

FORESHORE CHARITABLE TRUST (FORESHORE TRUST)

Annual Public Meeting Agenda

Monday, 24 September 2018 at 6.30 pm

Council Chamber, Muriel Matters House, Breeds Place, Hastings, TN34 3UY.
Please enter the building via the Tourist Information Centre entrance.

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For further information, please contact Emily Horne on 01424 451719 or email ehorne@hastings.gov.uk

	Page No.
1. Welcome from the Chair of the Charity Committee, Councillor Sue Beaney	
2. Trustee Annual Report and Accounts for the year 2017/18 (<i>Peter Grace, Assistant Director, Financial Services and Revenues</i>)	1 - 36
3. Public Question Time (30 minutes)	

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Agenda Item 2



Report to: Annual meeting of the Hastings and St Leonards Foreshore Charitable Trust

Date of Meeting: 24 September 2018

Report Title: Foreshore Trust – Annual Report and Final Accounts 2017-18

Report By: Peter Grace, Assistant Director of Financial Services and Revenues (Chief Finance Officer)

Purpose of Report

The purpose of this is for members of the Committee to consider the 2017/18 Annual Report and Financial Accounts

Recommendation(s)

1. The Annual Report and Financial Accounts for 2017/18 are approved.

Reasons for Recommendations

The Council has the responsibility for the proper management of the financial affairs of the Trust. In doing so it complies with Accounting Codes of Practice and the high standards required for the accounting of Public money.

The Council as Trustee, through the Charity Committee, is authorised to approve the annual report and accounts which must be done by the 30th September each year.

Introduction

1. The Annual Report and Accounts are attached to this report. The Council has received an unqualified opinion on the accounts from the external auditor, Manningtons.
2. The Committee is recommended to approve the Annual Report and Accounts.

Final position 2017/18

3. A surplus of £253,000 was achieved as detailed in the Statement of Financial Activities section of the Trustee's report which was below expectations, principally due to lower income from car parking charges than budgeted.
4. In terms of net current assets (effectively the cash position) the balance is £1,445,112 as at 31 March 2018, whilst total funds (which includes all assets) amount to £2,630,833.
5. The balance sheet note 15 identifies the cash reserve as the Contingency Reserve £900,000 and the Main Programme Reserve of £329,964 totalling £1,229,964. This is different from the effective cash position as it takes into account the outstanding long term loan from Hastings Borough Council of £215,148.
6. The business plan identifies commitments amounting to £658,000 which will be funded from reserves and the ongoing budgeted surpluses.

Reserves

7. A reserve policy was agreed at the Committee's 26 June 2017 meeting and is due to be reviewed and approved again in a separate report at tonight's meeting. It will remain appropriate to consider the reserve policy on a regular basis.

Wards Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

Additional Information

Appendix 1 – Annual Report and Financial Statements

Officer to Contact

Peter Grace

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Charity registration number: 1105649

Hastings and St Leonards Foreshore Charitable Trust

Annual Report and Financial Statements

for the Year Ended 31 March 2018

Hastings and St Leonards Foreshore Charitable Trust

Contents

Reference and Administrative Details	1
Trustee's Report	2 to 15
Statement of Responsibilities	15
Protector's Report	16
Independent Auditors' Report	17 to 19
Statement of Financial Activities	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Financial Statements	23 to 30

Hastings and St Leonards Foreshore Charitable Trust

Reference and Administrative Details

Trustee	Hastings Borough Council
Other Officers	Councillor Kim Forward, Committee Member (resigned 10 July 2017) Councillor Andrew Cartwright, Committee Member (resigned 17 May 2017) Councillor Colin Fitzgerald, Committee Chair (resigned 17 May 2017) Councillor Dawn Poole, Committee Member (appointed 10 July 2017 and resigned 16 May 2018) Councillor Andy Batsford, Committee Member (appointed 10 July 2017) Councillor Sue Beaney, Committee Chair (appointed 17 May 2017) Councillor Judy Rogers, Committee Member (appointed 16 May 2018)
Charity Registration Number	1105649
Bankers	Lloyds Bank 17 Wellington Place Hastings TN31 1NX
Auditor	Manningtons 7 Wellington Square Hastings East Sussex TN34 1PD
Protector	Christopher May MA, FCA Froghole Oast House Crockham Hill Edenbridge Kent TN8 6TD

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

The Trustee presents the annual report together with the financial statements and auditors' report of the charity for the year ended 31 March 2018.

Structure Governance and Management

Overview

The governing documents of the Charity are a conveyance from the Crown to Hastings Corporation dated 8 September 1893 and Charity Commission Scheme ref. no, 981/1011 made on 13 January 2011 (the 2011 Scheme).

The 1893 Conveyance provides that the length of foreshore between Ecclesbourne Glen and Grosvenor Gardens shall be held for the common use, benefit and enjoyment of Her Majesty's subjects and the public generally for ever. Later conveyances in 1925, 1933 and 1934 conveyed the remainder of the foreshore to the Hastings Corporation on the same Trusts.

The Hastings Borough Council Act 1988 varies the Trust to permit certain uses on delineated areas of land and for the Council to charge for that use, whether provided by the Council itself or by another on the Council's behalf.

The 2011 Scheme extended the objects of the Charity to include such charitable purposes within the Borough of Hastings as the Trustee thinks fit.

The 2011 Scheme had the effect of revoking the Charity Commission Scheme dated 22 March 2006 which appointed independent Trustees and Council nominated Trustees and appointed Hastings Borough Council as the Trustee for all purposes. This report is prepared by the Trustee as required under the 2011 Scheme.

Significant changes

Councillor Colin Fitzgerald stepped down as from the 17th May 2017 to be replaced as Chair by Councillor Sue Beaney.

Councillor Cartwright and Councillor Forward stepped down and Councillor Dawn Poole and Councillor Andy Batsford were appointed as of 10th July 2017. Councillor Dawn Poole stepped down and Councillor Judy Rogers was appointed as of 16 May 2018.

New Grants Advisory Panel member Maria Gonet who started in January 2018 replaced Richard Lewis who retired in November 2017.

