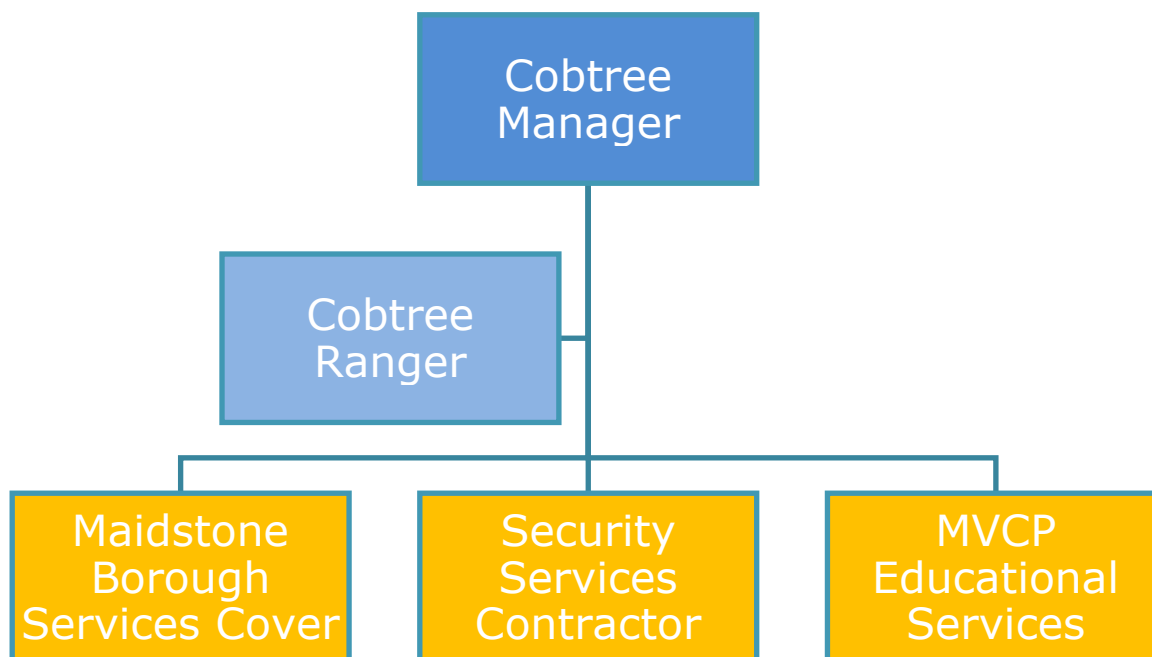
The ranger's role covers

- Practical tasks -horticultural maintenance, habitat management and conservation, waste management, playground inspections
- Site safety and security
- Visitor services- information and assistance including First Aid
- Undertaking preparation of risk assessments, COSHH records etc.
- Working alongside and supporting volunteers in planning and carrying out practical landscaping tasks
- Actively contributing to team work programme planning
- Preparation, organisation and delivery of events and activities in the park

Staff cover for park keeping, patrolling and visitor assistance during school holidays and evenings is bought in from Maidstone Borough Services Grounds Maintenance team.

Security services for park opening and closing are provided by an external contractor.

Cobtree Manor Park Current Staff and Services Structure



1.4 A review of the current structure has identified the following service issues.

The current staffing structure is insufficient to deliver a consistently excellent service for the increased visitor numbers during park opening hours and restricts the team's ability to:

- undertake projects, activities and events to generate income and make progress towards the park becoming financially self-sustaining
- facilitate wider community involvement
- invest fully in the natural resource assets of the park
- maintain resilience and cover for unexpected events
- explore opportunities for improvement and development

There is no staff presence during some park opening hours, particularly summer evenings therefore:

- there is no identifiable point of contact providing visitor information and assistance,
- an immediate reactive response to issues and incidences is not possible
- monitoring of the site and site security does not take place
- first aid cover is not provided to visitors

Maintenance of standards of horticulture and conservation to meet Green Flag criteria is currently being met, but the staff capacity is insufficient to improve the horticultural aesthetic and amenity value of the landscape, and

to increase biodiversity through more complex habitat management, creation and protection. There is a danger of decreasing standards and attrition through an increasing workload due to rising visitor numbers.

