

SURREY COUNTY COUNCIL

LEADER

DATE: 15 OCTOBER 2012

REPORT OF: HEAD OF LEGAL AND DEMOCRATIC SERVICES

LEAD OFFICER: ANN CHARLTON

SUBJECT: LINGFIELD GUEST HOUSE TRUST



SUMMARY OF ISSUE:

1. To review the governance arrangements regarding Lingfield Guest House and approve the principles of a Scheme for proposal by Surrey County Council to the Charity Commission which will introduce a greater degree of local community involvement in the preservation and management of the building and maintain the essential characteristics of the donor, Mr Arthur Baldwin Hayward's intentions.

RECOMMENDATIONS:

2. It is recommended that the Leader:
 1. Agrees that the County Council submits a Scheme to the Charity Commission in order to seek approval to vary the terms of the Trust.
 2. Determines the number of any new trustees and their appointing bodies for inclusion in the Scheme.
 3. Decides whether to commit an additional £50,000 of funding to refurbishment works for the Guest House.

REASON FOR RECOMMENDATIONS:

3. To give local people an opportunity to provide for more efficient and effective use of the Trust's resources and thereby benefit the charity.

DETAILS:

Background

4. Lingfield Guest House is a 15th century oak timbered building which was bequeathed to Surrey County Council in 1954 for public use and became home to the Lingfield Library Centre a year later. The Guest House, so named because it was originally used for visitors to the nearby (monastic) College of Lingfield, was restored in 1898 and retains many of its original features. Particularly noteworthy is the Hall, which forms the centre of the building and opens to the roof. It is notable as one of the oldest buildings surviving in the County.
5. The Guest House contains a collection of artistic and antiquarian objects including four tapestries, thought to be Flemish in origin, which hang in the Hall. It also houses the Hayward Memorial Local History Centre. It is a Grade II* listed building by English Heritage. Lingfield library is also accommodated in the Guest House. The property includes a residential flat which until 2011 was rented out and the income applied towards the Trust.
6. The Guest House was left to Surrey County Council on trust by Mr Arthur Baldwin Hayward on the basis the property be used for specific purposes as identified in his Will. These include use as a Public Library or Museum for Manorial or other records of local or county interest and village industries and in general for antiquities which may have local or county interest. Relevant extracts from Mr Hayward's will are set out in the draft Report and Accounts at Annex 1 of this report. The management of the building, its contents and the trust fund are exclusively the responsibility of the County Council as corporate trustee, but it is supported by the Lingfield Guest House Advisory Committee.
7. "The Guest House, Lingfield" is a registered charity (number 207424). The "Activities" of the Trust are in accordance with the terms of the bequest and are registered with the Charity Commission as being: "Specialised care and maintenance of a grade II* listed building dated 1474. Investments of the funds held in trust for the preservation of the Guest House, to enable the future maintenance, restoration and enhancement of the building. Provision of space within the Guest House to house a public library for Lingfield in accordance with the terms of the bequest".
8. As corporate trustee the Council has given its officers responsibility for day to day decisions regarding maintenance of the Guest House, guided by the advice of the Advisory Committee, and subject to the stability of the Trust Fund to pay for it. The charitable funds of "The Guest House, Lingfield" are invested by SCC Finance. The Council currently recharges the Trust for officer time in administering the Advisory Committee meetings and the Trust's accounts
9. There are complexities around the nature of the present administrative arrangements for the management and maintenance of Lingfield Guest House which are not in the best interests of this important historic building: in particular, concern has been raised that the County Council's building/works contracts are too generic and not appropriate for the specialist heritage needs

of Lingfield Guest House. As part of its Local Spending Pledge, the Cabinet recently approved a framework agreement involving a pool of contractors providing property consultancy services to support County Council and District and Borough capital building programmes and this will go some way to addressing concerns regarding the suitability of some contractors that might have been previously used at Lingfield Guest House. Under arrangements proposed below new trustees would be responsible for procuring all technical services and contracts.

10. There is a groundswell of local opinion expressed via the local division Member that the local community regard the Lingfield Guest House as a local asset which should be managed locally and not on their behalf by the County Council. As the County Council seeks to introduce localism into the continued arrangements for Lingfield Guest House, it is appropriate to consider opportunities for more local and direct involvement regarding the Lingfield Guest House building. However as the sole trustee appointed by Mr Hayward, any decision taken by the Council must recognise the wider significance of the building as a part of the heritage of the wider county.
11. In July 2012, the Cabinet decided that Lingfield library would, along with nine other libraries, become a community partnered library. There is nothing in the terms of the bequest from Mr Haywood that compromise or complicate this separate decision.