Governance

i) The Trustee

Hastings Borough Council, is a principal local authority established under the Local Government Act 1972 and, as such, has corporate status. As a local authority, the Trustee acts through decisions of elected members and delegations to committees, sub-committees and officers. The Local Government Act 2000 introduced executive decision making and the legislation provided for a split between decisions which are reserved to the Council, to the Executive or according to local choice. Where the function in question is not reserved to Council or a local choice function, the default provision in the legislation is that the function and decision-making relating to it are the preserve of the executive. This represents the position regarding the Council's function or power to administer charities, that is to say that the administration of charities is an executive function and so only the Cabinet, a committee of Cabinet or officers acting under delegations from Cabinet are legally competent to make decisions relating to the Charity. This means that for the Foreshore Trust, the Council as Trustee, acts through the Charity Committee of Cabinet.

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

ii) The Protector

When considering the request of the former independent Trustees to appoint the Council as Trustee, the Commission was concerned regarding the potential conflict of interest between the Council's position as charitable Trustee and as local authority and how to address this. Part of the solution was the requirement in the 2011 Scheme for the appointment of a Protector, who is required to be a qualified accountant.

The present Protector is Christopher May, MA, FCA, who was appointed as first Protector and has been subsequently re-appointed for two further three year terms of office. The role of the Protector is essentially to act as whistle blower and watchdog against the Council acting in breach of trust and to guard against situations where a conflict of interest is not being managed properly. As a chartered accountant he is equipped to scrutinise the Council's charity accounts. The Protector is required to report any matters of serious concern to the Charity Commission and must prepare an annual report on his activities for inclusion in the Charity's Annual Report.

Consultation

The 2011 Scheme makes provision for consultation in two areas of the Charity's operation. Namely:-

i) Coastal Users' Group The Trustee is required to consult with and have regard to the recommendations of the Coastal Users' Group (CUG) in relation to certain matters, namely:-

- the standards or specifications for the maintenance of the charity's land.
- the Charity's policy relating to events and activities to be held on the Charity's land and any event/activity outside that policy.
- the Charity's policy relating to the exercise of any power under the Hastings Borough Council Act 1988 or otherwise to manage, let sell or otherwise dispose of the Charity's property, and
- the exercise of the powers under the previous bullet otherwise than in accordance with the agreed policy.

The CUG was an existing consultative group set up by the Council as local authority to consult with interested parties in relation to matters affecting the front line of the Council's area. It became the Coastal Advisory Group as required by the 2011 Scheme after adopting a formal constitution and rules for membership in early 2011. The minutes of its meetings, in so far as they relate to Foreshore Trust matters, are included in the reports submitted to each Charity Committee meeting. The CUG meets before each Charity Committee meeting (four times a year) to consider and comment on reports being submitted to the Charity Committee. The CUG is consulted each time the Foreshore Trust Business Plan is revised. During 2017/18, they were also consulted on a potential splash pad and water play area (did not progress), 'The Landing' public art, Coastal Communities Fund round 4, new developments in discussion such as the proposed Hastings marina, the new marine conservation zone, new chalets on Foreshore Trust land, Coastal protection and the harbour arm, RNLI lifeguarding provision, and various leases.

ii) Grant Advisory Panel

The object to distribute surpluses, after meeting the costs of administering the Charity and managing its assets, including the repair and insurance of its land and buildings, through grants for charitable purposes in the Borough, are subject to consultation with the Grant Advisory Panel. The 2011 Scheme provides that consultation is to take place concerning the grant criteria, grant processes and grant determinations. The Grants Advisory Panel successfully concluded the process of prioritising the 2017/18 year's round of grant making, resulting in the award of grants totalling £49,538 and grants for events totalling £20,095 (2016-17 £50,000 and events £19,786). The following grants were awarded:

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

Organisation	Project	Grant Awarded
Barbarian Swimmers	Teaching course	£1,510
Counselling Plus Community	Hardship Fund	£5,000
Culture Shift CIC	Craftivist Automata Project on the Pier	£5,000
Education Futures Trust	The Shore Academy 'I Love Hastings' project	£5,000
Family Support Work	Supporting vulnerable families in Hastings & St Leonards	£1,002
Hastings & Rother Disability Forum	Two Way Communication	£1,180
Hastings Furniture Service	Access all areas: Improved access to HFS services and volunteering opportunities for people with disabilities and limited mobility	£5,000
HVA/'Love Hastings, Love Yourself'	'Love Hastings, Love Yourself' (LHLY)	£2,990
Hollington Community Centre	Hollington Community History Project	£2,370
The Parochial Church Council of the Ecclesiastical Parish of Holy Trinity Hastings	Safehaven Women	£4,900
In2play CIC	Birds Bats Beetles Binbags	£4,430
Sussex Community Development Association	Hastings Old Town Before and After	£1,884
Sussex Prisoners' Families	Sussex Prisoners' Families Hastings and St.Leonards Outreach Service	£4,800
The Time to Shine Project	The Time to Shine Project in the Community	£4,472
Total Events Grants		£49,538
111 Collectiff	St Leonards Festival Reinvented: Beach Zone	£1,875
1066 Cycle Club	1066 Cycling Festival 2017	£1,357
Disability Inclusion CIC	Disability awareness workshops	£2,000
Energise Sussex Coast	1066 Energy Community Launch Event	£2,000
Hastings Storytelling Festival	FT-E509 Kathakali UK tour performance and Children's carnival at the Stade	£2,000

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

Hastings Voluntary Action	'Food for Thought'	£1,863
Idolrich Theatre Rotto	Little Ida's Flowers	£2,000
ÓcaBrazÓka	Brazilian Festival	£2,000
Seaview	Big Sleep 2017	£2,000
St Michael's Hospice	St Michael's Hospice's 30th Anniversary Winter Wonderland	£1,000
Sussex Concepts CIC	Hastings Pirates Day 2017	£2,000
Total Small Grant		£20,095
TOTAL GRANTS		£69,633

Delegation to Officers

At its first meeting on 25 January 2011, the Charity Committee agreed a Scheme of Delegation to Officers. From the 1 April 2012 the Scheme of Delegations has required amending, replacing the Chief Executive with an appropriate Director and his/her nominee as a result of a senior management restructure. The new Scheme of Delegations follows the pattern of the Council's Scheme of Delegations to Officers, in that the appropriate Director or their duly authorised nominee is authorised within the plan and budget agreed by the Charity Committee to undertake the day to day operation and management of the Charity. The authority is general and subject to certain exceptions including the disposal of land, use of the Charity's land for events outside of the agreed policy, grants for charitable purposes and specification for and the award of contracts affecting the Charity, which are all subject to consultation and then the decision of the Charity Committee. The Scheme of Delegation emphasises that the Directors or their nominees acting under the delegations must be mindful that they are acting on behalf of the Charity and not the Council and ensure that at all times they act in the best interests of the Charity.

