

Stanford Parry Country Park

Stanford Parry Country Park is an historic nineteenth century estate located on the outskirts of the Borough of Mazurka, one of the main provincial towns in the Kingdom of Sinfonia. Sinfonia is a large island state situated off the coast of Northern Europe. It has a population of 11 million. The currency of Sinfonia is the Sinfonia £, equivalent in value to £1 Sterling. There is no VAT in Sinfonia. Sinfonia has a rich cultural heritage but, although there are some areas of the kingdom that have prospered in recent years, there are other areas that have been severely depressed. Mazurka is a particularly depressed area, as the traditional industries of coal mining, heavy engineering and textiles, upon which its development in the late eighteenth and nineteenth centuries were based, have declined and disappeared. The population of the Borough of Mazurka has also been declining, and currently numbers 220,000. A number of initiatives have been undertaken to regenerate the Mazurka area, to improve the environment and to stimulate economic activity and employment.

The creation of the Stanford Parry Country Park as a visitor attraction is consistent with these aims. The estate was founded by the nineteenth century industrialist, Sir Stanford Parry. His wealth was based on the profits from the now redundant coal mines that used to be worked on the estate at the foot of Bare Mountain, a local landmark within the Country Park. A noted explorer, naturalist and botanist, Sir Stanford built a neo-classical hall in the Palladian style. He surrounded his hall with classical gardens and glasshouses which he planted with rare and exotic specimens gathered on his travels. At one corner of the estate he created a deer park. On the opposite side of the estate he laid out an ornamental farm including barns, stables, pens and other agricultural buildings, with sufficient land to graze a substantial number of animals. He also created a pleasant ornamental lake. Originally there were other farms (now built on) let to tenant farmers and many coal mines at the foot of Bare Mountain.

After Sir Stanford's death in 1855 three further generations of the family lived on the estate but there were inadequate funds to maintain it properly. After the death of Sir Stanford's great-grandson in 1927, the estate was sold to the Borough of Mazurka in order to pay death duties. The Borough allowed public access to the estate (other than the Bare Mountain area, due to the hazard of abandoned unmarked mineshafts) and received income from the tenanted farms. In the 1960's the land on which the tenanted farms were situated was developed. Part was used to build Woodfield Hills, the largest council housing scheme in Sinfonia; the remainder was sold to private developers at a large profit. Sadly, Woodfield Hills now has the highest levels of social deprivation in the whole of Sinfonia, with youth unemployment running at 40% overall. Residents from ethnic minority backgrounds constitute 35% of the population of Woodfield Hills. Unemployment among young males within this group exceeds 50%, and they experience other forms of discrimination and social exclusion.

Little of the Borough's income from the estate was re-invested in it. The hall, housing Sir Stanford's collection of furniture and his natural history collection, was closed to the public in 1970 as an economy measure. The ornamental farm was closed to the public and abandoned after further spending cuts in 1974. The deer park, formal gardens, glasshouses and ornamental lake gradually decayed and were closed to the public in 1983 after the entire deer herd had to be slaughtered because of a nearby outbreak of foot and mouth disease. The Borough could never afford to reopen any of the estate. Nor could it afford to provide premises elsewhere to display any of the contents of the hall.

In 1991, the estate's buildings (the hall, glasshouses and farm) were declared structurally unsafe and placed on the Sinfonia Heritage Ministry's official At Risk Register of structures of historical interest. The gardens and deer park had gradually become overgrown and many of Sir Stanford's exotic specimens grew to unprecedented sizes. Some of the ornamental plants, especially rhododendrons and Japanese knotweed, spread voraciously and choked all native plant species over much of the estate and beyond.

The Stanford Parry Trust Limited

In 1991, a group of local residents, with support from heritage enthusiasts across Sinfonia, set up a Trust to rescue the estate and reopen it as a facility for the public. The Trust's statement of objectives in its Memorandum includes an aspiration that the estate should be accessible to all, and especially persons of limited financial means in the Mazurka area who might otherwise be excluded from enjoying an outstanding local leisure asset. Faced by the threat of enforcement action from the Heritage Ministry, in 1993 the Borough Council sold the entire remaining estate of 203.7 hectares to the Trust, including all the contents of the hall, for a nominal payment of £1 to avoid liability for repairs and restoration of the estate. The sale took place under the auspices of the Heritage Protection Act 1987. The Trust is an Approved Body under the provisions of the Act. Under the provisions of the Act the land and property and historic contents of the hall owned by the Trust became inalienable, which means that none of them can ever be sold by the Trust. Another advantage of Approved Body status is that the Trust is exempt from Corporate Profits Tax on its trading activities as long as these can be demonstrated to be wholly applied to charitable and educational purposes. Hence there is no need for the Trust's trading activities to be conducted through a subsidiary trading company.

The Trust is a Charitable Company limited by guarantee and registered under the Charities Consolidation Act 1992 (the CCA). It has no share capital, but 100 private individuals have each provided a £10 guarantee against liabilities should the Trust become insolvent. The CCA requires that the Trust provide annual accounts in the format specified for Charitable Companies. These must be filed with the Office of the Charity Registrar (the Charity Registrar is responsible for all aspects of the regulation of charities under the CCA) within six months of the end of the accounting period to which they relate. In particular, income and expenditure have to be reported externally in a prescribed format known as a Statement of Financial Activities (SOFA). Also, as land, buildings and historic contents are inalienable, they are deemed to be impossible to value and are therefore not capitalised. Other fixed assets with individual values exceeding £5,000 are capitalised and depreciated on a straight-line basis over their useful lives, normally deemed to be 10 years. No such assets have been acquired recently and, as none of the capitalised assets are approaching life-expiry, the annual depreciation charge is stable. Depreciation appears as one of the expenses in the supplies and services heading in the management accounts. The Trust's management accounts show its accounting information in its own desired format. The data has to be re-analysed for external reporting purposes into the prescribed SOFA format.