The governing document and changes to governance arrangements

12. The Trust's governing document is Mr Hayward's Will together with its annexes. The Will itself establishes the Trust's objects but makes no provision as to how the Trust should be run, for example the appointment of additional trustees, an increase in scope of functions of the Trust and/or capacity to change the Trust's objects. In particular, there is no power to make amendments to the governing document and therefore the Trust is unable to make any changes without a Scheme being proposed to the Charity Commission.
13. The Council cannot unilaterally change the intentions of the Trust as set up by Mr Hayward. It may however, as explained above, submit a Scheme to the Charity Commission. Once a Scheme has been approved and made by the Charity Commission it creates a legal document that amends replaces or extends the trusts of a charity. A Scheme can seek permission to extend the present trust arrangements by the appointment of additional trustees and/or allowance of third parties (in the form of specified local organisations including district or parish councils nominating representatives) to be members of a revised charitable trust.
14. In taking any decision the Leader is doing so on behalf of the Council as corporate trustee and must act only as any prudent trustee would do, whether or not it were a local authority. It is important to consider whether local people acting as individual trustees would make better trustees of this historic building, for example by enabling a more efficient and effective use of resources and thereby benefiting the charity. As the Leader is aware, in July 2012 the Cabinet decided that Lingfield library would, along with nine other libraries, become a community partnered library. There is nothing in the terms of the bequest from Mr Haywood to compromise or complicate this separate decision. It is however worth noting that there is no principle which compels

the Council to continue to apply tax-payers' money to the provision of a library or museum facility in perpetuity.

The Proposed Scheme

15. The current objects of the Lingfield Guest House Trust are as follows:

- Specialised care and maintenance of a grade II* listed building dated 1474.
- Investments of the funds held in trust for the preservation of the Guest House, to enable the future maintenance, restoration and enhancement of the building.
- Provision of space within the Guest House to house a public library for Lingfield in accordance with the terms of the bequest.

Officers are not proposing that any of these existing objects should be removed or changed

16. It is proposed that the Council no longer continues to act as a corporate trustee. Instead it would appoint one person as a trustee and additional trustees would be appointed to the Trust by other bodies.

17. The Charity Commission identifies one of the hallmarks of an effective charity as being run by trustees who have the right balance of skills and experience, who will act in the best interests of the charity and its beneficiaries and who understand their responsibilities and have systems in place to exercise them properly. As a starting point it is suggested that a board of trustees is set up to include a representative from each of the following bodies, which are currently represented on the Lingfield Guest House Advisory Committee:

- Surrey County Council
- Lingfield Parish Council
- Tandridge District Council
- Dormansland Parish Council

18. In addition, it is recommended that Surrey Historic Buildings Trust is invited to nominate one trustee who would be able to contribute technical advice on heritage conservation and management of the Lingfield Guest House.

19. The Trustees should have the power to appoint up to three other Trustees selected on the basis of skills and experience, to ensure that the necessary financial, architectural and fund raising expertise is available to them and to address any identified skills gaps.

20. The scheme can make provision for the appointment of a local dignitary as a Patron.

21. The role of the Advisory Committee would cease once the Guest House became vested in local trustees, although a short period of shadow working would be advisable, to ensure a smooth hand over. Council Officers will need to be mindful of the decision to appoint new trustees and avoid taking

decisions or incurring any major expenditure, without consultation, which might unduly fetter any decision future trustees may wish to take

22. To ensure no conflict exists between the trustee role and the delivery / management arrangements for the community partnered library, it is proposed that there be two distinct organisational structures for the two responsibilities.

Expanding the objects of the Trust

23. The Trust could benefit from a new governing document which provides for the day to day running of the Trust and widens its objects so that Lingfield Guest House can be used for venue hire events, such as receptions when it is not being used as a public library or museum and various additional uses directly associated with the preservation, protection and conservation of the heritage and historic environment of Lingfield Guest House and the surrounding area in Tandridge. This would allow the Trust an additional revenue stream which could be used to finance the maintenance of the building and further the other purposes of the Trust.