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The officers authorised for most purposes affecting the Charity's day to day operation and management are:-

- Monica Adams-Acton, Assistant Director Regeneration and Culture. From January 2018 this role transferred to Victoria Conheady, Assistant Director Regeneration and Culture.
- Peter Grace, Assistant Director Financial Services and Revenues (Chief Finance Officer)
- Amy Terry, Estates Manager
- Christine Barkshire-Jones is the Monitoring Officer and the Chief Legal Officer, and is also the Authorised Signatory on behalf of the Charity

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

In case of actual or potential conflict of interest for officers, independent advisors are instructed on behalf of the Charity e.g. surveyors.

Training and Induction for the Trustee

Training is provided for members and officers covering training on the history of the Trust, the constitutional documentation of the Trust and how to put those into effect.

Training has been offered to all members of the Council to raise awareness and to keep them advised.

Risk Management

The charity maintains a risk register and formally reviews this on an annual basis when determining the reserves policy. Initially this identified the key financial risks facing the Trust, but continues to be developed to include the identification of all significant risks (it also includes the identification of relevant controls to mitigate and responsibilities).

Objectives

The 2011 Scheme states the objects of the Charity to be:-

- (i) to hold and maintain the charity's land for the objects set out in the trusts of the Charity, namely for the common use, benefit and enjoyment of all Her Majesty's subjects and of the public for the time being for ever; and
- (ii) subject to (i) above, such charitable purposes within the area of the Borough of Hastings as the Trustee thinks fit.

The Scheme expressly provides that income and capital are first to be applied in meeting the proper costs of administering the Charity and of managing its assets including the repair and insurance of its land and buildings. After payment of these costs, the Trustee must apply the remaining income in furthering the objects of the Charity.

Achievements and Performance

This has been the seventh full financial year for the Council as Trustee of the Foreshore Trust. The Charity Committee met four times during the year and the main business has been:

- The adoption of the Trust's new rolling five-year Business Plan;
- The seventh round of small grant awards (up to £5,000) to local charitable organisations;
- The fifth round of grants (up to £2,000) for events on Foreshore Trust land;
- Agreement of the budget for 2018/19 and financial report.

Built Assets:

i)The Stade Open Space was again a highly accessible and attractive venue for public events, including the three annual fish fairs and the Stade Saturdays' eclectic cultural program. The Stade Open Space also hosted a classic car show, a commercial vehicle show, the Storytelling Festival and the Christmas on the Coast event amongst others.

ii)The Stade Hall continued to be a popular venue for community activities, hosting all sorts of events including charity workshops, exhibitions and supporting large town-wide events such as Pirate Day, the Old Town Carnival and Hastings Bonfire. The hall has been booked 67 times during 2017/18 resulting in a income of £6,700.

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

iii) Classroom on the Coast , through development with FLAG (Fisheries local action group) 2 and regeneration officers, worked with Billingsgate Seafood Training School to introduce demonstrations and paid-for fish cookery classes which, alongside other private booking, stimulated some interest in the facility as a cookery training venue.

iv) The White Rock Baths is the Trust's most significant building and was derelict for many years. The turnaround of this building began with the refurbishment of a small portion of the above-ground structure and its fit-out for use by the Hastings Pier Charity as a centre for their educational and promotional activities. Following this, a number of successful funding applications by the Council on behalf of the Trust enabled major repairs and refurbishment of the former main and smaller pool halls and ancillary areas for occupation by The Source under a ten year lease. The Source opened its new BMX and skateboard venue in White Rock Baths in early 2016. The venue has had positive national and international press attention. The re-use of this historic building has already generated a new vibrancy and increased footfall and is attracting a new, younger range of visitors to this formerly underused part of the seafront.

Building on the success of the first year of operation a further collaborative bid was made to the Coastal Communities Fund which builds on this asset. 2017/18 and 18/19 CCF4 funded activities will be the development and delivery of a BMX Coaching programme and the programming of further events such as 2016s successful "Battle of Hastings".

v) Beach Chalets: The Trust approved plans for the establishment of 12 chalets on the beach in the White Rock area east of Hastings Pier. These have been let on a rolling basis from 2017/18 onwards. Installation was completed in October 2017.

Beach, Promenade and surrounding environs:

vi) A major project to improve the town's defences against beach erosion and marine flooding commenced with the repair of one rock groyne and the building of a new rock groyne on the beach between White Rock Baths and Hastings Pier. The second phase of this project, which involves repairs to the Harbour Arm, commenced in 2017/18 and completed in 2018/19.

vii) The beach at the Marina achieved Blue Flag status and Pelham achieved Seaside award status. Significantly, following a high profile multi-agency Council-led project involving Southern Water Services and the Environment Agency, the quality of the bathing water at Pelham beach was significantly improved. It had been predicted that the Pelham beach bathing water would fail the new EU standards starting in 2015. This very successful project resulted in the following: Pelham Beach achieved 'Good', and St Leonards Beach achieved 'Excellent'. Bathing water results also achieved for 2018 qualification, Blue Flag and Beach Award status was confirmed in May 2018.

viii) In the latter part of 2016/17, the Trust entered into a one-season agreement with the Royal National Lifeboat Institution (RNLI) to operate a lifeguard service from May until September. The agreement included an audit of signage and a sharing of the costs of necessary replacement. This service was reviewed at the end of the season in time for decisions on future lifeguard services. The RNLI is providing a comparable service at a lower cost for 2017 and 2018. The RNLI currently also provides a 24/7 on-call lifeboat service to cover search and rescue requirements within 100 nautical miles from the coast of the UK and the Republic of Ireland, and provides beach lifeguard services on many south coast beaches, including for the first time this year Camber Sands and Bexhill. A new 3 year contract is now in place.

ix) The project to upgrade the Council's CCTV network and control room was completed in spring 2017. The extensive CCTV network we now have was originally developed to improve security and deter car crime in the Council's off-street car parks in the 1990s. Whilst that original work was extremely successful, by 2015 the system was obsolete and almost impossible to maintain. This was replaced by a modern system that provides much better quality images, and is significantly more resilient. It is monitored from a brand new CCTV control room in the lower ground floor of Muriel Matters House.