Security company operatives attend site twice a day but are present for a few minutes only and have no connection with other park operations. Locking the park gates is subject to the company's round so can occur up to two hours later than the designated time, leaving a potential opportunity for anti-social behaviour to return to the park. There have been some reliability issues with the company failing to lock the park on occasions. Security company logs show that 35% of the time closing occurs more than one hour after the scheduled time.

A programme of events aimed at families and children is currently mostly delivered by an external partner (Medway Valley Countryside) during school holidays. The cost constraints of this arrangement do not allow for a fuller, more inclusive programme to cater for a wider audience to be offered throughout the year.

Cover provided by Maidstone Borough Services is proficient and reliable but the scope of duties is limited to park keeping, waste management and patrolling.

1.5 Cost analysis of current staff structure and external services

	2018/19 (£)
Cobtree Manager Grade 9 SP3	36,720 (with on-costs)
Cobtree Ranger Grade 5 SP3	23,847 (with on-costs)
Maidstone Borough Services Cover	17,006
S&S Security	11,250
Medway Valley Countryside	1,800
Total	90,173

2. AVAILABLE OPTIONS

1. Do nothing

This would be a missed opportunity leaving little capacity for improvement and to meet increasing service demand. This leaves the risk that standards of visitor services, park maintenance and landscape management could decline. The quality of the park environment is a factor in the popularity of

the park. Any decline could result in fewer visitors with the subsequent loss of income from parking and catering.

2. Appoint a seasonal ranger

This post would provide an alternative to Maidstone Borough Services cover from April to September. This option would cost £11,304 including on-costs and provide 900 hours of staff time compared to the 715 hours provided by Maidstone Borough Services for £17,006 in 2018. With the additional skills input there would be greater capacity to facilitate community participation and tackle habitat management tasks. However, due to these months seeing the highest visitor numbers and longer opening hours to cover, the objective of undertaking desired tasks may not be realised. This option would not provide sufficient in-house staff hours cover throughout the year to undertake security and opening/closing.

Recruitment to a seasonal post may prove problematic and require an annual recruitment campaign and a seasonal employee may use the skills gained in post to seek full time employment elsewhere.

3. Appoint an additional full time ranger and an apprentice.

This option would enable services to be maintained and improved, a full, in-house programme of volunteering, educational, recreational, environmental and health promoting activities to be developed and opportunities for income generation to be realised to progress towards financial sustainability for the park.

This is the recommended option.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 Option 3. In order to maintain and improve the level of service to visitors and of landscape management, it is proposed to appoint a second full-time ranger and to recruit an apprentice

3.2 An additional ranger would make a full-time team of three. The staff hours to be worked – 5,340 hours – would exceed park opening hours of 4,288 hours, therefore allowing a rota that would encompass the park opening and closing operations. Both the Manager's and Ranger's post job descriptions allow for seven day a week working patterns.

The services of the external contractor for park locking and unlocking would no longer be necessary. Cover would no longer be required to be bought in for weekends and evening. Redirecting the budget currently allocated to these services would adequately fund the new post.

The additional skilled hours provided would enable:

- Capacity to support, lead and supervise community input and volunteering in the park