Repair/Refurbishment of the Guest house

24. Currently works are considered necessary; most notably for the refurbishment of the flat to a suitable standard to achieve the best optimum rent level as future income to the Trust fund account. Other works required include fire compartmentalisation works (needed as health and safety measures) and works to the fixed wiring. The County Council is working with the Advisory Committee set up by the County Council on these improvements. The Leader is asked to confirm that the County Council will fund these works up to the value of £50,000, in order not to immediately burden the new trustees with these costs.

Conclusions on the Scheme

25. The Trust could be the subject of a Scheme approved by the Charity Commission in order to allow it to be managed and run in an efficient and cost effective manner, for the benefit of the residents of the area, without prejudicing in any respect the intentions of Mr Hayward (as identified in his Will). The most appropriate means of doing this will involve the enhancement of the objects of the Trust and amendment of its constitution in order to allow for additional trustees to be appointed.

CONSULTATION:

26. Legal Services have sought specialist external legal advice on this matter and have also been in contact with the Charity Commission in order to ascertain the capacity that exists to vary and amend the arrangements laid down in the bequest by Mr Haywood.
27. The matter has been discussed with the Leader and Cabinet Member for Community Services and 2012 Games.
28. The Local Member has been consulted and is supportive of the Guest House Trust being managed by a wider group of trustees.

29. There has not yet been any consultation with outside/ local bodies concerning this proposal.

RISK MANAGEMENT AND IMPLICATIONS:

30. The Advisory Committee has indicated that these new arrangements would enable the Trust to operate on a more efficient basis in the future. However, to date there has not been an assessment of the whole life costs of the building and as with all historic buildings unforeseen liabilities may arise, which would have to be absorbed by the Trust's resources. Officers believe it would be wise to ensure that the Scheme allowed the Trust to cope with loss of funds or future contingencies in the event that the rent from the flat and income from the investment account in perpetuity are insufficient to fulfil the intent of the donor's gift.
31. With the proposed change in the operating arrangements, there is a risk that the new trust management may not at all times in the future include trustees with a full range of specialist and technical knowledge and skills that are currently supplied by the County Council to supervise the building and schemes of works with professional indemnity. The Charity Commission recommend a constitution that appoints trustees based on trustees' role descriptions covering the range of skills needed, for example administration; building /technical; financial management and fund raising; strategy; PR and publicity. This may conflict with a locally focused appointment strategy, and officers are therefore proposing that one trustee is appointed by Surrey Historic Buildings Trust and others are selected by locally appointed trustees against a role specification, in order to bring specialist skills to its management
32. Local people replacing the corporate trustee role of the County Council may not wish to expose themselves to the personal liability and responsibility attached to being a trustee for Lingfield Guest House and to the inherent responsibilities they incur in doing so. Trustees will need to be made aware of their personal liability in relation to their roles acting as trustees and are likely to wish to acquire insurance to protect their personal position.
33. Under these revised arrangements the Trust will be responsible for all its own costs, including contingencies and their financial implications; of immediate concern to the trustees will be the imposition of VAT, which is currently recoverable by the Council. There will be no ongoing additional liability from the County Council and the Leader will wish to assure himself that the proposals are sufficiently robust to enable a continuity of library service delivery.

Financial and Value for Money Implications

34. The Trust is responsible for all the running and maintenance costs of the Guest House. The County Council makes a discretionary payment of £13,000 per annum to the Trust, under a financial arrangement devised in 1996/7 to address a structural deficit in the Trust fund. It is currently envisaged that this will continue, however this could be reviewed at a later date. A proposed one-off capital contribution of £50,000 for renovation of the flat would enable the Trust to optimise rental income for the benefit of the Trust.

35. Currently, as sole corporate trustee, Surrey County Council is able to fully recover the cost of VAT incurred by the Trust. Individual trustees who are independent of Surrey County Council will no longer be able to recover VAT. The current rates of VAT for the Trust's main items of expenditure are 5 % on Utility bills, and 20% on repairs and maintenance costs.
36. Annual reports on the Trust are currently compiled by Finance and submitted to the Charity Commission. A copy of the draft 2011/12 accounts are appended to his report.
37. The Guest House Trust will be required to continue to take into account the charity's objects, which include the provision of space for a public library.

Section 151 Officer Commentary

38. The section 151 Officer (Chief Finance Officer) confirms that all material financial and business issues have been considered / addressed within the report. Attention is drawn to the inability of the new trust to recover VAT.