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

External Funding:

x)FLAG 2 (European Maritime Fisheries Fund, Community Led Local Development) – This programme launched in the final quarter of 2016/17, though activity did not fully commence until the first quarter of 2017/18. Total FLAG 2 grant - £800,000 (not including leveraged or match funding).

xi)Implementation of a further coastal community fund (CCF4) programme of capital and revenue activity, including supporting activity within the White Rock Baths by the trust's tenant, The Source; further connectivity developed through free wifi in the town linking with the seafront wifi; marketing campaigns celebrating the seafront at White Rock as a destination in its own right; and, for delivery in 2018/19, a reinstatement of a water feature above white rock baths. The total CCF grant funding amounts to £812,270 (not including leveraged or match funding)

In addition, whilst the Council undertook the role as Trustee from January 2011, it has been operating and managing the Foreshore and its assets without interruption over many years. The operations include:

- keeping the Charity's land safe and clean;
- operating the Charity's car parks;
- managing its tenanted premises;
- arranging and facilitating events on the Foreshore;
- undertaking routine maintenance and repair.

Stade Development

The Stade area is partly in Council ownership and partly in Trust ownership. The development is the combination of the Jerwood Gallery and the Stade Open Space community facilities, the Stade Hall and public toilets with exceptional disabled accommodation and Stade café. The Jerwood Gallery, on Council owned land, is privately funded but the other facilities result from the Council's application for funding from the Commission for Architecture and the Built Environment (CABE), South East England Development Agency (SEEDA), East Sussex County Council, with significant funding also being provided by Hastings Borough Council. Management of the Stade Open Space (approximately 69% in Trust ownership) and the Stade Hall (wholly Trust owned) is being undertaken by the Council on behalf of the Foreshore Trust.

However, in line with the Trusts business plan, in the last quarter of 2017/18 the Trust sought proposals from charitable or not-for-profit organisations interested in taking on the operations of the Stade Hall and Classroom on the Coast. Three expressions of interest were received. After evaluation by officers, a recommendation to the Trust has been made, with an expectation that the classroom and Stade Hall will be leased to Sussex Coast College Hastings, a non-profit organisation during 2018/19 for a period of up to 5 years.

Leases and agreements

A ground lease of land at Pelham Beach East and West was granted to the Royal National Lifeboat Institution for siting shore facilities in connection with the lifeguard services contract.

The administrators of Hastings Pier Charity surrendered the lease of part of the Upper Promenade Building at White Rock Baths on 29 June 2018. The Source (Hastings) Ltd has a right of first refusal and we are in discussions with them regarding a lease.

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

Public Benefit

The objects of the Charity clearly state that the Foreshore is to be held for the benefit of Her Majesty's subjects and the public generally forever. Where the land is beach and beach alone, the objects are achieved by ensuring that the public have free and safe access to the Foreshore. However, maintaining land in proper condition has a cost and the Charity requires an income to meet its expenditure. The Hastings Borough Council Act 1988 varied the original Trusts' to permit certain uses on defined areas of the Trust's land. For example, paid parking was permissible at Rock-a-Nore Car Park and at Pelham Car Park and leisure facilities were permitted in the Stade area. These variations to the Trust powers enabled the generation of income to meet the costs of maintaining the Foreshore. The uses permitted under the Act, however, are seen as complementary to the Trust objects and the Trustee will exercise its powers under the Act to satisfy the requirement for the benefit of the public.

So far as is possible and subject to the uses permitted under the Act, the aim of the Trustees is that the Foreshore should be accessible by all members of the public who wish to visit it. At the same time, part of the Foreshore is a working beach and so health and safety considerations apply.

The 2011 Scheme included a new object to distribute surpluses as grants for charitable purposes within the Borough of Hastings. There have been seven rounds of small grants the first of which took place in 2011/12. Grants for events on Foreshore Land commenced in 2013/14 and have been repeated annually.

The Trustee has indicated a willingness to undertake further capital works to assets if financially sustainable, which conform to the Trust's objects.

There will be different views on how the public benefit is best achieved and the Charity Committee will continue to consult with the Coastal Users' Group on proposals for the future of the Foreshore and specifications and standards of maintenance and with the Grant Advisory Panel on the grant criteria and grants processes.

Financial Review

The annual accounts are attached to this report and, once again, have received an unqualified audit opinion by external auditors. The Trust's main sources of income remain that of car parking fees and charges and rental income from property. The expenditure that the Trust incurs is as a result of providing the car parks e.g. operating costs, and the costs of maintaining and developing the foreshore .

During the year the Trust closed its bank account with Co-op and opened a similar account with Lloyds.

Investments – The Trust retains significant cash balances. At 31 March 2018 these were invested as follows:-

	2017/18	2016/17
	£	£
CCLA Investment Management	1,397,271	1,393,958
Co-op Bank / Lloyds Bank (the Trust's Bank Account)	605	641

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

The following table compares the major elements of the budget to the actual income and expenditure:-

Statement of Financial Activities

	Budget	Revised	Actual
	Estimate	Budget	Outturn
	£000's	£000's	£000's
Incoming Resources			
Investment Income	6	3	3
Income from Charitable activities	1,329	1,401	1,257
Total Incoming Resources	1,335	1,404	1,260
Resources Expended			
Loan repayments	47	33	33
Charitable Activities	738	788	783
Maintenance and Cyclical repairs	81	69	77
Governance Costs HBC	59	59	58
Governance Costs (Other)	49	49	56
Total Resources Expended	974	998	1,007
Surplus before Grants and Reserve Funded items	361	406	253
Grants	70	70	70
Projects and Other Income/ Expenditure Net	359	183	70
Surplus (Deficit)	(68)	153	113

The surplus before grants and reserve funded items and capital charges was £253,000. Income levels have reduced this year, due to a reduction in car parking income.

The overall outturn position was a surplus of £124,316 after capitalisation of £42,910, and capital charges of £87,782 (2016/17 surplus of £266,323). The surplus has been added to reserves.

Future Expenditure Plans 2018/19 and Beyond

In line with the approved Business plan, expenditure on major Projects and Other Expenditure will continue in 2018/19 and will result in an overall deficit for the year, budgeted at £16,000 – this being funded from Reserves.

Future business plan projects commencing in 2018/19 include the delivery of Coastal Community Round 4 works (within the White Rock Baths and the White Rock fountain), development and delivery of FLAG 2 projects, including bidding for new Stade barriers and feasibility of carpark resurfacing, identifying a model for future cycle and deck chair hire, new seafront information signs that incorporate the new byelaws, play hut funding, and a public art project.

The commencement of the Stade Hall and classroom lease with Sussex Coast College, should commence autumn 2018.

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

The 2018/19 budget identified spend on projects and other expenditure amounting to some £396,000. £90,000 of this spend is on cyclical repairs and maintenance and £306,000 is programmed spend, financed from Reserves. The main areas of spend are as follows:-

- £175,000 – White Rock Fountain
- £40,000 – New signage to RNLI standard
- £25,000 – Pelham Hut Play Facility
- £25,000 – Public Art Project
- £25,000 – Resurfacing Works
- £20,000 – Marine Litter Project
- £20,000 – Access Audit Priority Actions
- £15,800 – Fishing fleets Ice maker
- £15,000 – Landscaping
- £5,000 – Beachfront Children’s play area
- £5,000 – Winch Road upgrade

The current business plan, including amounts carried forward from 2016/17 includes the following for Projects and Other Expenditure for the years 2017/18 to 2021/22 is shown below:-

Business Plan	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2018/23
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Projects and other expenditure							
<i>Cyclical Repairs and Redecorations</i>							
Pier Area	0	0	0	0	0	0	0
White Rock Baths	19	25	10	10	10	10	65
Stade Barriers	1	2	2	5	2	2	13
Cycle Route	0	5	0	0	0	0	5
Public Conveniences	7	6	6	6	6	6	30
Car Parks & Other	16	40	47	47	47	47	228
<i>Total of Cyclical repairs</i>	43	78	65	68	65	65	341

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

<i>Maintenance Projects</i>							
Beach	9	12	12	12	12	12	60
Total Maintenance Projects	9	12	12	12	12	12	60
<i>Main Programme</i>							
White Rock promenade Kiosk	2	0	0	0	0	0	0
New Signage	0	40	0	0	0	0	40
White Rock Chalets	22	0	0	0	0	0	0
Beachfront	0	76	25	25	0	0	126
Stade Open Space Landscaping	0	0	0	0	0	0	0
Access Audit	0	20	0	0	0	0	20
Marine Litter Project	0	20	0	0	0	0	20
Resurfacing Robertson street to Pier	25	25	25	25	25	25	125
Parking Machine Upgrade	21	0	0	0	0	0	0
Landscaping adjacent to the boating lake	0	15	6	6	0	0	27
White Rock Fountain	0	175	0	0	0	0	175
Contingency	0	25	25	25	25	25	125
Total Main Programme	70	396	81	81	50	50	658
Total Projects and Other Expenditure	122	486	158	161	127	127	1059

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

* The 2018/19 estimate has been adjusted for items that were originally planned for 2017/18 but are now in the 2018/19 Business Plan.

Cost of Professional Advice

Professional advisor fees (including Protector's fees) - £33,250 (2016/17 £23,780).

Auditors/Accountants - £ 3,500 (2016/17 £3,500).

Trustee Expenses and Emoluments

There were no Trustee expenses charged to the Trust in 2017/18 (2016/17 nil).

A special responsibility allowance of £6,380 (2016/17 £6,310) was paid to the Chair of the Charity Committee and this is shown as Governance costs in the accounts.

Reserves Policy

The policy is reviewed periodically to take account of changes in the future plans of the Trust and perceived risks. The last review was 26 June 2017 and there have been no significant changes since this date which require a change to the policy. Reserves are maintained for a variety of reasons and the main points of the Policy are reproduced below.

a) £100,000 is to be retained for an unforeseen emergency or other unexpected need. This amount is arrived at after considering risks and how much might be needed for such contingencies; this involves judgment of events that may occur and their likelihood.

b) Expenditure budget - a small contingency fund to meet unforeseen operational costs. The expenditure budget is some £980,000. It is suggested that a 10% contingency (say £100,000) be retained for unexpected and unforeseen operational expenditure.

c) Uncertainty over future income. Most well run organisations retain reserves equivalent to a number of weeks or months of equivalent income to allow time to develop new sources of income or to cut-back on related expenditure. Potential significant loss of income could result from a downturn in economic activity or an increase in fuel costs resulting in fewer tourists, a major disaster in the area, bad weather, pollution incident, or loss of reputation e.g. bathing water deterioration, etc. It is recommended that the equivalent of 6 months income be retained to cater for this risk which would amount to around £700,000.

d) Planned spending commitments which cannot be met from future income would imply a need for a specific sum to be set aside, often this amount will be included within designations in the accounts. Given the predicted surplus for each year there is scope to include some of the recurring planned expenditure within the annual budget. There are higher cost initiatives e.g. resurfacing of car parks, roadways etc., that will necessitate identification and retention of significant sums within the accounts.

e) Cash Flow – organisations require a working balance to cover 'troughs' in the cash budget. Based on the financial year the cash flow is expected to be positive throughout the year i.e. income generated should exceed expenditure. Where significant one off expenditure is incurred e.g. resurfacing, use of reserves would be used to cover any shortfalls. As such no sum is set aside for this specific purpose – especially given the sums detailed above (a to d).

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

f) In summary the Reserves to be retained amount to :-

Ref.	Risk Area/ Designated Funds	Amount (£)
a)	Unforeseen emergency/event	100,000
b)	Unforeseen operational costs/contingency	100,000
c)	Uncertainty on Income streams	700,000
	Total	900,000

Plus Planned Spending Commitments e.g. repairs and other initiatives identified within the business plan.

The total funds of the Trust, of which the above form a part, amount to £2,630,833 (2016/17 £2,506,516). The financing of the main programme is dependent upon achieving annual surpluses on the trusts main activities, given the level of Reserves being retained.

Plans for the Future

The Charity Committee looks to review its Business Plan on a regular basis to take account of known variations in resources and new opportunities and commitments. Subject to the Scheme's predetermination that meeting the cost of the administration and the repair and maintenance of its existing assets is the first priority; this will involve consideration of proposals for enhancing income generation and/or reducing operating expenditure as well as providing better facilities and attractions for the public benefit.

The current business plan will be reviewed and updated to present at the end of the 2018/19 financial year.

Accountants, Auditors and Bankers

The Trust has been grateful for the excellent work of Manningtons (Auditors) in meeting the early closedown of the Accounts – due to the need to report within 6 months of the end of the financial year.

The Trust's monies are managed by the Council, the bankers have been changed to the year end from the Co-operative Bank to Lloyds), which is the same as the Council with separate bank accounts. The Council's comprehensive Treasury Management and Investment Policy requirements equally apply when dealing with Trust monies.

Concluding Remarks

The Trust continues to concentrate efforts on ensuring a secure and viable future for the Trust, especially in terms of maintaining and improving its assets, managing its available resources for the long term benefit of the community, and also in the distribution of grants to the benefit of the Community - as resources permit.

Hastings and St Leonards Foreshore Charitable Trust

Trustee's Report

Statement of Responsibilities

The trustee is responsible for preparing the trustee's report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

The trustee has taken steps that it ought to have taken as a member in order to make itself aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustee confirms that there is no relevant information that is known of and of which they know the auditor is unaware.

The annual report was approved by the trustee of the charity on 24 September 2018 and signed on its behalf by:

.....
Councillor Sue Beaney
Chair of Charity Committee

Hastings and St Leonards Foreshore Charitable Trust

Protector's Report

This is my eighth Annual Report as Protector of The Hastings and St Leonards Foreshore Charitable Trust ("Foreshore Trust" for short). It covers my activities from September 2017 to the date of this report, during which period I was re-appointed for a further three-year period starting 1st April 2017.

The rules of the Foreshore Trust call for the appointment of a Protector to safeguard the proper management of this charitable trust and, in particular, the resolution of any conflicts of interest that may arise from time to time between Hastings Borough Council ("HBC") acting as Trustee of this charity and HBC acting in its capacity as local authority. To this end, the rules provide that the general duty of the Protector is "to ensure the integrity of the administration of the charity", in other words to act as a watchdog over the activities of HBC's Charity Committee in managing the affairs of the Foreshore Trust.

- (1) I have attended all meetings of the Charity Committee.
- (2) Under the constitution of the Foreshore Trust the Trustee must consult two advisory bodies: (1) a nominated consultative and advisory group (currently the Coastal Users' Group) in relation to major foreshore management issues, and (2) the Grant Advisory Panel ("GAP") which deals with the detailed process of recommending grants to be made by the Trustee under powers given in the Scheme. A further advisory committee was formed in 2012, dealing with the management of the Stade Hall. The Protector is entitled to attend the meetings of these groups, though in practice I do not routinely do so. I do however receive notices and minutes of their meetings.
- (3) During the year I have been satisfied that the Trustee (Hastings Borough Council), acting through its Charity Committee, has satisfactorily ensured the integrity of the administration of the affairs of the Foreshore Trust, as required by the current Scheme of constitution.

Christopher May FCA

Protector

24th September 2018

Hastings and St Leonards Foreshore Charitable Trust

Independent Auditor's Report to the Members of Hastings and St Leonards Foreshore Charitable Trust

Opinion

We have audited the financial statements of Hastings and St Leonards Foreshore Charitable Trust (the 'charity') for the year ended 31 March 2018, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity trustee, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustee those matters we are required to state to trustee 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 trustee as a body, for our audit work, for this report, or for the opinions we have formed.

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 results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustee has 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 trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Hastings and St Leonards Foreshore Charitable Trust

Independent Auditor's Report to the Members of Hastings and St Leonards Foreshore Charitable Trust

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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustee remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustee

As explained more fully in the Statement of Trustee Responsibilities [set out on page 15], the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee 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 trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.

Hastings and St Leonards Foreshore Charitable Trust

Independent Auditor's Report to the Members of Hastings and St Leonards Foreshore Charitable Trust

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

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

.....
(Senior Statutory Auditor)
For and on behalf of Manningtons, Statutory Auditor

7 Wellington Square
Hastings
East Sussex
TN34 1PD

Date:.....

Manningtons Chartered Accountants is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Hastings and St Leonards Foreshore Charitable Trust

Statement of Financial Activities for the Year Ended 31 March 2018

	Note	Unrestricted funds £	Total 2018 £
Income and Endowments from:			
Charitable activities	2	1,268,600	1,268,600
Investment income	3	<u>3,314</u>	<u>3,314</u>
Total Income		<u>1,271,914</u>	<u>1,271,914</u>
Expenditure on:			
Charitable activities	5	(1,046,052)	(1,046,052)
Governance costs	6	<u>(101,546)</u>	<u>(101,546)</u>
Total Expenditure		<u>(1,147,598)</u>	<u>(1,147,598)</u>
Net movement in funds		124,316	124,316
Reconciliation of funds			
Total funds brought forward		<u>2,506,517</u>	<u>2,506,517</u>
Total funds carried forward	15	<u>2,630,833</u>	<u>2,630,833</u>
		Unrestricted funds £	Total 2017 £
Income and Endowments from:			
Charitable activities	2	1,326,630	1,326,630
Investment income	3	5,379	5,379
Other income		<u>127,000</u>	<u>127,000</u>
Total Income		<u>1,459,009</u>	<u>1,459,009</u>
Expenditure on:			
Charitable activities	5	(1,098,150)	(1,098,150)
Governance costs	6	<u>(94,536)</u>	<u>(94,536)</u>
Total Expenditure		<u>(1,192,686)</u>	<u>(1,192,686)</u>
Net movement in funds		266,323	266,323
Reconciliation of funds			
Total funds brought forward		<u>2,240,193</u>	<u>2,240,193</u>
Total funds carried forward	15	<u>2,506,516</u>	<u>2,506,516</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2017 is shown in note 15.

Hastings and St Leonards Foreshore Charitable Trust

(Registration number: 1105649) Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	1,400,869	1,445,741
Current assets			
Debtors	12	81,916	-
Cash at bank and in hand		<u>1,397,876</u>	<u>1,394,599</u>
		1,479,792	1,394,599
Creditors: Amounts falling due within one year	13	<u>(34,680)</u>	<u>(89,923)</u>
Net current assets		<u>1,445,112</u>	<u>1,304,676</u>
Total assets less current liabilities		2,845,981	2,750,417
Creditors: Amounts falling due after more than one year	14	<u>(215,148)</u>	<u>(243,901)</u>
Net assets		<u>2,630,833</u>	<u>2,506,516</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>2,630,833</u>	<u>2,506,516</u>
Total funds	15	<u>2,630,833</u>	<u>2,506,516</u>

The financial statements on pages 20 to 30 were approved by the trustee, and authorised for issue on 24 September 2018 and signed on their behalf by:

.....
Councillor Sue Beaney
Chair of Charity Committee

Hastings and St Leonards Foreshore Charitable Trust
Cash Flow Statement for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash income		124,316	266,323
Adjustments to cash flows from non-cash items			
Depreciation		87,782	79,143
Investment income	3	(3,314)	(5,379)
(Profit)/loss on disposal of tangible fixed assets		-	(127,000)
		208,784	213,087
Working capital adjustments			
Increase in debtors	12	(81,915)	-
Increase/(decrease) in creditors	13	2,051	(233)
Net cash flows from operating activities		128,920	212,854
Cash flows from investing activities			
Interest receivable and similar income	3	3,314	5,379
Purchase of tangible fixed assets	11	(42,910)	(133,662)
Sale of tangible fixed assets		-	127,000
Net cash flows from investing activities		(39,596)	(1,283)
Cash flows from financing activities			
Repayment of loans and borrowings	13	(86,047)	(206,228)
Net increase in cash and cash equivalents		3,277	5,343
Cash and cash equivalents at 1 April		1,394,599	1,389,256
Cash and cash equivalents at 31 March		1,397,876	1,394,599

All of the cash flows are derived from continuing operations during the above two periods.

Hastings and St Leonards Foreshore Charitable Trust

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

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

Hastings and St Leonards Foreshore Charitable Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustee consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Judgements

As outlined in Note 16, Hastings Borough Council acts as the sole trustee for the Hastings and St Leonards Foreshore Charitable Trust. The scheme is so constituted as to prevent the Council from obtaining any benefit from the Trust's activities and no group accounts are produced. Further details of the transactions with the Council are given in Note 16.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Trust about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as the effect of the elements, maintenance programmes and past experience are taken into account. The carrying amount is £1,400,869 (2017 -£1,445,741).

Income and endowments

Investment income

Investment income is recognised on a receivable basis.

Charitable activities

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Hastings and St Leonards Foreshore Charitable Trust

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

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant expenditure

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specific service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £500.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The land comprising the foreshore of Hastings and St Leonards was sold to the Trust by the Crown in September 1893 for £400 and subsequent purchases between 1925 and 1934 for a further £630. No valuation of this land has ever been carried out and it is recorded at cost. Land valued at £95,000 was acquired in 2010 as part of a land swap with Hastings Borough Council. Additional expenditure of £119,490 in 2013 represents the cost of creating additional car parking spaces within the Pelham Place car park. This is being depreciated over 15 years, being the estimated time before re-surfacing becomes necessary. The trustee is of the opinion that the open market value is materially in excess of the carrying value of the land.

Hastings and St Leonards Foreshore Charitable Trust

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

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land	not depreciated
Pelham Place car park additional spaces	over 15 years straight line
White Rock Baths	over 50 years straight line
Winch Road Upgrade	over 15 years straight line
Plant and equipment	over 5 and 15 years straight line

Research and development

Research and development expenditure is written off as incurred.

Debtors

Are amounts due from Hastings Borough Council for settlement of expenditure incurred by the Trust that is to be repaid and is recognised initially at the transaction price. A provision for the impairment of it will be established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Staff and pension schemes

The charity has no employees but is charged the relevant portion of those undertaking work in pursuance of the charity's objectives. These are employed by Hastings Borough Council and have the choice of being in the relevant defined benefit local government pension scheme.

Hastings and St Leonards Foreshore Charitable Trust

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

2 Income from charitable activities

	Unrestricted funds	Total 2018	Total 2017
	General £	£	£
Car Parking	977,470	977,470	1,062,680
Foreshore management	289,980	289,980	262,800
Street cleansing	1,150	1,150	1,150
	<u>1,268,600</u>	<u>1,268,600</u>	<u>1,326,630</u>

3 Investment income

	Unrestricted funds	Total 2018	Total 2017
	General £	£	£
Interest receivable and similar income; Interest receivable on bank deposits	<u>3,314</u>	<u>3,314</u>	<u>5,379</u>

4 Other income

	Total 2018	Total 2017
	£	£
Gains on sale of tangible fixed assets for charity's own use	<u>-</u>	<u>127,000</u>

5 Expenditure on charitable activities

	Activity undertaken directly	Total 2018	Total 2017
	£	£	£
Car parking	271,453	271,453	268,249
Foreshore management	432,936	432,936	402,016
Street cleansing	83,630	83,630	86,640
Public conveniences	153,612	153,612	159,199
White Rock Baths and other	34,791	34,791	111,985
Small and event grants	69,630	69,630	70,060
	<u>1,046,052</u>	<u>1,046,052</u>	<u>1,098,149</u>

Hastings and St Leonards Foreshore Charitable Trust

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

6 Analysis of governance and support costs

Governance costs

	Unrestricted funds	Total 2018	Total 2017
	General £	£	£
Wages and salaries	6,380	6,380	6,310
Audit of the financial statements	2,000	2,000	2,000
Accountancy services	1,500	1,500	1,500
Legal fees	33,250	33,250	23,780
HBC management charges	58,230	58,230	60,310
Other governance costs	186	186	636
	<u>101,546</u>	<u>101,546</u>	<u>94,536</u>

7 Net incoming/outgoing resources

Net incoming resources for the year include:

	2018 £	2017 £
Audit fees	2,000	2,000
Profit on disposal of tangible fixed assets	-	(127,000)
Depreciation of fixed assets	<u>87,782</u>	<u>79,143</u>

The profit on disposal arising in 2017 is the proceeds from the land swap in settlement of the loan as per the agreement with Hastings Borough Council. The land disposed of was previously included at zero value.

8 Trustee remuneration and expenses

Payments to the Trustee related entirely to recharges of costs incurred by HBC on behalf of the charity. These included a payment by HBC to the Chair of the Charity Committee of HBC by way of a responsibility allowance from the Council of £6,380 (2017 - £6,310), included in Governance costs.

9 Staff costs

The Trust does not directly employ any staff. As such no employee received emoluments of more than £60,000 during the year

The total employee benefits of the key management personnel of the charity were £15,790 (2017 - £16,460).

Hastings and St Leonards Foreshore Charitable Trust

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

10 Taxation

The charity is a registered charity and is therefore exempt from Corporation Tax.

11 Tangible fixed assets

	Land and buildings £	Plant and equipment £	Total £
Cost			
At 1 April 2017	1,144,091	530,933	1,675,024
Additions	-	42,910	42,910
At 31 March 2018	1,144,091	573,843	1,717,934
Depreciation			
At 1 April 2017	62,557	166,726	229,283
Charge for the year	40,514	47,268	87,782
At 31 March 2018	103,071	213,994	317,065
Net book value			
At 31 March 2018	1,041,020	359,849	1,400,869
At 31 March 2017	1,081,534	364,207	1,445,741

12 Debtors

	2018 £
Other amounts owed by Hastings Borough Council	81,916

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Other amounts owed to Hastings Borough Council	-	57,765
Loans from Hastings Borough Council	28,753	28,282
Accruals	5,927	3,876
	34,680	89,923

14 Creditors: amounts falling due after one year

	2018 £	2017 £
Loans from Hastings Borough Council	215,148	243,901

Hastings and St Leonards Foreshore Charitable Trust

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

The amount is the long term portion of the £300,000 annuity loan. The loan is at 1.66%, and has biannual payments.

For the £300,000 annuity loan, to limit the potential impact on the Trust, the Council shared the risk on a 50:50 basis. For clarity, the annual borrowing costs are £32,643, if the venture failed the amount payable per annum by the Trust would be reduced by 50%. If a new tenant was found at that time but the rental stream achieved was lower, then the shortfall would be shared.

15 Funds

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2018 £
Unrestricted funds					
<i>General</i>					
Unappropriated reserve	-	1,271,914	(1,147,597)	(124,317)	-
<i>Designated</i>					
Contingency reserve	900,000	-	-	-	900,000
Main programme reserve	160,775	-	-	169,189	329,964
Fixed asset fund	1,445,741	-	-	(44,872)	1,400,869
	<u>2,506,516</u>	<u>-</u>	<u>-</u>	<u>124,317</u>	<u>2,630,833</u>
Total funds	<u>2,506,516</u>	<u>1,271,914</u>	<u>(1,147,597)</u>	<u>-</u>	<u>2,630,833</u>
	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2017 £
Unrestricted funds					
<i>General</i>					
Unappropriated reserve	-	1,332,009	(1,065,685)	(266,324)	-
<i>Designated</i>					
Contingency reserve	690,000	-	-	210,000	900,000
Main programme reserve	158,971	-	-	1,804	160,775
Fixed asset fund	1,391,221	-	-	54,520	1,445,741
	<u>2,240,192</u>	<u>-</u>	<u>-</u>	<u>266,324</u>	<u>2,506,516</u>
Total funds	<u>2,240,192</u>	<u>1,332,009</u>	<u>(1,065,685)</u>	<u>-</u>	<u>2,506,516</u>

Hastings and St Leonards Foreshore Charitable Trust

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

The specific purposes for which the funds are to be applied are as follows:

The Main programme reserve is held to fund the Trust's business plan initiatives and significant items of repair and maintenance that cannot be financed in a single year.

The Fixed asset fund is created to recognise that an equivalent amount of reserves has already been used, and is not available for further use.

The Unappropriated reserve represents all monies for which a specific purpose remains to be determined.

16 Related party transactions

During the year the charity made the following related party transactions:

Hastings Borough Council (Trustee)

The Foreshore Trust took a loan in 2016 from Hastings Borough Council to allow it to fund the conversion of White Rock Baths as a BMX centre and café.

The property belongs to the Foreshore Trust and the loan granted by Hastings Borough Council for £300,000 was for a ten year period. The Building has been leased to The Source for a period of ten years and the rental income generated will contribute to the repayment of the loan principal and interest.

The loan is repayable in biannual payments. The £300,000 annuity loan being at 1.66%, and the first payment being made on the 21st September 2016.

For the former, to limit the potential impact on the Trust, the Council would share the risk on a 50:50 basis. For clarity, the annual borrowing cost is £32,643 if the venture failed the amount payable per annum by the Trust would be reduced by 50%. If a new tenant was found at that time but the rental stream achieved was lower, then the shortfall would be shared. At the balance sheet date the amount due to Hastings Borough Council was £161,986 (2017 - £329,948).