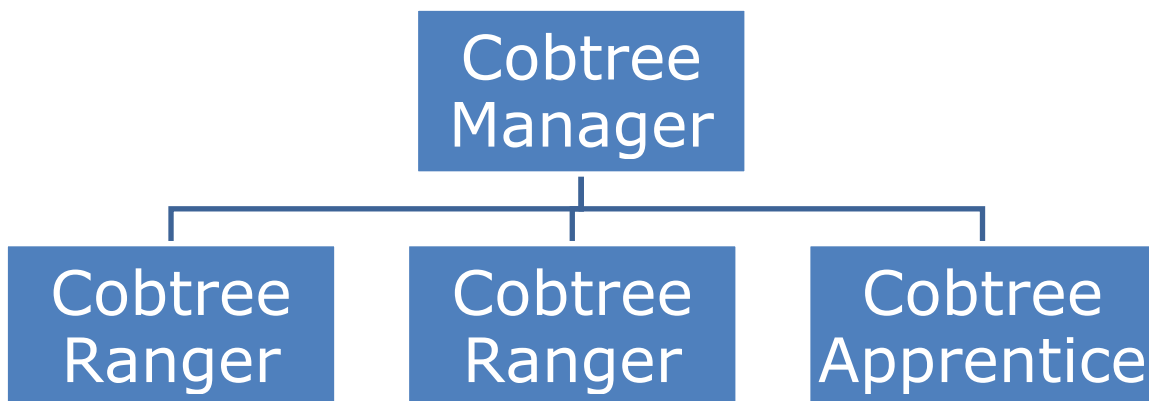
- A targeted work programme to be implemented to raise horticultural standards and improve habitat management for biodiversity. Development and interpretation of the Arboretum collection to achieve accredited status
- New initiatives e.g. a recycling and waste education project which would see benefits such as reduced waste services costs, less litter and fewer hours spent picking it, and increased sustainability.
- Activities to encourage good health and wellbeing and support efforts to improve health inequality.
- More income-generating events to be feasibly planned and delivered.
- Educational, family and children’s school holiday activities to be run in-house.

3.3 It is proposed to further augment the team by recruiting an apprentice.

A team of two rangers would be able to support an apprentice in horticulture and/or conservation providing a local learning and employment opportunity. This would have multiple benefits for the park with approximately 30 hours per week skilled and knowledgeable input. This would be a contribution to addressing the current nationwide skills shortage in these fields and would equip the apprentice with the skills and learning for future employability and progression.

The full cost of the apprentice’s training and assessment should be met from the Apprentice Levy Fund. In line with the council’s other apprentices, the National Minimum Wage would be payable.

3.4 Cobtree Manor Park proposed staff structure and costs



Current structure	£ with on-costs	Proposed structure	£ with on-costs
Cobtree Manager Grade 9 SP3	36,720	Cobtree Manager Grade 9 SP3	36,720
Cobtree Ranger Grade 5 SP3	23,847	Cobtree Ranger Grade 5 SP3	23,847
Maidstone Borough Services Cover	17,006	Cobtree Ranger Grade 5 SP1	22,608
S&S Security	11,250	Cobtree Apprentice	11,513 max
Medway Valley Countryside	1,800		
TOTAL £	90,173		94,688

Timetable

Action	Date
New posts/changes to roles evaluated	September 2018
Restructure report taken to CMET	December 2018
Staff consulted on proposed changes	December 2018
Deadline for applications for new posts	January 2019
Interviews/selection process completed	February 2019
New structure operational	April 2019

4. RISK

If the park remains understaffed to deal with increasing visitor numbers, the standard of services to visitors and the state of the natural environment and infrastructure may decline leading to a decline in visitor numbers with a subsequent reduction in income from car park and catering revenue.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

No formal consultation has been carried out.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

If the appointments are approved, recruitment will start in January with the aim to have staff in post by Easter.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The work of the charity links directly to its charitable objects and the corporate priorities of the Council.</p> <p>Keeping Maidstone Borough an attractive place for all -</p> <p>Promoting a range of employment opportunities and skills required across the borough</p> <p>Providing a clean, safe and green environment</p> <p>Ensuring that there are good leisure and culture facilities</p>	Head of Regeneration and Economic Development
Risk Management	Already covered in the risk section	Head of Regeneration and Economic Development
Financial	<p>Resources are available for the recruitment of a ranger through savings on the security contract and by removing the need to buy in staff cover.</p> <p>Funding for an apprentice, (if an over 17 year old is recruited), £1756 - £4515 pa will be met from the existing budget</p>	Senior Finance Manager – Client
Equalities	None identified	
Staffing	Staff resource to increase by 1 FTE and 1 apprentice	
Legal	None identified	

Privacy and Data Protection	None identified	
Crime and Disorder	None identified	
Procurement	None identified	

8. REPORT APPENDICES

- Exempt Appendix
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9. BACKGROUND PAPERS

- None

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted