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The Parks Trust
MILTON KEYNES

The Parks Trust
MILTON KEYNES

THE PARKS TRUST ANNUAL REPORT AND FINANCIAL STATEMENTS 2018/19

COMPANY INFORMATION

COMPANY REGISTRATION NUMBER	2519659
CHARITY REGISTRATION NUMBER	1007183
REGISTERED OFFICE	Campbell Park Pavilion 1300 Silbury Boulevard, Milton Keynes, Buckinghamshire MK9 4AD
BANKERS	Barclays Bank Plc Ashton House, 497 Silbury Boulevard, Central Milton Keynes, Buckinghamshire MK9 2LD
	Handelsbanken 2nd Floor, Moorgate House, 201 Silbury Boulevard, Milton Keynes, Buckinghamshire MK9 1LZ
AUDITOR	KPMG LLP Altius House, One North Fourth Street Milton Keynes MK9 1NE
INVESTMENT ADVISORS	Cazenove Capital Management 12 Moorgate, London EC2R 6DA
	Sarasin & Partners Juxon House, 100 St Paul's Churchyard, London EC4M 8BU
SOLICITORS	Geoffrey Leaver Solicitors LLP Bouverie Square, 251 Upper Third Street, Central Milton Keynes, Buckinghamshire MK9 1DR
	Freeths LLP Routeco Office Park, Davy Avenue, Knowlhill, Milton Keynes, MK5 8HJ
SUBSIDIARY COMPANIES	MKPT Properties Limited 1300 Silbury Boulevard, Milton Keynes, Buckinghamshire MK9 4AD Company Registration: No. 04161258
	MKPT Events Limited 1300 Silbury Boulevard, Milton Keynes, Buckinghamshire MK9 4AD Company Registration: No. 09411695
	Whitecap Leisure Limited 1300 Silbury Boulevard, Milton Keynes, Buckinghamshire MK9 4AD Company Registration: No. 03979736

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WELCOME

Welcome to The Parks Trust Annual Report and Financial Statements. This will give you an overview of the work we do and a review of our performance during the financial year 2018/19.

The Parks Trust is an independent self-financing charity. We care for over 6,000 acres of parks, lakes, woods and landscapes in Milton Keynes.

Our mission is to create beautiful and inspirational parks, lakes and landscapes that will be loved by the people of Milton Keynes forever.

We were delighted that our latest public opinion survey showed that 98% of residents in Milton Keynes think our parks are well maintained. The continued good performance of our investments means we can keep up those high standards, and invest in new facilities and enhancements to the parks and landscapes that we look after.

It seems a long time ago we were having to contemplate development on some of our paddocks in order to generate funds to rebuild our balance sheet after the global financial crisis in 2008. Thankfully we didn't have to do that because we found other ways to achieve financial sustainability and, now that we are in a stronger position, we have the opportunity to discuss terms with Milton Keynes Council to take on the management of much of their green space and improve its standard of maintenance.

If we are able to take the Council's green space, that will be quite a challenge in itself and other serious challenges lie ahead for the Milton Keynes landscape. The dreadful disease ash dieback will almost certainly wipe out many of the ash trees in Milton Keynes over the next few years. We are also very concerned



about the way many green spaces in new housing developments are being placed in the hands of private management companies. You can read about our concerns for the new parks on page 14.

Of course, even more worrying are climate change and the loss of plants, insects and other creatures on which humanity depends for food, pollination, clean water and a stable climate. Thankfully it feels like the movement for more radical changes to stop the ecological decline might have reached critical mass.

We're playing our part with our environmental education and awareness raising programmes, green energy production from our photovoltaic investments and carbon sequestration on our land and in our trees. We're also reducing our energy consumption, stepping up our work to conserve, improve and increase habitats and species under threat (see page 16), and increasing the proportion of our investments into climate friendly funds (see page 17).

The evidence of the positive impact that green space has on improving mental and physical well-being is overwhelming and being increasingly recognised.

Recent studies show that spending just twenty minutes in green space helps to lower stress levels. So, we consider it more important than ever to encourage people to spend more time enjoying the beautiful parks and landscapes we are so lucky to have in Milton Keynes. This is another reason to care about preserving and protecting the green environment around us.

The parks are getting better and better as they mature and as our work to improve them for people for wildlife and heritage continues each year. That we have achieved so much in the last year is thanks to our volunteers, our colleagues on the Board, our contractors and other partners, and of course, our staff – our heartfelt thanks go to them all.

Richard Forman
Chairman

David Foster
Chief Executive



OUR STRATEGY

Our strategic plan is made up of three key areas which underpin our mission.



Furzton Lake,
David Bailey

MISSION

1

We create beautiful and inspirational parks, lakes and landscapes...



2

...that will be loved by the people of Milton Keynes...



3

...forever



STRATEGIC AIMS

We expertly manage 6,000 acres of parks, woods and landscapes.



As the city grows we extend our network of green spaces and seek to get all greenspace in Milton Keynes managed to a good standard.



We conserve, enhance and enrich the parks for people and wildlife.

We communicate and engage with all people to build a sense of ownership and pride.



We provide and facilitate events and activities to encourage all people to use and enjoy the parks.



We provide opportunities and encourage people to learn about and be involved in the parks and natural environment.

We pursue our vision for the future of the environment in and around Milton Keynes.



We strive to remain a robust and respected self-financing charity.



We follow a long term financial strategy and use the charity's income and property solely to fulfil our charitable objects.

A LOOK BACK AT 2018/19



WE MANAGE OUR LAND TO A HIGH STANDARD

As part of an annual programme, this winter we planted 32,000 trees and shrubs. These plants were used in areas where we were remodelling or developing the landscape (e.g. city gardens of Campbell Park), replanting shrub beds that were lost due to utility works or replacing trees, such as Horse Chestnut that are being affected by attacks from several diseases.

And we secured the nationally-recognised Green Flag award for the second year running.



WE INVEST IN NEW FEATURES AND FACILITIES THAT ENHANCE THE EXPERIENCE OF VISITING FOR PARK USERS

We installed lots of new fitness equipment around Willen Lake including an outdoor gym suitable for strength training.



WE CONTINUALLY LOOK TO IMPROVE THE WILDLIFE VALUE OF OUR LAND

We follow our own Biodiversity Action Plan and carry out surveys of woodland birds, bats and beetles to help inform our management. We were excited to rediscover both harvest mice and water voles – two nationally scarce mammals - on our land in 2019.



ENVIRONMENTAL SUSTAINABILITY IS IMPORTANT TO US

We made further steps to carry out our work in a more environmentally sustainable way – we now have five electric cars and also electric hedge trimmers.



WE ENGAGE WITH OUR LOCAL COMMUNITIES

Over 450 events and activities were held in the parks this year, many of which were community run such as 'Art in the Park' by MK Islamic Arts and African Diaspora Day by Global Outreach Foundation. We were proud to be shortlisted as Events Organiser of the Year at the National Outdoor Events Association Awards.



OUR PROPERTY PORTFOLIO AND FINANCIAL INVESTMENTS

These are main sources of income. A major new investment this year was Warren Park in Wolverton with 40 offices let to local companies.



WE WANT CHILDREN TO GROW UP IN MILTON KEYNES VALUING THE PARKS AND THEIR LOCAL ENVIRONMENT

This academic year, 187 children took part in our extra-curricular outdoor learning programmes; Junior Park Rangers, Youth Rangers and Youth Explorers. We were delighted to be recognised by the Institute of Outdoor Learning for our Youth Rangers programme.



WE SEEK TO COMMUNICATE WITH ALL PARK USERS AND RESIDENTS OF MILTON KEYNES

Our customer survey told us that just 25% of residents in Milton Keynes are aware that The Parks Trust are responsible for the parks. This year we launched two new websites to help to raise awareness of our organisation, our work and how others can get involved.

34 HECTARES
OF OUR PLANTATIONS THINNED

32,000
TREES & SHRUBS PLANTED

10 BRIDGES AND BOARDWALKS
REFURBISHED

10.5 KM
RESURFACING
WORK

A LOOK BACK AT 2018/19



HERITAGE

In July, we were awarded £3.1 million by the National Lottery Heritage Fund for a four-year project to 'Restore, Reveal and Revive' the historic Great Linford Manor Park.