Legal Implications – Monitoring Officer

39. The County Council is currently the sole Trustee of Lingfield Guest House and its duties and powers are exercised by the Cabinet. Currently the Lingfield Guest House Advisory Committee (a Council sponsored committee) advises the County Council on its exercise of duties and powers but cannot exercise any of those duties or powers.
40. The proposed scheme would devolve the responsibility of the Guest House to local people and appointed skills-based trustees and the Council's powers and responsibilities as Corporate Trustee would cease. Having taken counsel's opinion on this proposal the Monitoring Officer advises that changes to the current governance arrangements can only be implemented if they have been approved by the Charity Commission and effected through a Scheme as described earlier in this report.
41. In July 2012 the Cabinet decided that Lingfield library would, along with nine other libraries, become a community partnered library. There is nothing in the terms of the bequest that compromise or complicate this separate and independent decision. To ensure no conflict exists between the trustee role and the delivery / management arrangements for the community partnered library it is recommended that there are two distinct organisational structures for the two responsibilities.

Equalities and Diversity

42. A full equalities impact assessment has been carried out when the Cabinet made the decision for the Lingfield library to become a community partnered library on 24 July 2012. Given that this is effectively only a change in the management arrangements of the building which houses the library, it is not considered there are an equalities implications which need to be addressed.

43. It should be noted that due the nature of the historic building there are limitations on full compliance with Disability Discrimination Access requirements (for universal access).

WHAT HAPPENS NEXT:

Legal and Democratic Services will work with colleagues in the Libraries Service and with the Advisory Committee to draw up a scheme and submit this to the Charity Commissioners for approval. If this is approved by the Charity Commission nominating bodies will be asked to nominate trustees and hand over arrangements including disbanding the Guest House Advisory Committee will be implemented

Consideration will need to be given as to how and when the refurbishment of the flat is carried out.

Contact Officer:
Ann Charlton, Head of Legal and Democratic Services

Consulted:

Local Member for Lingfield, the Charity Commission

Annexe 1 – Draft Annual report and Accounts

Sources/background papers:

Will of Arthur Baldwin Hayward

Lingfield Guest House Trust reports and accounts

LINGFIELD GUEST HOUSE TRUST

DRAFT

Annual Report and Accounts

Year Ended 31 March 2012

LINGFIELD GUEST HOUSE TRUST

Charity Registration No. 207424

LEGAL AND ADMINISTRATIVE DETAILS

The Charity is governed under the terms of the Will dated 11 June 1945 of Arthur Baldwin Hayward who died on 21 January 1954 and left the Guest House and the residue, after legacies, of all his real and personal estate to Surrey County Council upon trust.

The functions of Surrey County Council as trustee are exercised by the Community Services Committee. The Committee has appointed an Advisory Committee in order to obtain advice on the management of the Guest House and the Trust Fund. The Advisory Committee's Terms of Reference are:

"To adviseon the management of the Lingfield Guest House and the Trust property generally, and more specifically on the following issues:

- i. the maintenance and repair requirements of the Guest House and its gardens (especially if such repairs require alterations or additions to the estate) and how such works are to be financed;
- ii. the sale of items of furniture and other contents of the house, included in the Trust property, in order to increase revenue which will be credited to the Trust Fund; and
- iii. the organisation of special functions in the local community and other fund raising schemes to raise additional monies to help fund the Lingfield Trust."

Members of the Advisory Committee for 2011/2012 were:

Cllr. M Sydney (Chairman)	Surrey County Council
Cllr. N Skellett	Surrey County Council
Mr R Bisset	Tandridge District Council (until May 2011)
Lesley Steeds	Tandridge District Council (from May 2011)
Fran Palmer	Lingfield Parish Council (until August 2011)
Mr John Cole	Lingfield Parish Council (from August 2011)
Janet Bateson	Dormansland Parish Council (until August 2011)
Peter Joseph-Tebbutt	Dormansland Parish Council (from August 2011)

Co-opted local members:

Mrs Rita Russell
Mr Ian Quaife
Stephonie Clarke

Councillor Members of the Advisory Committee are appointed by their respective Councils, and local Members are co-opted by the Advisory Committee. The principal address of the Charity is as follows:

Lingfield Guest House Trust
Surrey County Council
County Hall
Kingston Upon Thames
Surrey KT1 2DN

The addresses of other relevant officials are as follows:

Sally Parker
Clerk to the Lingfield Guest House Advisory Committee
Library Sectors Manager
East Area Office
Omnibus
Lesbourne Road
Reigate
Surrey, RH2 7JA

Ms S Little
Treasurer to the Charity
Finance Group
Surrey County Council
County Hall
Kingston upon Thames
KT1 2DN

BlackRock Investment Management (UK) Limited
33 King William Street
London EC4R 9AS

Restrictions to the operation of the Charity

Specific restrictions to the operation of the charity are as follows:

(Extract from the Will of Arthur Baldwin Hayward)

“I DEVISE my freehold house known as ‘The Guest House’ Lingfield in the County of Surrey (hereinafter called the Guest House) to the Surrey County Council UPON TRUST for use within such statutory powers as the said Council may from time to time possess as a Public Library or Museum for Manorial or other records of local or County interest and village industries and in general for antiquities which may have local or County interest excepting only preserved specimens of natural history and with full power to make such rules and regulations for the general conduct of such buildings and the grounds attached thereto as the said Council or any Committee duly appointed may deem desirable.

“I GIVE DEVISE AND BEQUEATH all my real and personal estate and effects not hereby otherwise specifically disposed of to my Trustees UPON TRUST to sell call in and convert into money such part thereof as shall not consist of money with full power at their absolute discretion to postpone such sale calling in or conversion of the whole or any part or parts and so that any reversionary interest be not sold until it falls into possession unless my Trustees see special reason for sale AND out of the proceeds of such sale calling in or conversion to pay my funeral and testamentary expenses and debts and legacies bequeathed by this my Will or any Codicil hereto and to pay the net residue of such proceeds of sale after the payments as aforesaid to the said Surrey County Council who shall hold the same as Trustees and apply the income arising therefrom in or towards the maintenance and repair of the Guest House and the gardens and contents thereof PROVIDED that it is my express wish and discretion that no alteration or addition shall be made to the Guest House except such as are necessary for its proper repair and maintenance PROVIDED ALSO that it is my wish that my Trustees shall not sell any of the antiques or furniture in the Guest House at the date of my death unless such sale is necessary to pay any of the foregoing legacies or my debts and funeral and testamentary expenses or unless the said Surrey County Council so requires but shall deliver the same to the said Surrey County Council for retention in the Guest House.”

Under the terms of the Will, the operation of the Guest House as a Library is regulated by the Bylaws and Rules and Regulations for Libraries determined by Surrey County Council, and with advice from the Advisory Committee.

Annual Report for the year to 31 March 2012

Membership of the Advisory Committee and the appointing organisations are listed in the section ‘Legal and Administrative Detail.’ The Advisory Committee comprises members nominated by Surrey County Council, Tandridge District Council and Lingfield and Dormansland Parish Councils; there are four co-opted local Members. The documents presented comply with current statutory requirements and the Charity’s governing document.

Objectives, Organisation and Activity

The Charity is established to maintain the Lingfield Guest House, which is used as a public library. Mr Hayward endowed the building by directing that the income from his estate should be applied towards the maintenance and repair of the house and garden. The building, which dates from the 15th Century and is listed Grade II*, is divided in two. The local public library is housed in part of the building and the remainder is a self-contained maisonette, which is occupied by a tenant. The contribution made by both the occupiers goes towards the running costs, general upkeep and maintenance of the building. The costs of providing the Library Service - staff, resources, computing and general expenses - are met by Surrey County Council.

The Advisory Committee meet three times during the year to consider various matters relating to the upkeep and restoration of the building, and the income and expenditure of the Trust Fund. The Advisory Committee submits reports, as required, to the Community Services Executive Member of Surrey County Council in its capacity as Trustee.

Review of progress and achievements during 2011/12

A review of progress and achievements is still outstanding.

Lingfield has been identified as one of eleven SCC libraries to be considered for community partnership. SCC would continue to provide the stock and infrastructure to enable the library to be run. Discussions would take place with any interested parties on how the library service would continue to be provided. There is no single solution to how these libraries would be run and any scheme would depend on the response from the community. Measures would be taken to enable the library to be run more easily by volunteers and could include the installation of a self-service point.

Finances

The attached Financial Statement shows the current state of the Trust Fund, which the Advisory Committee considers to be sound. However, the Committee notes that the building is at least 500 years old and could require further repairs at present unrevealed. It is also observed that part of the assets are in stock exchange securities, which can fluctuate considerably.

Reserves Policy

The Trust has one fund considered a free reserve under the terms of the Statement of Recommended Practice (SORP). The Surplus Income Fund is held to generate income to finance the property running costs and also as an available source of funds which can be applied at the Trustees discretion. Since the greatest risk facing the Trust is major repair work to the fabric of the building it is considered essential to keep funds available to cover any unexpected costs.

Investment Policy

The Investment Policy of the Trustee has been to invest its funds to maintain their value and to generate income to fund the running costs of the building. As a small charity the most cost effective way of doing this is to invest in pooled funds as described in note 2 to the accounts.

The independent examiner is

The Kings Mill Partnership
Chartered Accountants
75 Park Lane
Croydon
Surrey
CR9 1XS

LINGFIELD GUEST HOUSE TRUST

ACCOUNTS FOR THE YEAR ENDED

31 MARCH 2012

**Accounts prepared by Financial Reporting, Corporate Finance,
Surrey County Council, County Hall, Kingston-upon-Thames KT1 2DN**

LINGFIELD GUEST HOUSE TRUST

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2012

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2011/12 £	Total 2010/11 £
INCOMING RESOURCES					
Investment Income	11,765	303	-	12,068	11,290
Proceeds from sale of painting/clock	-	-	-	-	-
Rent Income receivable	970	-	-	970	6,600
Asset Rent Income	13,200	-	-	13,200	13,200
TOTAL INCOMING RESOURCES	25,935	303	-	26,238	31,090
RESOURCES EXPENDED					
Direct Charitable Expenditure:					
Maintenance of Building	5,925	-	-	5,925	9,006
Running Costs	7,260	-	-	7,260	8,888
Administration	4,425	-	-	4,425	5,008
TOTAL RESOURCES EXPENDED	17,610	-	-	17,610	22,902
NET INCOMING RESOURCES	8,325	303	-	8,628	8,188
OTHER RECOGNISED GAINS AND LOSSES					
Unrealised gains and losses on revaluation	(1,836)	250	(9,718)	(11,304)	20,369
NET MOVEMENT IN FUNDS	6,488	553	(9,718)	(2,677)	28,557
FUND BALANCES brought forward at 1 April 2011	166,863	80,491	196,583	443,937	415,380
FUND BALANCES carried forward at 31 March 2012	173,351	81,044	186,865	441,260	443,937

LINGFIELD GUEST HOUSE TRUST		
BALANCE SHEET at 31 March 2012	2012	2011
ASSETS		
Freehold property at original value	3,800	3,800
Investments (see note 2)	393,833	405,137
Cash at bank and in hand	43,627	35,000
	<u>441,260</u>	<u>443,937</u>
Creditors: amounts falling due within one year	-	-
Total net assets	<u>441,260</u>	<u>443,937</u>
FUNDS OF THE CHARITY		
Unrestricted Funds	173,351	166,863
Restricted Funds	81,044	80,491
Endowment Funds	186,865	196,583
Total Funds	<u>441,260</u>	<u>443,937</u>
Approved by the Advisory Committee on:
Signed by the Portfolio Holder for Community Services on behalf of Surrey County Council:	
The notes on the following pages form part of these accounts		

LINGFIELD GUEST HOUSE TRUST

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2012

1. Accounting Policies

a) The accounts have been prepared under the historic cost convention and in accordance with applicable accounting standards.

b) Statement of Recommended Practice, Accounting by Charities

These accounts comply with the Statement of Recommended Practice (The Charities SORP), October 2005.

c) Unrealised gains/losses on investment assets for use of the Charity

The investments are included at market value. The difference between the opening and closing valuations is stated in the accounts as unrealised gain or losses on revaluation.

d) The Accounts are prepared on an accruals basis.

2. Investments and Reconciliation of Funds

All of the clear income of the charity can be applied under the terms of the trust deed. The investments are allocated between five different funds: the Permanent Endowment Fund which has the original capital invested; the Extraordinary Repair Fund which is held to meet any major repairs the building may require; and the Surplus Income Fund. The Summers Bequest is a designated fund set up in April 1999. The Maintenance and Repair fund was set up with the proceeds from the sale of the painting and is part of the permanent endowment. The interest from this fund will go into the Extraordinary Repair Fund as per the scheme for sale, which allows the investment income to be used for repairs

The funds are invested by our fund managers, BlackRock, in two pooled investment funds, Charinco and Charishare, which are specifically tailored to meet the needs of the smaller charity. The following tables are included as a requirement of the new reporting arrangements contained within the Statement of Recommended Practice:

<u>Fixed Asset Investments</u>	2012	2011
Quoted Investments	Total £	Total £
Market value at 1 April 2011/2010	405,137	384,768
Additions	-	-
Disposals	-	-
Net Unrealised gains/(losses)	(11,304)	20,369
Market Value at 31 March 2012/2011	393,833	405,137
Original Cost	148,827	148,827

<u>Unrestricted Funds</u>	Balance 1 April 2011	Surplus for the year	Transfer between funds	(Losses) on reval	Balance 31 March 2012
Revenue Funds	73,494	8,324	-	-	81,818
Surplus Income	54,442	-	-	(619)	53,823
Designated Summers Bequest	38,927	-	-	(1,217)	37,710
	166,863	8,324	-	(1,836)	173,351

<u>Restricted Funds</u>	Balance 1 April 2011	Additions	Gains on revaluation	Balance 31 March 2012
Revenue Extraordinary Repair Funds	80,491	303	250	81,044

<u>Endowment Funds</u>	Balance 1 April 2011	Additions	(Losses) on revaluation	Balance 31 Mar 2012
Capital Permanent Endowment	126,308	-	(9718)	116,590
Freehold Property	3,800	-	-	3,800
Maintenance & Repair Fund	66,475	-	-	66,475
	196,583	-	(9718)	186,865

Analysis of Net Assets between Funds

	Tangible Fixed Assets	Investment s	Net Current Assets	Total
Unrestricted Funds				
Revenue Funds	-	39,000	42,818	81,818

Surplus Income	-	53,823	-	53,823
Summers Bequest	-	37,710	-	37,710
	-	130,533	42,818	173,351
Restricted Funds				
Revenue Extraordinary Repair	-	80,235	809	81,044
	-	80,235	809	81,044
Endowment Funds				
Capital Permanent Endowment	-	116,590	-	116,590
Maintenance & Repair	-	66,475	-	66,475
Freehold Property	3,800	-	-	3,800
	3,800	183,065	-	186,865
Total Funds	3,800	393,833	43,627	441,260

3. Proceeds from sales

No items were sold in this financial year.

4. Repair and Maintenance of the Guest House

In 2006, a comprehensive survey of the roof was done to enable maintenance and renewal works to be undertaken. In 2007, the planned works to the roof for Year 1 were carried out.

5. Running costs of the Guest House

Running costs consist of the cost of the utilities, cleaning costs and the insurance of the property.

6. Management and Administrative Costs

These costs relate to officers' time for the general and financial administration of the charity.

7. Trustees Remuneration

No remuneration was paid or expenses reimbursed to trustees.

8. Inventory of Contents

During 2007/08 an inventory was done and the revised valuation of the contents of the Guest House was £216,250, and based on the probable cost

of replacing the items in the normal retail market. These items remain as a note to the accounts until such time as they are sold at which time the actual proceeds are brought into the accounts. The inventory is checked regularly by the library manager and member of the advisory committee (at least once a year) and there is a photographic record of all valuable items, which is duplicated for safekeeping, and kept separately.

9. Building Valuation

The Guest House is an historic building and as such is held on the balance sheet at its original valuation. It was professionally valued by Bruton Knowles in January 1999, when the building was valued at £415,000 on the basis of Reinstatement Cost Assessment. This allows for the extra construction costs that may be incurred in reproducing the original quality of materials and workmanship. Further details about the valuation are available from the valuation report held by the Treasurer.

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF LINGFIELD GUEST HOUSE TRUST

I report on the accounts of the Trust for the year ended 31 March 2012, which are comprised of the Statement of Financial Activities, the Balance Sheet and Related Notes.

Respective responsibilities of Trustees and Examiner

As the charity's trustees you are responsible for the preparation of the accounts: you consider that the audit requirement of section 43(2) of the Charities Act 1993 (the act) does not apply. It is my responsibility to state, on the basis of procedures specified in the General Directions given by the Charity Commissioners under section 43(7) (b) of the act, whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements
 - to keep accounting records in accordance with section 41 of the act; and
 - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the Act

have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.