VOLUNTEERS ARE ESSENTIAL TO OUR WORK

Our volunteers continue to be invaluable to us and help us to deliver in a range of areas from events and outdoor learning activities through to litter picks and wildlife surveys. This year, our 200+ volunteers completed at least 6,000 hours of work across our parkland, with over 1,600 hours spent on practical tasks.



COMMUNITY RANGERS KEEP OUR PARKS SAFE

Our fantastic team of five community rangers work tirelessly to look after our 6,000 acres of parkland across Milton Keynes. In 2018 the rangers dealt with a total of 1,557 reported incidences ranging from fly-tipping, litter, criminal damage and traveller encampments all of which saw a rise in incidences year on year. They also worked collaboratively with a number of agencies to provide help and support for people sleeping rough in our parks.

OUR VOLUNTEERS

Volunteers are a valued part of our team at The Parks Trust and they enable us to deliver more for the people and environment of Milton Keynes than we would otherwise be able to do.

We benefit from the support of over 200 people who volunteer with us. Over the last year our volunteers have completed about 6,000 hours of activity for The Parks Trust. This included:

- Over 1,600 hours on practical conservation works
- Over 1,200 hours patrolling and wardening our parks
- Almost 1,000 hours helping our events programme
- Almost 900 hours assisting our outdoor learning activities and acting as Ambassadors at the Howe Park Wood Centre
- And 180 hours of biodiversity surveying

All of this help has been essential in helping us monitor our parks and keep them safe and tidy, including our most sensitive nature reserves such as the Floodplain Forest and Linford Lakes, enabling us to put on our extensive programme of events.

During the year our volunteer scheme was recognised as the 'Best Volunteer Initiative' in the Horticulture Week Custodians Awards scheme.

In addition to our own regular volunteers, we also worked with a number of self-organised groups of volunteers. These include the Friends of Linford Lakes Nature Reserve and a new group which became established during the year – the Friends of Great Linford Manor Park. This new group of volunteers from the local community have come together to help us deliver our National Lottery Heritage funded restoration project for the park. As well as providing practical help these friends groups represent the local communities and users of the parks, providing a hugely valuable channel of communication between The Parks Trust and those who use the parks.

Last year saw an increase in the number of corporate volunteering groups who came to us from local businesses. In total over 400 hours of time were contributed, mostly on practical tasks in the parks. The number of ad hoc enquiries we have received from these groups has exceeded the number of tasks we can offer, so this is an area of volunteering support we intend to keep under review.

During the last year we updated our volunteer registration process, placing this on-line, which has helped us ensure we manage our volunteers' personal records in line with the data protection regulations. We are grateful to our many long-standing volunteers who embraced this new system.

In support of our volunteers, we provide essential items of uniform as well as training to help ensure our volunteers know how to undertake their tasks and are safe when doing so. In the past year over 180 hours of volunteer training time was delivered. We also organised a number of social and networking events, providing an opportunity for volunteers to meet other volunteers and keep in touch with staff.

In January 2019, we held our Volunteer Awards and Celebration Evening. The awards for the year 2018 went to:

- Volunteer of the Year: Heather Johnson
- Events Volunteer: Norman Parker
- Outdoor Learning Volunteers: Tony Sell & Yve Morris
- Volunteer Ranger: Bill Walford
- Newcomer of the Year: June Gaynor
- 'Good Egg': Yve Morris

We are very grateful to all our volunteers for the help and support they provide. We look forward to continuing to work together over the year to come.



OUR FINANCIAL PERFORMANCE

TOWARDS FINANCIAL SUSTAINABILITY

We are going to be looking after the parks, lakes, woods and landscapes forever and we are entirely self-financing. We have no tax raising powers and have to generate all the money we need from our investments and from our commercial activities ourselves. So it's vitally important we follow a plan to make The Parks Trust financially sustainable for the long term. To achieve this we need to keep growing our asset base each year.

The graph shows we are doing well at this, after the major setback we had around 2008. It also shows with a dotted line a projection of where we are planning to grow our asset base, so that we are able to withstand future economic downturns and crises, and continue to maintain the parks to a good standard forever.

At the current rate of growth we will reach our sustainability target around 2023, assuming we do not face a significant reduction in asset values such as that seen following the global financial crash of 2008. Of course it is unrealistic to assume there will not be other external pressures on asset values at some stage in the future and our financial planning endeavours to take this into account.

Even though our priority is to make sure we become financially sustainable for the long term, in recent years we have been able to make discretionary expenditure on items that we feel are necessary and in the best interests of The Parks Trust and Milton Keynes. This includes;

- The purchase of 180 acres of grassland at Ouse Valley in 2011
- Building Howe Park Wood study centre and café in 2014
- The purchase of the Hanson Centre and surrounding river land (now called Linford Lakes Nature Reserve) in 2015
- The purchase of Whitecap Leisure Ltd in 2013 so we could improve facilities and attractions at Willen Lake; in 2017 we spent £3m on the first phase of those improvements.

Looking forward in 2019/20 we are planning to spend a further £4m on phase two of the Willen Lake improvements programme.

Over the next three years we are committed to spend around £500k on the restoration of Great Linford Manor Park. We also hope to reach agreement with Milton Keynes Council to take on some of their green spaces and bring them up to our standard.

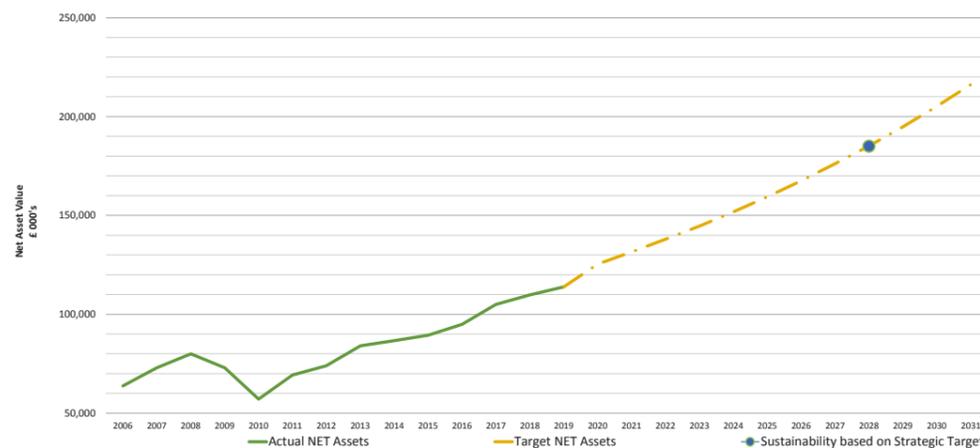
FINANCIAL PERFORMANCE IN 2018/19

In the financial year 2018/19 our net assets grew to £114m (2018: £110m) an increase of £4m. That increase was due to:

- An operating surplus for the year of £194k
- The receipt of an additional endowment of £1.809m for the new parkland we have taken on at Brooklands Meadow
- An unrealised increase in value of our commercial property portfolio during the year of £728k and realised gain of £269k.
- An unrealised increase in value of our stock market and other financial investments of £973k and a realised gain of £122k.

Our income is mainly made up of;

- Commercial property portfolio £7.575m (2018: £6.768m)
- Financial investments £1.050m (2018: £1.029m)
- Operational income £494k (2018: £395k)
- Farming income £448k (2018: £520k)



OUR FINANCIAL INVESTMENTS

Our investment funds now total £143.6m. This is made up of £102.9m in commercial property and £40.7m in managed funds.

Currently we have £102.9m (2018: £96.6m) invested directly in commercial property. The commercial property is managed by our own in-house team. We have a loan of £38m (2018: £30m) secured against some of our commercial property in order to help us achieve the growth we are targeting during this period.

Active management of our property portfolio is a key part of our investment strategy. During the year we sold the multi-let office Linford Forum, and a pub, The Suffolk Punch, and purchased an office park in Wolverton, Warren Park. Our commercial property portfolio is spread between retail, office, hotel and leisure, industrial and residential. Around 50% of our property portfolio by value is in Milton Keynes.

Our managed fund portfolio totals £40.7m (2018: £40.0m) and is invested in a mix of stock market and other financial investments which are managed for us by Cazenove Capital Management and Sarasin & Partners.

We have a written investment policy which is reviewed annually by the board. This requires our investment managers to achieve an average rolling total return of 4.5% above inflation. In 2018/19 they achieved a total return of 2.7% above inflation. But over the last three years they have achieved 5% above inflation.

Our investment policy requires our managers to meet these ethical investment requirements:

- The Parks Trust does not expect its investment advisors to make investments that are out of step with The Parks Trust guiding values or that would be contrary to the achievements of The Parks Trust objectives.
- The Parks Trust will avoid directly investing in companies that have a significant negative impact on climate change.
- The Parks Trust will invest mainly in funds where the underlying managers employed have a credible Responsible Investment Policy.
- The Parks Trust will invest a proportion of its funds into ethical funds particularly those that aim to promote solutions to climate change providing it is not to The Parks Trust's financial detriment to do so.

- The Trustees reserve the right to withhold from making investments which, in their opinion, may damage The Park Trust's reputation.

The proportion of funds invested in specific sustainability funds continues to grow each year as more suitable and attractive funds become available. We currently have £10m (26%) invested in such funds. In 2019/20 we are carrying out a review of our investment policy to take stock of whether our current arrangements are still right for us or whether we should consider making changes.

RESERVES

The Parks Trust has total reserves of £114m. The funds are made up as follows;

Restricted Fund £702k - The Campbell Park Community Facilities project will provide community facilities within Campbell Park, Milton Keynes. The Riverine Forest project is to restore and manage the floodplain of the River Ouse at Manor Farm, Old Wolverton to Floodplain Forest and associated habitats utilising gravel royalties secured from the site.

General Fund £110m - The general fund comprises the remaining surplus for the year after transfers to the designated funds; this fund is unrestricted. All income arising on the assets held in the Expendable Endowment Fund is credited directly to this fund.

Endowment Fund £3.2m - This fund includes assets donated to The Parks Trust by the Milton Keynes Development Corporation and the Commission for New Towns and English Partnerships which may be converted into income.

SUBSIDIARY - WHITECAP LEISURE LTD

2018/19 has been a good year for Whitecap Leisure Ltd. This was the first full year trading following significant investments to the site in 2017/18 including our new splash park which took 45,000 bookings over the year. Whitecap achieved a profit of £227k (2018: loss of £157k).

KEY METRICS

Total Incoming Resources
£13.233m
(2018: £12.136m)

Net Movement in Funds
£4.095m
(2018: £4.845m)

Net Assets
£113.849m
(2018: £109.754m)

Total Resources Expended
£10.986m
(2018: £10.491m)

NEW PARKS AND OPEN SPACES



Each year since The Parks Trust was formed, we have taken on new parks and open spaces as the city has continued to grow. In 2018-19 we took on Brooklands Meadows Park (above), which is an area of linear park covering nine hectares including two children's play areas. This park came to us under a 999 year lease with a one-off endowment payment which we have invested to generate the income necessary to cover the costs of maintaining the park forever.

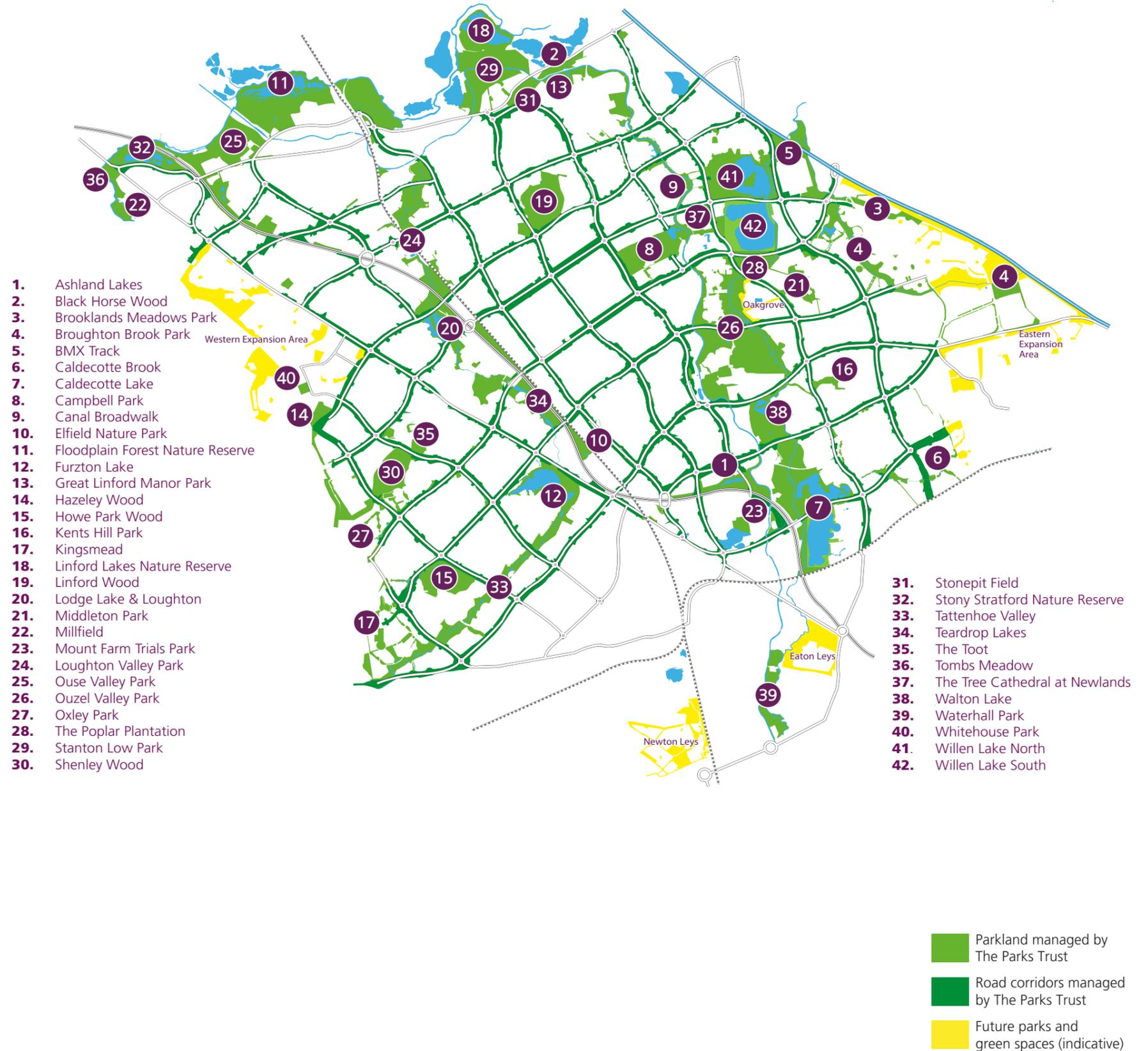
This model of The Parks Trust taking parks under long leases, together with an endowment to cover maintenance costs, has worked well for over 25 years. It has enabled us to manage all the land to a high standard, at no cost to the residents of Milton Keynes and to make it freely available to everyone.

However, this model is now under serious threat. We are concerned about how future green spaces are going to be protected and managed as the city continues to grow. Developers are increasingly utilising the option open to them of transferring parks and green spaces to private management companies. These companies operate by charging each residential property an annual maintenance charge to cover the cost of maintaining the green spaces within the estate. The advantage for the developer is that they don't have to fund an endowment to pay for the future maintenance of the green space, but the disadvantages for residents and for Milton Keynes more widely are;

- Residents have to pay an annual service charge forever more
- Maintenance standards delivered by management companies may be inconsistent
- The ownership of the green space network across the city's new areas will be fragmented
- Local residents may treat the public green space they are paying for annually as private space for them rather than the wider community generally

The potential scale of growth of the city is considerable – its position in the centre of the Oxford - Cambridge Growth Arc may result in plans for it to double in population size over the next 30 years. There is a great opportunity to expand our current network of 6,000 acres of high-quality green spaces. It could be part of a green space network that ultimately stretches from Oxford to Cambridge!

We want to ensure that the new areas have just as good a provision as in the areas planned and built in the first phase of the city's development. We want the green space to be seamless, freely accessible to everyone, maintained to the same high standard and protected forever. We just don't think that will be possible if large parts of it are in the hands of unregulated private management companies.



OUR PLANS FOR 2019/20

BEAUTIFUL AND INSPIRATIONAL PARKS, LAKES AND LANDSCAPES

Maintaining the parks, lakes and woodlands

- We will continue to care for, and maintain our parks and green spaces to high standards for the use and enjoyment of all. We are looking to secure Green Flag status for all of our parks. As we do each year, tree thinning will continue so as to provide good spacing between trees. 2019/20 will be the first year we start to deal with ash dieback disease, and we have set funds aside to start removing infected trees in areas where they are likely to pose a serious safety risk.

Extending the park network

- We will work closely with Milton Keynes Council's planning team to help ensure new parks are well designed, their stewardship properly provided for and that they are built and transferred to The Parks Trust in an efficient and timely manner
- We will campaign to stop more public open space being transferred to private management companies
- We will work with Milton Keynes Council and with developers on the emerging longer term plans for the extension of the green space network beyond the city's existing boundaries and contribute to the thinking behind the Oxford – Cambridge Arc. We want to see this include bold and ambitious plans for green infrastructure and biodiversity enhancements

Enhancing the parks for people and wildlife

- We will seek planning permission for a new pavilion at Willen Lake that will house changing and showers for watersports, booking office, restaurant, café and public toilets. Once built we will demolish most of the existing buildings on the promontory. We'll also extend the play area, and provide more space for picnicking and for groups to get together

- At Furzton Lake we hope the developer of the adventure golf and café will commence the building of their exciting new facility
- During this year we will take back in hand the restored gravel workings on our land in the Ouse Valley Park at New Bradwell and Wolverton. This will enable us to complete the final phase of works for the Floodplain Forest Nature Reserve and commence management of the new lake and grassland habitats, which will provide an area of enhanced biodiversity habitat amounting to 28 hectares
- We will take ownership of the Oxley Mead SSSI (subject to transfer from developer). This nationally important meadow habitat site will be protected by The Parks Trust in perpetuity
- We will expand our wildlife monitoring and recording work by commencing new schemes involving volunteers to monitor selected grassland areas for their suitability for pollinators, such as bumblebees, hedgehog populations and aquatic invertebrates

OUR WORK WITH THE PEOPLE OF MILTON KEYNES

Communicating and engaging with all people to build a sense of ownership and pride

- We will continue programmes such as our Community Ambassadors Scheme and encourage wide use of the parks amongst all communities
- We would like all residents in Milton Keynes to be aware of their parks, The Parks Trust and all that we have to offer. We will update our marketing strategy and continue to look at new ways to convey our messages and broaden our reach
- We will continue to survey residents every other year to find out about their awareness levels and use of the parks and The Parks Trust as well as carrying our regular customer surveys across the Trust to measure customer satisfaction

Providing and facilitating events and activities

- We will continue to run a diverse mix of events in the parks that provide entertainment for all ages and use these as a way to deliver our messages
- We will continue to licence a host of activities in the parks and support third parties to deliver their events

Providing opportunities for people to learn about the parks and their natural environment

- We want the parks to be loved by the people of Milton Keynes forever, and so educating people about their local green spaces is important to us. We are developing a new strategy for our Outdoor Learning work, and will engage with young people through to adults with our education programmes
- We will develop an interpretation strategy for The Parks Trust that helps to bring to life the amazing features of our parks and facilities, and tells a story to park visitors
- We will continue to work with, and support, our 200+ volunteers to help us with patrolling our parks, delivering practical conservation works and supporting our events and outdoor learning programmes
- We will continue to update our volunteer data management processes and systems to ensure we hold accurate and up-to-date records. This will help us to improve our responsiveness to volunteers' needs and interests, and our understanding of their contribution to The Parks Trust's work
- We will seek to obtain the 'Investors in Volunteers' accreditation standard for our volunteer scheme
- We will review the range of opportunities we offer to corporate volunteer groups to ensure this offers a managed programme of activities at a sustainable level

INVESTING FOR THE LONG-TERM

Our people

- This will be the second year of our new style apprenticeship scheme for those wanting to become landscape and forestry operatives. We will also develop a specific training and development programme for all the line managers in The Parks Trust
- We will review our current reward practices and pay and benefits. From this we hope to develop a set of coherent and consistent guiding principles for our future reward strategy which will be discussed initially with the new Governance and HR Committee
- We will ensure good governance practices continue, including following appropriate succession arrangements as three of our long standing trustees will be retiring at the end of 2019

Our property portfolio

- We will continue to invest in our commercial property estate. This will include a major project to extend, insulate and refurbish our industrial units at Kiln Farm
- We will open our new 111 berth Campbell Wharf Marina and look forward to nurturing this new line of business for The Parks Trust

Our long term financial strategy

- We will continue to prioritise building our asset base so that we become more financially sustainable, but at the same time we will make funds available to improve and enhance our parks
- We will review our investment policy. This will include considering how we could invest a higher proportion of our investments into climate friendly funds without significantly increasing our risk



Art in the Park



Great Linford Manor Park

STRUCTURE, GOVERNANCE AND MANAGEMENT

TRUSTEES

From time to time, we seek new Trustees to replace those whose period of office is up. We advertised externally and stated that we were looking for people with particular skills to fill gaps we had identified. In the initial stage, each applicant was interviewed by our Chief Executive. A shortlist was then drawn up and these candidates were interviewed by a panel of existing Trustees, who made recommendations to the board. We are delighted to welcome; Nick Lloyd, Ian Jackson, Jennifer Marklew and Dan Gilbert.

New Trustees go through an induction process which includes explanation of the regulatory framework within which The Parks Trust operates, the legal and fiduciary duties of charity trustees and company directors, as well as risk management and mitigation. All Trustees are provided with training opportunities, Charity Commission briefings and other information about good charity governance.

THE PARKS TRUST MANAGEMENT TEAM

Chief Executive	David Foster
Landscape and Operations Director	Rob Riekie
Finance Director	Gavin Gager
Head of Property	Ben Allott
Head of Environment & Volunteering	Phil Bowsher
Head of Marketing, Events & Community Engagement	Hannah Bodley
General Manager, Willen Lake	Rob Wood

KEY PERSONNEL - REMUNERATION

The Chief Executive's remuneration is determined by the Board on the recommendation of a small sub-committee, made up by the Chair and Vice-Chair of the Board, and the Chair of the Operations Committee. They also carry out the annual performance review of the Chief Executive.

In 2018 a new sub-Committee of the Board was established, the Governance and HR Committee and this has oversight of The Parks Trust rewards and benefits arrangements. Periodically an independent consultant is commissioned to benchmark the remuneration of the senior management team.

All the Trustees are directors of Milton Keynes Parks Trust Limited. The Trustees who served during the 2018/19 financial year are:

- Alex Chapman
- Sam Crooks (nominated by Milton Keynes Council)
- Peter Geary until July 2018 (nominated by Milton Keynes Council)
- Norman Miles until July 2018 (nominated by Milton Keynes Council)
- John Eaton
- Richard Forman (Chair of The Parks Trust and Chair of Executive Committee)
- Andrew Lawes (Chair of Audit Committee)
- James MacMillan
- Jean Nicholas (nominated by the Association of Urban Parish Councils)
- Richard Pearce
- Zoe Raven (Vice Chair)
- Gamiel Yafai
- Junita Fernandez
- Ian Russell (Chair of Operations Committee)
- Clare Stacey
- Phil Wheeler
- Dan Gilbert from July 2018 (nominated by Milton Keynes Council)
- Jennifer Marklew from July 2018 (nominated by Milton Keynes Council)
- Ian Jackson from November 2018
- Nick Lloyd from November 2018

COMPANY STRUCTURE

Milton Keynes Parks Trust operates on a day to day basis as The Parks Trust. It is a company limited by guarantee, governed by its articles of association and administered by a Board of Trustees. The Board sets and monitors the strategic direction of the company and ensures that our strategy is aligned with our values and missions. The Board is responsible for ensuring The Parks Trust is properly managed, complying with all relevant law, and has the highest standards of corporate governance.

THE COMPANY HAS THREE WHOLLY OWNED SUBSIDIARY COMPANIES:

- **MKPT Properties Limited - which is used from time to time to undertake property development projects**
- **Whitecap Leisure Limited – a subsidiary to manage the day to day leisure trade at Willen Lake**
- **MKPT Events Limited – which was the vehicle used to manage the Rugby World Cup 2015 Festival and Fanzone**

The Parks Trust has formal funding agreements with these subsidiaries and appoints the directors who are listed in the notes to the group accounts.

THE BOARD OF THE PARKS TRUST HAS FOUR SUB-COMMITTEES AND RECEIVES REGULAR REPORTS FROM EACH OF THEM:

- The Executive Committee guides the Chief Executive on the implementation of the strategies, policies and business management set by the Board. It is also responsible and accountable to the Board for The Parks Trust's investment strategy, including the strategy for The Parks Trust's commercial property portfolio
- The Operations Committee takes an overview of The Parks Trust's green estate and ensures it is well managed, promoted, animated and interpreted. It also considers proposals for The Parks Trust to take on additional green spaces
- The Audit Committee oversees financial regulations, financial systems, internal controls, policies and procedures and ensures that they are sound. It meets the auditors annually and actions any recommendations, monitors the risk register and the management/mitigation of risk including The Parks Trust's procedures for detecting fraud. It also ensures The Parks Trust's insurance cover is appropriate and scrutinises expenditure and the detailed financial management of projects
- The Governance and HR Committee was set up in 2018 to ensure The Parks Trust has the right processes, people and structures in place to give good governance; to support the



STRUCTURE, GOVERNANCE AND MANAGEMENT

CONTINUED

Chief Executive on matters to do with Human Resources including staff terms and conditions, implications from the annual staff survey, training and development plans, staff structure, recruitment and HR policies; to agree the appraisal process for the Management Team, review the output from it and make recommendations on the remuneration, terms and conditions; and succession plans for the Management Team.

PUBLIC BENEFIT

The Trustees have had due regard to public benefit guidance published by the Charity Commission. We consider all the work undertaken by The Parks Trust is for the benefit of the public. For example:

- Nearly all of the 6,000 acres of green space The Parks Trust owns in Milton Keynes is available for the public to use freely, every day of the year
- The benefits of parks to society, the economy, health and well-being and to the local and global environment are well known and widely accepted
- The outdoor learning and the events programmes organised by The Parks Trust help people further understand and appreciate the green environment within the new city
- Our volunteers programme enables local people to become actively engaged in their environment

The management of The Parks Trust's investments is undertaken solely for the purpose of providing income and long-term financial security so that The Parks Trust is able to carry out its charitable objects in perpetuity.

PRINCIPAL RISKS AND UNCERTAINTIES

The Parks Trust has a risk policy which describes our attitude to risk and provides context for our risk management process. The Audit Committee has specific responsibility for monitoring the risk registers. There are separate ones for The Parks Trust's farming enterprise and for Whitecap Leisure Limited. The Trustees are satisfied that appropriate protection, systems and checks remain in place in order to mitigate exposure to major risks.

The Parks Trust maintains sufficient cash balances to minimise any risk to liquidity. Cash flow forecasts are

monitored by the Chief Executive monthly and by the Executive Committee quarterly. The exposure to risk from our borrowings is mitigated by having interest rate swaps in place and by regularly monitoring our position with the loan covenants.

The highest scoring risks in the risk register (i.e. those that would have the most detrimental impact on The Parks Trust) are around sustainable funding. We mitigate the risk that the income from our investments may fall short of our targets by having a long-term financial strategy that is regularly reviewed, as well as annual and three-year budget plans. We have an investment policy that requires us to maintain a diversified portfolio and regularly review the performance of investments against the financial strategy.

OTHER HIGH SCORING RISKS ARE:

- A shortage of skilled contractors available to undertake our landscape management work. We mitigate this by nurturing our existing contractors, keeping a broad contractor base, recruiting new contractors when possible and continuing to invest in our own Direct Works team, including apprentices
- Retaining and recruiting high calibre staff and Trustees. We mitigate this by keeping a good reputation and making sure The Parks Trust is a good and rewarding place to work by following good HR policies and succession planning. We recently established an HR Advisory Group led by the Deputy Chair to give this important area more focus and scrutiny



STATEMENT OF TRUSTEES' RESPONSIBILITIES



Herons at Lodge Lake,
Craig Lyman

INVESTMENTS

The investments of The Parks Trust are set out in note 12 of the financial statements. The endowment funds are primarily held in the form of commercial property and equity investments. To protect The Parks Trust's long-term interests, plans for investment diversification are assessed regularly. An independent desktop valuation of the investment properties was carried out in March 2019 by Colliers International Valuation LLP. The land and properties were valued at £102,917,000 (2018: £96,618,000). The basis of the valuation adopted was open market value subject to existing tenancies.

The Parks Trust's equity investment portfolio is managed by Cazenove Capital Management and Sarasin & Partners LLP who are authorised persons within the meaning of the Financial Services and Markets Act 2000. The mix of asset classes within the portfolio has been structured to target a return in the long-term, which is forecast to deliver a performance above expected inflation rates.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Assess the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so

Bug hunting at Floodplain Forest



The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group, prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE TRUSTEES CONFIRM THAT:

- As far as each of the Trustees is aware, there is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information

The financial statements on pages 26 to 47 were approved by the Board of Directors on 16th July 2019 and signed on its behalf by Richard Forman.

In approving the Report of the Trustees, the Trustees are also approving the Strategic Report in their capacity as Trustees of the Charitable company, from pages 4 to 23.

On behalf of the Board
Richard Forman, Chairman of the Board

FINANCIAL STATEMENTS AND SUPPORTING NOTES



Sheep in Campbell Park

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER'S OF MILTON KEYNES PARK TRUST LIMITED

OPINION

We have audited the financial statements of Milton Keynes Parks Trust Limited ("the charitable company") for the year ended 31 March 2019 which comprise the consolidated and charitable company balance sheets, the consolidated statement of financial activities, the consolidated cash flow statement and related notes, including the accounting policies on pages 28 -29.

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- Have been prepared in accordance with the requirements of the Companies Act 2006

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

THE IMPACT OF UNCERTAINTIES DUE TO THE UK EXITING THE EUROPEAN UNION ON OUR AUDIT

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Trustees and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments

of the future economic environment and The Parks Trust's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing The Parks Trust's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

OTHER INFORMATION

The Trustees are responsible for the other information, which comprises Trustees' Report, and Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the other information;
- In our opinion the information given in the Trustees' Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- The charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- The charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

TRUSTEES' RESPONSIBILITIES

As explained more fully in their statement set out on page 22, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from

material misstatement, whether due to fraud or error; assessing the group's and the charitable company'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 they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and its members

as a body, for our audit work, for this report, or for the opinions we have formed.

B. J. Stapleton

**Benjamin Stapleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants**
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

17th July 2019



PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The consolidated financial statements of Milton Keynes Parks Trust Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 and the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' (SORP 2015). The Milton Keynes Park Trust Limited is a public benefit charity.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Milton Keynes Parks Trust and its subsidiaries MKPT Properties Limited, Whitecap Leisure Limited and MKPT Events Limited. The results of Whitecap Leisure Limited have been incorporated on a line-by-line basis. The subsidiaries MKPT Properties and MKPT Events were dormant in the financial year.

INVESTMENT INCOME

Interest and investment income is accounted for on a receivable basis.

RENTAL INCOME

Rent and service charges (net of VAT) are accounted for on a straight line receivable basis. The assets for which rent is received are included in investment properties in fixed assets. The rent is included as investment income as the properties are let on a commercial basis.

INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Income from charitable activities is accounted for on a receivable basis and includes income from licenses, education, events and other activities carried out to further the charitable activities of The Parks Trust.

FUND ACCOUNTING

Unrestricted funds are funds available for use at the discretion of the Trustees in furtherance of the objectives of the charitable company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes.

Expendable Endowment Funds represent assets that are

utilised to generate income for the furtherance of the charitable company's objectives.

RESOURCES EXPENDED

Charitable activities include the maintenance of the parks and parkways and the incidental costs of other activities. Governance costs are those costs incurred with the administration of The Parks Trust and compliance with constitutional and statutory requirements. Expenditure that can be recognised as wholly attributable to governance costs, for example the audit fee and Trustee expenses are directly allocated.

All other costs, including staffing costs, are apportioned on the basis of an estimate of the time spent by each member of staff on governance related issues.

Cost of generating funds includes costs of managing investments for both income generation and capital maintenance.

Support costs include the administrative functions and have been allocated to activity cost categories on a basis consistent with the use of resources. Indirect costs are allocated based on an estimate of the time spent by each member of staff.

OPERATING LEASES

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

FIXED ASSETS AND DEPRECIATION

The Parks Trust's capitalisation policy is to capitalise all assets costing £2,000 or more. These assets are recorded at cost.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets excluding land by equal instalments over their estimated economic lives as follows:

Fixed asset	% per annum
Freehold building	2
Improvements to buildings	2 to 20
Fixtures and fittings	20
Plant and equipment	20
Office equipment	20
Motor vehicles	20

GREEN ESTATE

The green estate is held for charitable purposes and occupied under a 999 year lease from 31 March 1992. In most cases the freehold is held by Milton Keynes Council and there is a presumption against disposal or development for commercial purposes.

REFURBISHMENT OF PROPERTIES

Any expenditure on the refurbishment of the existing portfolio of investment properties which, in the opinion of the Trustees, is made to maintain present standards is expensed in the year. Any expenditure on additional land or property is capitalised and included as an addition to fixed asset investments.

FIXED ASSETS INVESTMENTS

Investment properties are shown at their open market value except where under development. The surplus or deficit arising from the annual revaluation is credited or debited to the Expendable Endowment Fund.

Other investments have been included in the financial statements at selling price on the open market and movements are shown in the statement of financial activities.

Investments in subsidiary undertakings are valued at cost less any impairment.

STOCKS

Stocks are valued at the lower of cost and net realisable value. In the case of livestock, cost is based on all direct expenditure (where known) or on the deemed cost basis as provided for in guidance issued by HM Revenue & Customs (Business Economic Note 19). Net realisable value is the price at which the stock can be realised in the normal course of business.

PENSION COSTS

Retirement benefits for The Parks Trust's employees, where provided, are funded by contributions from The Parks Trust. Payments are made to an insurance company which manages The Parks Trust's group personal pension plan and the contributions are charged in the year in which they become due. The scheme is a defined contribution scheme.

TAXATION

No provision for corporation tax has been made as The Parks Trust, as a registered charity, is exempt from corporation tax on its Charitable activities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

GOODWILL

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in the other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. The goodwill will be written off the useful economic life of ten years.

FINANCIAL INSTRUMENTS

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in income and expenditure. The relating asset or liability is included within debtors or creditors. The Charity does not apply hedge accounting in respect of the interest rate swap.

SIGNIFICANT JUDGEMENTS

An annual review of the carrying value of commercial property is completed with the support of third parties. An independent desktop valuation of the investment properties was carried out in March 2019 by Colliers International Valuation UK LLP.

EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of the use of the exemptions to the Company's shareholders.

The Company has taken advantage of the following exemptions:

- Preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING INCOME & EXPENDITURE ACCOUNT)

For the year ended 31 March 2019

	Note	Unrestricted funds £000	Restricted funds £000	Expendable endowment funds £000	2019 Total funds £000	2018 Total funds £000
INCOMING RESOURCES						
Incoming resources from generated funds						
Investment income	2	10,094	-	-	10,094	8,814
Incoming resources from charitable activities						
Endowments	3	-	-	1,809	1,809	1,326
Other charitable Income	3	1,116	-	-	1,116	1,278
Other Income	4	214	-	-	214	718
Total incoming resources from ongoing operations		11,424	-	1,809	13,233	12,136
RESOURCES EXPENDED						
Costs of generating funds						
Investment management costs	5	(3,008)	-	-	(3,008)	(2,842)
Charitable activities						
Management & maintenance of parks	5	(7,640)	(26)	-	(7,666)	(7,345)
Governance costs	5	(312)	-	-	(312)	(304)
Total resources expended		(10,960)	(26)	-	(10,986)	(10,491)
NET INCOMING/(OUTGOING) RESOURCES FROM CONTINUING OPERATIONS		464	(26)	1,809	2,247	1,645
Realised gains - Property		-	-	269	269	-
Realised gains - Investments		-	-	122	122	93
Total		464	(26)	2,200	2,638	1,738
Other recognised gains and losses						
Revaluation of property	12	-	-	728	728	2,180
Unrealised gains/(losses) on Investments	12	-	-	973	973	(134)
SWAP - Fair Value		(244)	-	-	(244)	1,061
Net movement in funds	6	220	(26)	3,901	4,095	4,845
TOTAL FUNDS BROUGHT FORWARD		2,994	728	106,032	109,754	104,909
TOTAL FUNDS CARRIED FORWARD		3,214	702	109,933	113,849	109,754

All gains and losses recognised in the current and prior year are included in the Consolidated Statement of Financial Activities. There is no material difference between the net outgoing resources above and the historical cost equivalent. All incoming resources and resources expended derive from continuing activities. The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	10	1,330	1,643
Tangible assets	11	2,266	2,354
Investments	12	143,611	136,640
Total fixed assets		147,207	140,637
Current assets			
Stocks	13	591	573
Debtors	14	2,025	1,191
Cash at bank and in hand		6,625	2,940
Total current assets		9,241	4,704
Creditors: amounts falling due within one year	15	(11,831)	(5,063)
Net current (liabilities)		(2,590)	(359)
Total assets less current liabilities		144,617	140,278
Long Term Loan	16	(30,768)	(30,524)
Net assets		113,849	109,754
Accumulated funds			
Restricted funds	21	702	728
Expendable endowment fund	23	109,933	106,032
Unrestricted funds	22	3,214	2,994
Total funds	24	113,849	109,754

These financial statements were approved by the Trustees and authorised for issue on 16th July 2019 and are signed on their behalf by:



Richard Forman
Chairman of the Board

Company number 2519659

The accompanying notes form part of these financial statements.

CHARITABLE COMPANY BALANCE SHEET

As at 31 March 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	11	1,624	1,680
Investments	12	147,002	140,031
Total fixed assets		148,626	141,711
Current assets			
Stocks	13	585	567
Debtors	14	2,411	1,815
Cash at bank and in hand		6,320	2,700
Total current assets		9,316	5,082
Creditors: amounts falling due within one year	15	(11,589)	(4,938)
Net current (liabilities)/assets		(2,273)	144
Total assets less current liabilities		146,353	141,855
Long term loan	16	(30,768)	(30,524)
Net assets		115,585	111,331
Accumulated funds			
Restricted funds	21	702	728
Expendable endowment fund	23	110,069	106,168
Unrestricted funds	22	4,814	4,435
Total funds	24	115,585	111,331

These financial statements were approved by the Trustees and authorised for issue on 16th July 2019 and are signed on their behalf by:



Richard Forman
Chairman of the Board

Company number 2519659

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2019 £000	2018 £000
Net cash inflow from operating activities	18	2,031	3,450
Cash flow from investing activities			
Interest received		35	13
Payments to acquire tangible fixed assets		(192)	(482)
Acquisition of fixed asset investments		(15,091)	(19,504)
Disposal of fixed asset investments and other land		10,212	12,931
Net Cash flow from investing activities		(5,036)	(7,042)
Cash flow from financing activities			
Interest paid		(1,246)	(1,298)
Loan finance costs		(64)	(64)
(Decrease)/increase in bank loans		8,000	-
Net Cash flow from financing activities		6,690	(1,362)
Increase/(Decrease) in cash in the year		3,685	(4,954)
Net change in cash and cash equivalents		3,685	(4,954)
Cash and cash equivalents at start of the year		2,940	7,894
Cash and cash equivalents at end of the year		6,625	2,940

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 LEGAL STATUS

Milton Keynes Parks Trust Limited is a company limited by guarantee without share capital. The liability of each member is limited to contributing £1 to the assets of The Parks Trust in the event of it being wound up while a member, or within one year after ceasing to be a member. At 31 March 2019 the number of members was 18 (2018: 17)

2 INCOMING RESOURCES FROM GENERATED ACTIVITIES

	2019	2018
	£000	£000
Rental Income from Commercial Property	7,575	6,768
Bank Interest	35	13
Investment Income	1,050	1,029
Whitecap Leisure Limited	1,434	1,004
Total income	10,094	8,814

3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2019	2018
	£000	£000
Sales of goods and services	494	395
Farming income	448	520
Grants	174	363
Endowments	1,809	1,326
Total income	2,925	2,604

4 OTHER INCOMING RESOURCES

	2019	2018
	£000	£000
Other income	214	718
Total incoming resources from other sources	214	718

5 RESOURCES EXPENDED ON CONTINUING OPERATIONS

	Direct maintenance costs	Investment expenses	Audit fees	Direct costs	Apportioned costs	2019 Total	2018 Total
	£000	£000	£000	£000	£000	£000	£000
Investment Management	-	2,627	-	161	220	3,008	2,842
Management & maintenance of leisure facilities, parks & parkways	5,697	-	-	1,919	50	7,666	7,345
Governance costs	-	-	34	215	63	312	304
Total resources expended	5,697	2,627	34	2,295	333	10,986	10,491

Direct costs are attributed to the appropriate category. All other costs including indirect staff costs are allocated on the estimated time spent:

	Management & maintenance of parks & parkways	Investment management	Governance
Chief Executive	40%	10%	50%
Finance Director	20%	60%	20%
Property Director	10%	75%	15%
Finance Team	80%	10%	10%
Head of Marketing, Events and Community Engagement	85%	0%	15%
Operational and Community Team	95%	0%	5%

6 NET MOVEMENT IN FUNDS

Net movement in funds for the group is stated after charging/(crediting)	2019	2018
	£000	£000
Auditors' fees		
- Audit - The Parks Trust	21	21
- Audit - Subsidiary Companies	10	10
- Non-audit services: Taxation	-	-
- Non-audit services: Other	4	-
Depreciation of owned tangible fixed assets	280	279
Amortisation of Intangibles	313	313
Amounts payable on operating leases	-	3
Interest Payable on Bank Loan	1,246	1,298
Loan Management	64	64
Revaluation of derivative	244	(1,061)

NOTES TO THE FINANCIAL STATEMENTS

7 FINANCIAL STATEMENTS OF TRADING SUBSIDIARIES

The Charity has three wholly owned subsidiary undertakings, MKPT Properties Limited, incorporated in the UK, Whitecap Leisure Limited, incorporated in the UK and MKPT Events Limited, incorporated in the UK.

8 EXCESS OF INCOME OVER EXPENDITURE

In accordance with section 408 of the Companies Act 2006, the Charity has not included its own income and expenditure accounts in these financial statements. The income for the Charity (Note 21 & 22) for the year was £11,799,000 (2018: £11,007,000) and expenditure of £9,637,000 (2018: £8,114,000) resulting in the excess of income over expenditure for the year of £2,162,000 (2018: surplus £2,893,000) which is dealt with in the financial statements of the charity.

9 WAGES AND SALARIES

None of the Trustees held a contract of employment with The Parks Trust during the year (2018: none). Under the Memorandum of Association, the Trustees are not entitled to receive any remuneration from The Parks Trust. There were no reimbursements to Trustees for expenses incurred on behalf of The Parks Trust.

The average number of persons employed by The Parks Trust during the year, analysed by category, are as follows:

	Number of employees	
	2019	2018
Administration staff	11	11
Operations and communications staff	35	27
Parks Management and Rangers	22	20
Total number of employees	68	58

9 WAGES AND SALARIES (CONTINUED)

The aggregate payroll costs of these persons are as follows:

	2019	2018
	£000	£000
Wages and salaries	1,993	1,859
Social security costs	174	170
Other pension costs	128	135
Aggregate payroll costs	2,295	2,164

The pension costs are wholly allocated to unrestricted funds. Retirement benefits, where provided, are funded by contributions from The Parks Trust. Payments are made to an insurance company which manages The Parks Trust's group personal pension plan. The contributions are charged in the year in which they become due. The scheme is a defined contribution scheme.

The number of employees whose emoluments exceeded £60,000 for the year are as follows:

	2019	2018
£60,001 - £70,000	1	2
£70,001 - £80,000	2	0
£80,001 - £90,000	2	2
£90,001 - £100,000	0	0
£100,001 - £120,000	1	1

The Parks Trust pension contribution for its highest paid employee was £11,215 (2018: £10,886).

Key Management Compensation

The compensation paid to key management for employee services is shown below:

	2019	2018
	£000	£000
Salaries and other short-term benefits	549	471

10 INTANGIBLE ASSETS

	Goodwill
GROUP	£000
Cost	
At 1 April 2018 and 31 March 2019	3,130
Amortisation	
At 1 April 2018	1,487
Charge for year	313
At 31 March 2019	1,800
Net book value	
At 31 March 2019	1,330
At 31 March 2018	1,643

Goodwill relates exclusively to the acquisition of Whitecap Leisure Limited. Goodwill is being written off over the useful economic life of 10 years.

11 TANGIBLE ASSETS

	Freehold land & buildings	Fixtures & fittings	Plant & equipment	Office equipment	Motor vehicles	Total
GROUP	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2018	2,502	97	881	336	512	4,328
Additions	18	5	85	38	46	192
At 31 March 2019	2,520	102	966	374	558	4,520
Depreciation						
At 1 April 2018	639	90	643	230	372	1,974
Charge for year	85	6	90	31	68	280
At 31 March 2019	724	96	733	261	440	2,254
Net book value						
At 31 March 2019	1,796	6	233	113	118	2,266
At 31 March 2018	1,863	7	238	106	140	2,354



NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE ASSETS (CONTINUED)

	Freehold land & buildings	Fixtures & fittings	Plant & equipment	Office equipment	Motor vehicles	Total
CHARITY	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2018	1,867	81	613	309	504	3,374
Additions	10	-	42	35	46	133
At 31 March 2019	1,877	81	655	344	550	3,507
Depreciation						
At 1 April 2018	513	81	519	213	368	1,694
Charge for year	56	-	41	25	67	189
At 31 March 2019	569	81	560	238	435	1,883
Net book value						
At 31 March 2019	1,308	-	95	106	115	1,624
At 31 March 2018	1,354	-	94	96	136	1,680

The freehold land and buildings comprises Trust occupied property.

The land, building and fittings at Campbell Park were given to The Parks Trust to provide office accommodation. The Parks Trust made a contribution of £139,399 for this facility. The assets were independently valued by Douglas Duff, Chartered Surveyors, as at 31 March 1996 at £850,000, assuming existing use values in accordance with RICS practice. This valuation was treated as cost.

All fixed assets above are held for the direct charitable purposes of The Parks Trust.

12 INVESTMENTS

An independent Red Book valuation of the investment properties was carried out in March 2017 by Colliers International Valuation UK LLP. At 31 March 2019, with the residual properties valued internally, an independent desktop valuation of the majority of investment properties was carried out by Colliers International Valuation LLP. The value of the land and properties was £102,917,000 (2018: £96,618,000). The basis of the valuation adopted was open market value subject to existing tenancies.

	Group		Charity	
	2019	2018	2019	2018
Property	£000	£000	£000	£000
Opening value as at 1 April	96,618	88,310	96,618	88,310
Additions	10,571	6,128	10,571	6,128
Disposals	(5,000)	-	(5,000)	-
Revaluation at year end	728	2,180	728	2,180
Closing value as at 31 March	102,917	96,618	102,917	96,618

OTHER INVESTMENTS

	Group		Charity	
Managed funds	2019	2018	2019	2018
Opening value as at 1 April	40,022	39,618	40,022	39,618
Additions	4,520	13,376	4,520	13,376
Disposals	(4,821)	(12,838)	(4,821)	(12,838)
Revaluation at year end	973	(134)	973	(134)
Closing value as at 31 March	40,694	40,022	40,694	40,022
Group investments	143,611	136,640	143,611	136,640

CHARITABLE COMPANY - SHARES IN GROUP UNDERTAKINGS

Opening cost as at 1 April	-	-	3,391	3,391
Closing cost as at 31 March	-	-	3,391	3,391
Total investments	143,611	136,640	147,002	140,031



NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENTS (CONTINUED)

The original cost of property and other investments held at 31 March 2019, are as follows:

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Property	78,244	69,831	78,244	69,831
Unit trust and managed funds	34,716	33,558	34,716	33,558
Total	112,960	103,389	112,960	103,389

Management have assessed the carrying value of the investments and believe it to be appropriate.

A material investment in the property portfolio is deemed to be of material value if the investment is 5% or greater of the portfolio value of £143,611,000 (2018: £136,640,000).

	2019	2018
	£000	£000
Commercial Property – Camping & Caravan Club – Coventry	8,170	8,170
Commercial Property – Travelodge Hotel – Winnersh	7,650	7,500
Commercial Property – Travelodge Hotel – Oxford	7,900	7,500
Commercial Property – Warren Park	7,969	-
Total	31,689	23,170

13 STOCK

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Cattle	527	510	527	510
Sheep	58	57	58	57
Whitecap Leisure - Retail Stock	6	6	-	-
Total	591	573	585	567

The value of stock recognised in expenditure during the year was £199,000 (2018: £317,000). No provision for impairment has been recognised against stock.

14 DEBTORS

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Amounts due from subsidiary undertakings	-	-	671	764
Other debtors	1,437	663	1,290	590
Prepayments and accrued income	588	528	450	461
Total	2,025	1,191	2,411	1,815

Charity: Amounts owed from group undertakings are unsecured, repayable on demand, and incur interest of 4% per annum.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	498	299	444	249
Taxation and social security	453	45	419	44
Other creditors	670	799	644	777
Accruals	342	340	290	328
Deferred income (see note 17)	1,868	3,580	1,792	3,540
Loan - Revolving credit facility	8,000	-	8,000	-
Total	11,831	5,063	11,589	4,938



NOTES TO THE FINANCIAL STATEMENTS

16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group and Charity	
	2019	2018
	£000	£000
THE AMOUNT FALLING DUE WITHIN 2-5 YEARS		
Loan	30,000	30,000
Fair Value of Derivatives	768	524
Total	30,768	30,524

The loan is secured over a selection of the investment properties valued at £76,205,000 (2018: £81,598,000). The loan is repayable in two tranches on or before 21 December 2021 on a principal of £20,000,000 and on or before 21 December 2026 on a principal of £10,000,000. To protect itself against the risk of rising interest rates on its committed borrowing facility The Parks Trust has entered into derivative contracts for £30,000,000 of the facility. The rate has been fixed on two arrangements: £20,000,000 on a fixed rate of 3.39% until 2021 and £10,000,000 on a fixed rate of 3.99% until 2026.

17 DEFERRED INCOME

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
At 1 April 2018	3,580	2,711	3,540	2,679
Amounts released to incoming resources	(3,580)	(2,711)	(3,540)	(2,679)
Amounts deferred in the year	1,868	3,580	1,792	3,540
At 31 March 2019	1,868	3,580	1,792	3,540

The deferred income of £1,868,000 (2018: £3,580,000) relates to income received in advance for the quarter April to June 2019 and endowments received.

18 RECONCILIATION OF NET INCOMING RESOURCES TO CASH INFLOW FROM OPERATING ACTIVITIES

	2019	2018
	£000	£000
Net incoming resources before other gains and losses	2,247	1,645
Interest Received	(35)	(13)
Interest Paid	1,246	1,298
Annual Loan Arrangement Fee	64	64
Amortisation of Goodwill	313	313
Depreciation	280	279
(Increase) in stock	(18)	(123)
Increase/(Decrease) in creditors	(1,232)	(56)
(Increase)/Decrease in debtors	(834)	43
Total	2,031	3,450

19 OPERATING LEASE COMMITMENTS

The group has no material payments under operating lease commitments.

The future minimum lease receipts under non-cancelable operating lease terms are as follows:

	2019	2018
	£000	£000
Expiring:		
In less than one year	7,801	7,320
Between one and five years	28,246	23,059
Greater than five years	42,345	48,743
Lease receivable commitment	78,392	79,122



NOTES TO THE FINANCIAL STATEMENTS

20 RELATED PARTY TRANSACTIONS

The Charitable Company was under no single controlling party of The Parks Trust during the current and previous year.

During 2019 £8,000 (£8,000) was given as a donation to Hazard Alley of which there is a common Trustee. There were no balances owing or receivable at year end.

The Charitable Company has taken advantage of the FRS 102 exemption that allows certain intra group transactions not to be disclosed.

21 ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS

	Balance brought forward	Incoming resources	Outgoing resources	Transfer	Balance carried forward
GROUP AND CHARITY	£000	£000	£000	£000	£000
Floodplain Riverine Forest	636	-	(13)	-	623
Campbell Park Community	92	-	(13)	-	79
Total	728	-	(26)	-	702

The Campbell Park Community Facilities

The Campbell Park Community Facilities project will provide community facilities within Campbell Park, Milton Keynes.

The Riverine Forest

The Riverine Forest project is to restore and manage the floodplain of the River Ouse at Manor Farm, Old Wolverton to Floodplain Forest and associated habitats utilising gravel royalties secured from the site.

22 ANALYSIS OF MOVEMENTS IN UNRESTRICTED FUNDS

	Balance brought forward	Incoming resources	Outgoing resources	Balance carried forward
GROUP	£000	£000	£000	£000
General Funds	2,484	11,210	(11,180)	2,514
Designated Fund - Stanton Low (Haversham Road Gravel)	510	214	(24)	700
Group Total	2,994	11,424	(11,204)	3,214
CHARITY	£000	£000	£000	£000
General Funds	3,925	9,776	(9,587)	4,114
Designated Fund - Stanton Low (Haversham Road Gravel)	510	214	(24)	700
Charity Total	4,435	9,990	(9,611)	4,814

Certain Funds have been designated by the Trustees. These funds, which form part of the Unrestricted Funds, have been created to cover future anticipated expenditure on the following:

General Fund

The general fund comprises the remaining surplus for the year after transfers to the designated funds; this fund is unrestricted. All income arising on the assets held in the Expendable Endowment Fund is credited directly to this fund.

Designated Fund - Stanton Low (Haversham Road Gravel)

The Parks Trust has an agreement with Milton Keynes Council for The Parks Trust to underlet leasehold parkland in the Ouse Valley Park for mineral extraction whereby all rent and royalty income from the gravel lease are designated for acquisition by The Parks Trust of the Linford Lakes Nature Reserve and as endowment for other open space assets to be transferred from Milton Keynes Council to The Parks Trust under 999-year parkland leases.

23 ANALYSIS OF MOVEMENTS IN EXPENDABLE ENDOWMENT FUNDS

	Group	Charity
	£000	£000
Balance brought forward	106,032	106,168
Gains	2,092	2,092
New endowments received	1,809	1,809
Balance carried forward	109,933	110,069

This fund includes assets donated to The Parks Trust by the Milton Keynes Development Corporation and the Commission for New Towns and English Partnerships which may be converted into income.



NOTES TO THE FINANCIAL STATEMENTS

24 ANALYSIS OF NET ASSETS

	General Funds	Restricted Funds	Endowment Funds	2019 Total Funds	2018 Total Funds
GROUP	£000	£000	£000	£000	£000
Intangible fixed assets	1,330	-	-	1,330	1,643
Tangible fixed assets	2,266	-	-	2,266	2,354
Property and other investments	-	-	143,611	143,611	136,640
Net current assets/(liabilities)	(382)	702	(2,910)	(2,590)	(359)
Long term liability	-	-	(30,768)	(30,768)	(30,524)
Total	3,214	702	109,933	113,849	109,754

	General Funds	Restricted Funds	Endowment Funds	2019 Total Funds	2018 Total Funds
CHARITY	£000	£000	£000	£000	£000
Tangible fixed assets	1,624	-	-	1,624	1,680
Property and other investments	-	-	147,002	147,002	140,031
Net current assets/(liabilities)	3,190	702	(6,165)	(2,273)	144
Long term liability	-	-	(30,768)	(30,768)	(30,524)
Total	4,814	702	110,069	115,585	111,331

25 CAPITAL COMMITMENTS

As at 31st March 2019 the group had no contracted capital commitments (2018: £nil).

26 FINANCIAL INSTRUMENTS

The group/charity has the following financial instruments:

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Financial assets that are debt instruments measured at amortised cost	2,025	1,191	2,411	1,816
Financial liabilities at fair value through profit and loss	768	524	768	524
Financial Liabilities measured at amortised cost	41,831	35,522	41,831	35,127

The Group has entered three loan agreements; a one year revolving credit agreement of £10,000,000, drawn to date £8,000,000, a five year agreement on £20,000,000 and a 10 year agreement on £10,000,000.

Principal	Interest rate	Maturity
£10,000,000	3.99%	2026
£20,000,000	3.39%	2021
£8,000,000	2.72%	2019

The group has entered into two derivative instruments to hedge the Group's exposure to interest rate movements on the loan facility. The fair value of the interest rate swap is a liability of £768,000 (2018: £524,000).

Cash flows on both the loan and the interest rate swaps are paid quarterly until 2026. During 2018/19, a hedging loss of £244,000 (2018: gain £1,061,000) was recognised in other gains and losses for changes in the fair value of the interest rate swap.