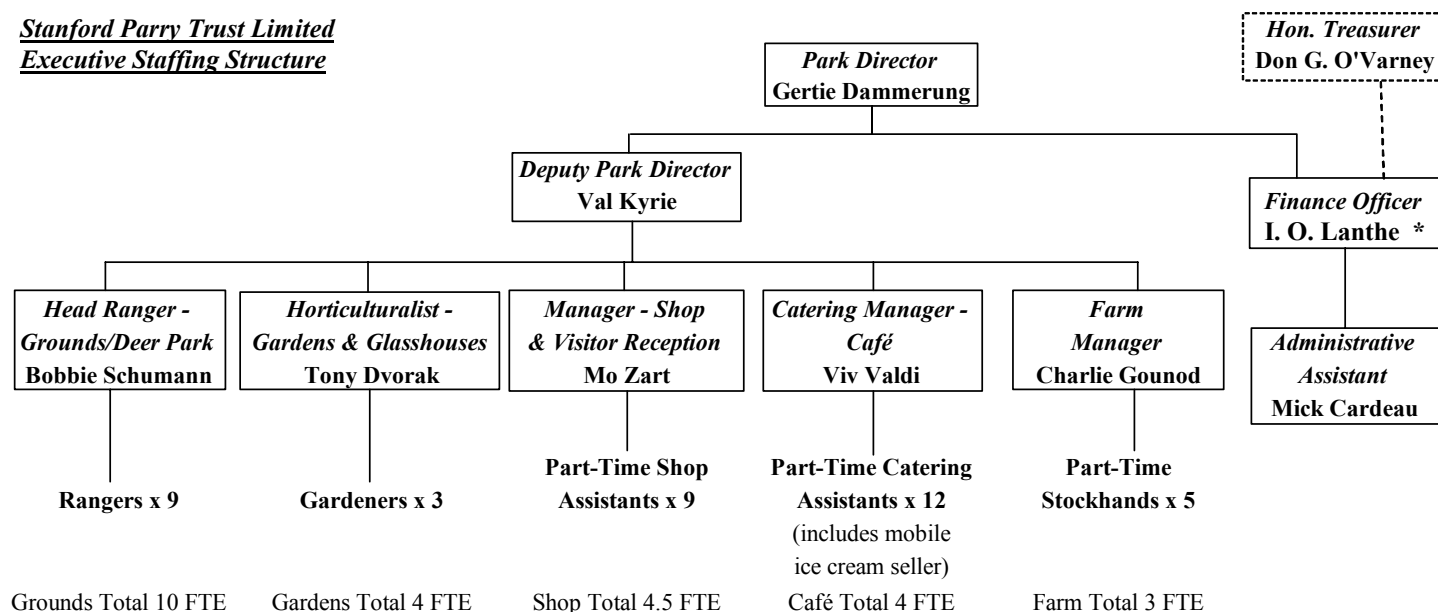
Management of the Trust

The Trust runs the estate as an educational and visitor attraction. The Trust is controlled by a Management Board of Trustees. There are sixteen trustees, two of whom are nominated representatives of other bodies or interest groups, and the others are leading citizens elected by the Trust's membership. Most Trust members and the Management Board are white and middle-class. There are no trustees from ethnic minority groups or young people. The composition of the Management Board is as follows:

Chair: Sir Charles Villyers (elected)
Honorary Life President: Lord Hubert Haystings
Honorary Treasurer: Don G. O'Varney
Honorary Secretary: Phil Harmonic
Representing Mazurka Borough Council: Councillor Peter Grimes
Representing Sinfonia Horticulturalists: Joe Verdi
Other Elected Trustees (10):
 Sally Airey
 Perle Fisher
 Ariadne F. Naxos
 Daz Rheingold
 Ross Sweeney
 Rose N. Cavalier
 Maggie Flute
 Nick O'Lye
 Frank Schubert
 Bert Whistle.

The Trust employs a Park Director and other staff to run the Park's operations. In addition, there are over 150 volunteers who provide their time without payment. The senior management team comprises the Park Director, Deputy Park Director, Finance Officer, Head Ranger, Horticulturalist and the 3 other Managers. The organisation chart for the paid staff is as follows (**note:** Hon. Treasurer is unpaid):

Stanford Parry Trust Limited
Executive Staffing Structure



*** You are I. O. Lanthe, newly appointed Finance Officer.** FTE – Full Time Equivalent

Development of the Park

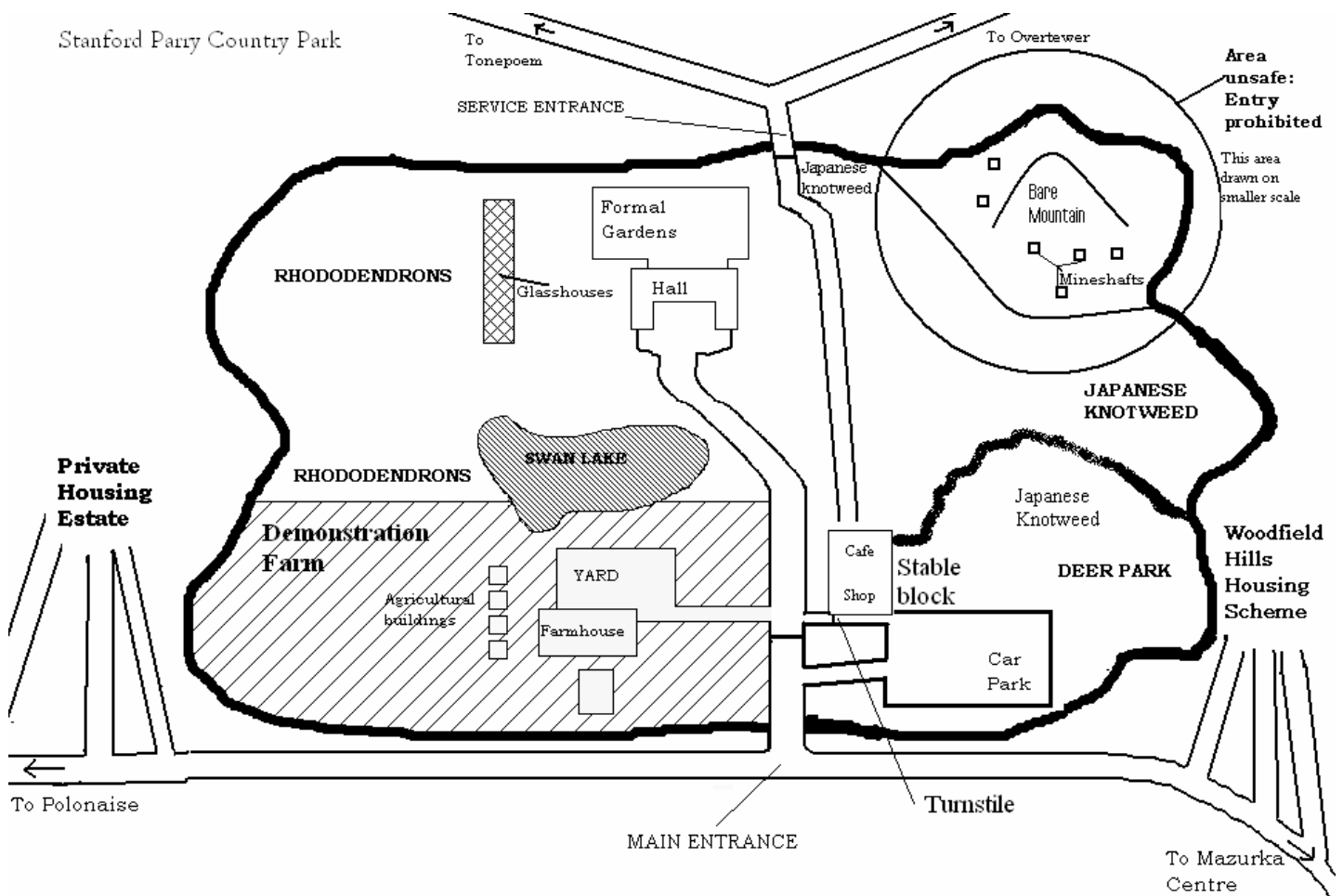
In 1994, the Trust was served with an Enforcement Order under the Heritage Protection Act 1987, requiring it to prevent further deterioration of the historic buildings immediately and to complete their restoration by 2009. The Trust applied for funds from the public lottery-funded National Heritage Chest. Grants in excess of £8 million were matched by funds raised by a public appeal and business sponsorship. These funds enabled the Trust to restore the gardens and glasshouses, to make the hall and other buildings safe and to create some visitor infrastructure.

After seven years of hard work and investment, the Country Park opened to the public in 2001. As a condition of a modest annual grant from Mazurka Borough Council of £40,000, admission to the deer park and the outlying areas of the estate is free, although there is a charge for car parking. Charges are levied for entry to the rest of the Park. A single ticket sold at the shop permits visitor access to the

formal gardens and glasshouses, the demonstration farm (the ornamental farm is now managed as an educational facility to demonstrate farming to children from deprived urban areas) as well as the area of parkland immediately surrounding the hall, including Swan Lake, the ornamental lake. A café, the shop and toilets are located in an outlying stable block converted to provide visitor facilities. However, this structure has many internal load-bearing walls, so the shop and café are located in multiple small rooms, which is operationally difficult. The Trust plans to relocate these facilities within the hall when it can be reopened.

Substantial resources have been devoted to the clearance of alien invasive plant species (rhododendron and Japanese knotweed) from several areas of the estate since 1999, to comply with a seven-year Enforcement Notice served on the Trust in 1999 by the Ministry of Environmental Protection under the terms of the Biodiversity Act 1996. This required the Trust to prevent the further spread of the two specified invasive species to promote regeneration of native flora. The Trust is also required to clear one further hectare of the land infested with them each year. Increasing resources have had to be devoted to the control of the invasive species, as they produce strong and widespread regrowth each year even in those areas already nominally cleared. Initially, a Ministry discretionary grant of 80% towards the cost of control was available. The rate of grant reduced to 30% from July 2003 but subsequently the award of grants has been suspended completely pending review.

A plan of the Park is shown below (Bare Mountain area not to scale).



Significant repairs have been undertaken to the structure of Stanford Parry Hall. This has stabilised the condition of the building so that it is no longer in danger of imminent collapse and is now watertight. However, the hall remains closed to the public and the contents are therefore not available for viewing. The Trust offered to lend the contents to Mazurka Borough Council for display elsewhere until the hall can be reopened, but the Council declined the offer citing lack of resources. Substantial further expenditure of £1.5 million is necessary before the structure can be brought to the standard necessary to open it safely to the public. Having already received significant financial support from the National Heritage Chest, the Trust is not allowed to apply for further funding from this source for any projects until 2009 at the earliest.

Financial Situation

When the Park opened to the public in 2001, initial visitor numbers exceeded expectations and the Trust recorded a large surplus in that year. Since then, interest has declined and visitor numbers have fallen in each successive year. The Park is finding it difficult to persuade visitors to make repeat visits. Every year, the income on general operations (day-to-day operations of the Trust, excluding Restoration spending) has declined, culminating in a further deterioration in performance being experienced in 2005. The accounts for 2005 have yet to be finalised, but the draft accounts reveal a significant overall deficit for the year despite cutbacks in general operations spending on supplies and services and a policy of not replacing paid staff who have left. In earlier years, the Trust spent heavily on health and safety requirements in the Park, so a large surplus could never be maintained on the Unrestricted Fund even when income levels were higher.

Under Sinfonia charity laws, any accumulated funds have to be classified according to their purpose. Any gifts given by donors for specific purposes can be applied only to expenditure exclusively associated with those specific objectives. Any such specific funds received but not spent must be held within the "Financed By" side of the organisation's balance sheet within a specific fund for each separate specific purpose. Such funds are known as Restricted Funds, and there may be multiple Restricted Funds if donors have provided funds for several different specific purposes. Any accumulated unspent income in a Restricted Fund may be applied in future periods only for the purposes of that specific fund. It is not permissible to spend such funds for any other purpose.

Any funds generated from general fundraising or trading activities that are not specified either by the donors or the Trust itself as being for specific purposes are regarded as Unrestricted, and may be applied by the Trust for any purpose consistent with the aims and objectives specified in its Memorandum and Articles. Also, by simple resolution, the Management Board may itself earmark some of its resources for specific purposes. Such funds are known as Designated Funds but the Trust has never established any Designated Funds. Unrestricted Funds may be applied to Restricted purposes, if deemed appropriate, by resolution of the Management Board.

Sinfonia charity law does not require all assets and liabilities associated with Restricted Funds to be ring-fenced throughout their lives. Cash can be managed on an overall basis. There is no requirement to hold the assets relating to different categories of Funds in separate bank accounts or as separately identified tangible assets. This means that when Restricted donations have been applied for the specified purpose, the Management Board is free to regard any assets created as being part of the general net asset base of the organisation. There is no requirement for notional interest to be charged between Funds sharing common bank accounts.

By law, deficits for a year are allowed only if the deficit can be covered by accumulated balances brought forward on the appropriate Fund. The budget for 2006 approved by the Management Board features an unacceptably high deficit on general operations (this relates to the Unrestricted Fund), as the Management Board could not either agree on further expenditure cuts or identify specific extra revenues. All members of the Management Board agreed in principle that new income streams and cost efficiencies (not in the approved budget) must be developed in 2006 to seek to avoid an actual 2006 outturn deficit and return the Trust to surplus in 2007. The law stipulates that if any individual charitable Fund goes into deficit, the Trustees must submit a written report to the Charity Registrar demonstrating why the deficit was not preventable, and the deficit must then be eliminated within two years. Trustees are personally liable for any deficit that the Charity Registrar deems was preventable. Good practice indicates that charities should have a balance on Unrestricted Funds equivalent to three months gross expenditure (less depreciation) on general operations.

The Trust raised admission prices each year until 2004 by amounts in excess of the rate of inflation. Inflation in Sinfonia is measured by the Consumer Price Index (CPI). This is the cost of a basket of goods and services consumed by the "average" resident of Sinfonia. Leisure and cultural activities are represented in the basket but form only a small proportion of the deemed average pattern of consumer expenditure. Since 2004, admission prices have been pegged at the same level because visitor numbers have been falling. There is concern that any rise in admission charges will further deter potential visitors.

The Trust now needs to develop a sustainable business plan to stabilise its finances for the future. This will involve control of the existing cost base, but also the identification and implementation of new activities and attractions to generate new revenue streams in keeping with the Trust's charitable and educational aims. In response, the Trust is eager to adopt a more commercial approach to its operations, to increase interest in the Park and to improve income generation, including a greater emphasis on one-off events.

Stanford Parry Trust**Approved Budget 2006 - Unrestricted Fund****General Operations**

Income	£	£
Entrance fees	614,000	
Car park income	130,000	
External farm sales	5,500	
Shop	100,000	
Café	140,000	
Subscriptions	51,000	
Interest	150	
Grants	50,000	
Staff rent	7,200	
	<hr/>	1,097,850
Expenditure		
Staffing	664,500	
Premises	175,000	
Transport	45,000	
Supplies and services	263,000	
Trustees expenses	2,500	
Audit fee	10,000	
	<hr/>	1,160,000
Net deficit for the year on general operations		<hr/> <hr/> (£62,150)

Notes

Entrance fees have been estimated by reference to the downward trend of outturns in 2004 and 2005.

Approved Budget 2006 - Restoration Fund (Restricted)

Income	£	£
Business sponsorship	35,000	
Pledges from Trust members	18,000	
Interest	10,500	
	<hr/>	63,500
Expenditure		
No specific spending planned		-
Net surplus for the year on Restoration Fund		<hr/> <hr/> 63,500

Stanford Parry Trust Limited**DRAFT Statement of Financial Activities for the Year Ended 31 December 2005**

	Notes	Restricted	Unrestricted	Total	2004
		Funds	Funds	Total	Total
		£'000	£'000	£'000	£'000
INCOMING RESOURCES					
Commercial income	3		1,015.5	1,015.5	1,057.2
Income from donations and sponsorship	4	53.0	40.0	93.0	82.8
Investment income	5	13.5	1.5	15.0	18.1
Other income	6		58.2	58.2	59.7
Total incoming resources		66.5	1,115.2	1,181.7	1,217.8
RESOURCES EXPENDED					
Direct charitable expenditure	7	212.5	1,080.0	1,292.5	1,217.1
Management and administration expenditure	8		33.0	33.0	28.4
Total resources expended		212.5	1,113.0	1,325.5	1,245.5
Net movement in Funds		(146.0)	2.2	(143.8)	(27.7)
Fund balances brought forward 1 January		350.4	52.7	403.1	430.8
Fund balances carried forward 31 December		204.4	54.9	259.3	403.1

The Statement of Financial Activities relates to all Restricted and Unrestricted Funds.

Stanford Parry Trust Limited**DRAFT Summarised Balance Sheet as at 31 December 2005**

	2005	2004
	£'000	£'000
TANGIBLE FIXED ASSETS		
Equipment (Net Book Value)	89.5	103.5
CURRENT ASSETS		
Stock	29.3	22.8
Debtors	22.6	25.7
Cash and bank	151.5	298.9
	203.4	347.4
LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	(33.6)	(47.8)
NET CURRENT ASSETS	169.8	299.6
NET ASSETS	259.3	403.1
Financed by:		
Unrestricted Funds - General Fund	54.9	52.7
Restricted Funds - Restoration Fund	204.4	350.4
	259.3	403.1

Notes**1 Basis of preparation**

The financial statements have been prepared in accordance with the Charities Consolidation Act 1992.

2 The Trust operates one Restricted Fund – the Restoration Fund. The purpose of this Fund is to provide funds for the major restoration of the estate. There are no Designated Funds.

3	Commercial income	2005	2004
		£'000	£'000
	Entrance fees	640.0	667.5
	Car park income	130.0	131.4
	External farm sales	5.5	5.2
	Shop	100.0	114.4
	Café	140.0	138.7
		<u>1,015.5</u>	<u>1,057.2</u>
4	Income from donations and sponsorship	2005	2004
	Unrestricted Funds	£'000	£'000
	Borough Council grant	40.0	40.0
		<u>40.0</u>	<u>40.0</u>
	Restoration Fund		
	Business sponsorship	35.0	25.8
	Pledges from Trust members	18.0	17.0
		<u>53.0</u>	<u>42.8</u>
5	Investment income		
	Investment Income all arises from cash held on deposit.		
6	Other income	2005	2004
		£'000	£'000
	Subscriptions from Trust members	51.0	52.5
	Staff rent	7.2	7.2
		<u>58.2</u>	<u>59.7</u>
	As at 31 December 2005, the Trust had 3,212 members.		
7	Analysis of direct charitable expenditure	2005	2004
	Unrestricted Funds	£'000	£'000
	Staffing	617.0	636.8
	Premises	179.5	171.4
	Supplies and services	238.5	261.3
	Transport	45.0	41.6
		<u>1,080.0</u>	<u>1,111.1</u>
	Restoration Fund		
	Completing Phase 1 Restoration works	212.5	106.0
		<u>212.5</u>	<u>106.0</u>
8	Management and Administration expenditure	2005	2004
		£'000	£'000
	Audit fee	10.0	9.7
	Legal and financial services	8.0	3.5
	Advertising	8.0	9.1
	Payroll bureau	4.5	3.8
	Trustees expenses	2.5	2.3
		<u>33.0</u>	<u>28.4</u>

Index

Page	Detail	Date
1	Memorandum from the Hon. Treasurer to the Finance Officer re financial responsibilities	03/04/06
2-4	Memorandum from the Administrative Assistant to the Finance Officer re the detailed 2006 Budget estimates	04/04/06
5-6	Memorandum from the Park Director to the Finance Officer re welcome, the 2006 budget and pilot of Performance Related Pay Scheme	05/04/06
7-8	Memorandum from the Administrative Assistant to the Finance Officer re commercial income and Trading Accounts for Profit Centres	12/04/06
9	E-mail from the Park Director to the Hon. Treasurer re revenue generation proposal	08/05/06
10	Enforcement Notice from the Ministry of Environmental Protection	11/05/06
11	E-mail from the Hon. Treasurer to the Park Director re Prom in the Park proposal	12/05/06
12	Memorandum from the Deputy Park Director to the Finance Officer re alternative concert options for Prom in the Park	22/05/06
13-14	Memorandum from the Deputy Park Director to the Finance Officer re alternative facility configurations for Prom in the Park together with letter from facilities provider stating costs of alternative configurations	30/05/06
15	E-mail from the Park Director to the Finance Officer re further income generation initiatives	31/05/06
16	E-mail from the Head Ranger to the Finance Officer re income generation initiatives and other finance issues for the Park	01/06/06
17-18	Memorandum from the Deputy Park Director to the Park Director and Hon. Treasurer re Prom in the Park marketing considerations	02/06/06
19-20	Memorandum from the Park Director to the Finance Officer requesting a report on progress in eliminating the deficit, preparation of selected trading accounts and a review of aspects of the operation of the shop plus budget proforma	05/06/06
21	E-mail from the Deputy Park Director to the Finance Officer re savings and volunteer information	06/06/06
22-23	Memorandum from the Deputy Park Director to the Park Director and Hon. Treasurer re Prom in the Park demand projections	07/06/06
24	Memorandum from the Hon. Treasurer to the Finance Officer for a report to Management Board about the Prom in the Park proposal	08/06/06
25	E-mail from the Park Director to the Finance Officer re results of PRP Management Appraisals exercise	09/06/06
26	Memorandum from the Hon. Treasurer to the Finance Officer re briefing note for Chairman concerning the Performance Related Pay Scheme and performance measurement issues	10/06/06
27	Letter from Gilbert & Sullivan, Auditors re Trust's 2005 draft Accounts	12/06/06
28	Letter from Top People Business Consultants re Prom in the Park concert corporate hospitality	12/06/06

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Don G. O’Varney – Hon. Treasurer
Date: 3 April 2006

Subject: Welcome to the Stanford Parry Trust

It is a pleasure to be able to welcome you to the Trust in your newly-created post of Finance Officer. As I explained at your interview, my (unpaid) role involves me in spending around one day a week at the Trust. My task is to oversee the financial management of the Trust and to liaise with the rest of the Management Board. Most of the Management Board, and for that matter the executive officers of the Trust, are highly committed and experienced in conservation issues. Sadly, it has been evident for some time that they lack experience in, and understanding of, matters financial.

Your role is most important. We had planned and budgeted for your post to be filled from the start of January, but as you were not available until April there has been quite a build-up of things for you to do! You will be in charge of day-to-day financial matters, and in particular you will need to provide tactful help and guidance to the rest of the senior management team (SMT). It is not my role to undertake this day-to-day liaison, nor do I have the time available to do so. Financial services were provided up to your arrival by the firm of Gilbert and Sullivan. Whilst highly competent, they could not provide the day-to-day financial support needed for the Trust’s SMT that you will give.

The Trust’s financial position has recently deteriorated. We have been faced by a number of challenges that have diverted resources away from the development of the Park’s facilities that we had hoped to achieve. Visitor numbers have been falling, as we have had little new to motivate previous visitors to come back for repeat visits. Also, we have arguably not been sufficiently commercial; we do not maximise visitor spend nor have we attracted new people with events. Hardly surprisingly then, the bottom line for the Unrestricted general operations of the Trust has deteriorated. There was a moderate surplus on general operations as late as 2004, but in 2005 they were barely in surplus; the 2006 budget currently predicts a deficit on general operations.

I anticipate that you will be heavily involved in the review of the Trust’s activities that is necessary following the overall 2005 deficit and projected 2006 deficit on general operations. Your insights into the financial consequences of how we operate will be most important, and will inform our operational and financial planning going forward, starting with the 2006 outturn projection. The Trust also needs new initiatives to generate more revenue. There are plenty of ideas around, but many of them are contributed by people who do not really understand the financial implications of what they are proposing. At times I also feel that some of our people are rather losing sight of what our objectives are, especially with regard to revenue generation.

Don G. O’Varney

Stanford Parry Trust**Memorandum**

To: I.O. Lanthe – Finance Officer
 From: Mick Cardeau – Administrative Assistant
 Date: 4 April 2006

Subject: 2006 Budget Details

Gertie Dammerung told me to provide you with detailed breakdowns of the main budget headings, and here they are. Most relate to general operations (Unrestricted Fund) but the Restricted Fund information is also provided. Everything is based on a 2006 price base. The information is grouped under the following main headings:

- Staffing
- Premises
- Transport
- Supplies and services
- Core trading income
- Other income
- Interest

I am confident that most expenditure budgets will come in on target – the senior management team members are very good at ensuring they spend up to their budget limits every year but do not exceed them. The 2006 estimates should also form the basis of the 2007 budget on the 2006 price base except where amendments are indicated to be necessary.

Staffing

All staff have been budgeted for at full year costs as follows:

	£
Park Director	45,000
Deputy Park Director	40,000
Finance Officer	35,000
Administrative Assistant	18,000
Head Ranger	35,000
Rangers x 9	198,000
Horticulturalist	30,000
Gardeners x 3	48,000
Shop Manager	30,000
Shop Assistants - provision 3.5 FTE - 9 staff	52,500
Catering Manager	25,000
Catering Assistants - provision 3.0 FTE - 12 staff	48,000
Farm Manager	30,000
Stockhands - overall provision 2.0 FTE - 5 staff	30,000
	664,500
	664,500

NOTES: FTE - Full Time Equivalent.
 FTE's shown here exclude relevant managers.
 Costs reported are inclusive of all payroll oncosts of 20%.
 No overtime is budgeted.

Premises

The estimates for Premises costs are detailed below:

Repairs and maintenance:	£	£
Stanford Parry Hall - routine	28,000	
Farm buildings	22,000	
Glasshouses	32,000	
Stable block	30,000	
Repairs and maintenance total		112,000
Running costs - Fuel, cleaning etc. :		
Stanford Parry Hall	12,000	
Farm	5,000	
Gardens	6,000	
Stable block	31,000	
Running costs total		54,000
Grounds maintenance - Fencing, etc.		
Farm	3,000	
Deer park	2,000	
Infestation control materials	4,000	
Grounds maintenance total		9,000
Total		<u>175,000</u>

Transport:

The Park has a small fleet of vehicles, mainly four-wheel-drive all-terrain vehicles, plus two tractors. Annual costs are £45,000 per annum, but due to leasing renewals this will rise to £46,000 in 2007.

Supplies and services estimates for 2006 are as follows:

	£
Purchases for Shop	45,000
Purchases for Café	35,000
Increase in stocks	(£6,000)
Livestock purchases	23,000
Animal feed	18,000
Garden supplies	15,000
Administrative supplies	35,000
Legal services	3,000
Financial services	5,000
Advertising	8,000
Mazurka Borough Council: payroll bureau	4,500
Contract mobile security	50,000
Depreciation	14,000
Materials - Schools Education Programme	13,500
	<u>263,000</u>

Core trading income

I will provide you with detailed information about admission charges, car park charges and commercial income separately. It is not practicable to charge separately for admission to individual areas of the Park, as security fencing would be intrusive and expensive, too much labour would be needed to collect and enforce separate charging and it would detract from the overall visitor experience. Therefore admission revenue is only collected in total by the shop staff at the turnstile outside the shop, and hence there is no split by individual profit centres. There are no details of how much of the shop staff's time is devoted to collecting admission ticket revenue.

Other income:

The Grants budget is £50,000, and is made up of two items. The Trust receives an annual grant from Mazurka Borough Council of £40,000 (to facilitate free access to the deer park); and from this year, we will receive an annual grant of £10,000 from the Jerusalem Bluebird Educational Trust in recognition of the Schools Education Programme.

Subscription income can be expected to remain unchanged at the 2005 level. It fell slightly in 2005. We put up the annual subscription, but a number of members resigned, and the lost subscription income more than wiped out the extra income from the remaining members. The general view is that we should leave the subscription level as it is for the foreseeable future. We also receive rent of £7,200 - three staff live in Park accommodation at a fixed rent, partly to carry out static security functions.

There are also long-standing sources of income from business sponsorship and Trust members' pledges that provide a consistent stream of income each year for the Restricted Fund. These are expected to continue unchanged from these donors each year until 2009.

Interest:

From November 2005 all the Restricted Fund's assets are held as cash and no liabilities relating to the Restricted Fund have existed since October 2005. The Funds do not have separate bank accounts, so if the Unrestricted Fund has a short-term cash deficiency, it "borrows" from the Restricted Fund rather than there being a separate overdrawn bank account for the Unrestricted Fund. Interest is earned on cash on deposit, most of which relates to the Restricted Fund. The interest in 2006 will be lower than in 2005 because the balance on the Restricted Fund reduced in 2005 due to spending to complete phase 1 of the restoration of the hall. The 2006 interest is expected to be around £12,000 in total, of which £1,500 will relate to the Unrestricted Fund. Interest was erroneously understated in the original 2006 Unrestricted Fund budget. In 2007, the interest will probably be higher, as Restricted Fund balances will increase as income continues to flow in but there is no spending from the Restricted Fund anticipated in either year. The Unrestricted Fund is likely to be severely depleted, so of the total interest of £15,000 anticipated for 2007, £14,500 will relate to the Restricted Fund. There is no intention to charge the Unrestricted Fund notional interest during periods when it is effectively borrowing from the Restricted Fund to meet day-to-day payments needs.

I hope that all this helps you to come to terms with Stanford Parry Country Park and all of its works!

Mick Cardeau

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Gertie Dammerung – Park Director
Date: 5 April 2006

Subject: Welcome to my senior management team

Welcome to my team. As you know, I am also new here as I started at the beginning of January 2006. I am looking forward to working together to drive the Park forward. I have lots of proposals for changes that need to be made to put the Park on a more commercial footing and it will be your job to help me cost them out and include them in the Park's accounts and budget plans. The Trustees, and in particular, the Honorary Treasurer, have given me a strong mandate to raise more income. The last time the Park's financial performance was looked at properly was when the 2006 budget was "approved" by the Trustees back in November last year. My first responsibility is to deliver an acceptable outturn for 2006. The "approved" budget was unacceptable as regards performance on general operations. I want to present a forecast 2006 outturn at their June meeting showing that new initiatives will deliver an acceptable projected result. I also want to take the first draft of the 2007 budget for outline approval to the same meeting – it is important that we start planning properly and far enough ahead.

You should have a copy of the 2006 budget on your file already. The main areas that need revision are mostly connected to income schemes; I have asked Mick Cardeau to collect information about the latest view on commercial income from relevant managers and he will notify you about this when he has had their replies. There will probably be only minor changes to the staffing budget – we have not had any staff changes in 2006 except for you and me. Also, I intend to increase our spending on advertising above the original budget by the modest amount of £10,000 per annum commencing in 2006.

The Trustees have agreed to me designing a Performance Related Pay Scheme aimed at modernising the Trust and making staff more commercially aware and customer-focused. I have appended a copy of my scheme, which I anticipate the Trustees will let me introduce on a pilot basis in the current year.

Except for yourself, the appraisal side has already been completed for the senior management team. I will arrange for you to be sent a confidential copy of the outcome for budget purposes. But we are struggling with the financial target side. We need information on the financial performance of activities under the control of individual managers that we currently lack – I want to hold each manager accountable for the trading performance of their area of responsibility. Your assistant, Mick Cardeau, has been doing some work on this, but there is more to do to enable specific 2006 projected financial performances to be included in the report to the Management Board in June.

Best wishes – onward and forward!

Gertie Dammerung
Park Director

Stanford Parry Trust



Proposed Performance Related Pay Scheme for 2006

The pilot scheme for 2006 will apply to the following managerial posts at the Park, as these have been selected as those being most able to generate additional income because they have the most direct accountability for income generation: Park Director, Shop Manager, and Catering Manager. Should the scheme prove to be successful, it will be rolled out to the Deputy Park Director, Head Ranger, Horticulturalist, Farm Manager and Finance Officer in 2007. The responsibilities of these latter posts are such that it will be harder to distinguish their individual impact on overall visitor income for the Park.

The scheme comprises two elements.

1. Performance appraisal by Park Director.

The Park Director has the discretion to pay a bonus of up to 25% of gross pay, based on an appraisal of the performance of the member of staff, following an annual review. The annual review must take place by the end of June 2006. The Park Director will receive a similar appraisal from the Trust's Chairman and Life President. Management staff not included in the pilot scheme will also receive an appraisal but will not be eligible for a payment under the scheme.

The appraisal will result in a notional "percentage efficiency score". 1% of gross pay will be paid for every percentage point over 100, up to a maximum bonus of 25%. Currently there are no plans to deduct pay for a score under 100.

2. Specific financial and performance targets.

A further bonus of up to 5% of gross pay will be paid to each manager, in 1% increments, based on achievements of specific financial targets. I like to keep finance simple, so I want to use the following simple targets as follows:

<u>Member of staff</u>	<u>Target and bonus:</u>
	Additional 1% of gross pay (up to maximum of 5%) for each:
Park Director	1% increase in overall Trust surplus
Shop Manager	1% increase in shop gross profit (sales minus external purchases)
Catering Manager	1% increase in café gross profit (sales minus external purchases)

Gertie Dammerung

Park Director

31. 3. 2006

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Mick Cardeau – Administrative Assistant
Date: 12 April 2006

Subject: Commercial Income and Trading Accounts

The purpose of this note is to update you on the profit centres specified by Gertie Dammerung for operating Trading Accounts for the individual parts of the Park's operations and to give some details of my associated financial forecasts. The profit centres are: shop; café; farm; deer park and other grounds; gardens – one for each manager. Expenses that cannot be apportioned will be charged to a central account. This will include all costs related to Stanford Parry Hall itself.

Shared costs

The stable block houses both the shop and the café. For repairs and maintenance I think that floor area is the most appropriate basis for apportionment. The shop takes up about 35% of the usable floor area – the rest is taken up by the café (the toilets are a shared facility and can be ignored for apportionment purposes). The other element of the cost of the stable block that can be apportioned is premises running costs, 85% of which relate to the café and 15% relate to the shop.

Income

My income forecasts (and initial suggestions for apportionment) are as follows:

1. Entrance fees
The 2006 budget of £614,000 was calculated using previous years' visitor figures as a guide suggesting a continuing decrease in visitors. Whilst we do not routinely monitor visitor numbers during the year, income banked is down in 2006 as expected. The best estimate for 2007 is £591,200 taking into account a couple of one-off factors. At a guess, this could be shared equally if necessary between all the profit centres except the shop and the café.
2. Car park income
This has been remarkably stable year on year and I see no reason to change the budget of £130,000. The charges are in line with similar attractions and there is no real case for an increase. Obviously, car park charges affect visitors from further away who come by car. There is no obvious basis for apportionment; perhaps car park income could be equally split between the gardens, deer park and other grounds and farm if we have to do it in the future.
3. Shop income
The total is likely to stay at around £100,000 per annum, but this hides other variations. Shop income includes sales of £26,600 for the mail order scheme for food products from the farm and a further £24,500 for food products from the farm sold directly through the shop. Current forecasts are for the mail order scheme to generate higher sales of £35,000 in 2007, but if current trends continue, non-food sales in the

shop will decrease by the same amount as mail-order sales rise. All shop merchandise (including mail-order and farm produce) is initially priced with a 40% mark up on cost. As non-food shop sales are falling, external purchases in 2007 should be reduced to £35,000.

4. Café income and purchases

These should remain steady at £140,000 and £35,000 per annum respectively. In addition the farm supplies £13,000 of produce at cost to the café (cost is estimated by the farm manager as there is no formal costing system), but this is purely internal.

5. Farm

Apart from the sales above the farm sells a small amount of livestock at market – a budget figure of £5,500 per annum is a reasonable estimate. Incidentally, Charlie Gounod, the Farm Manager, complains bitterly at every opportunity that he will be cheated out of the PRP bonus that he deserves because the revenue from his farm produce is “falsely” (as he sees it) attributed to the shop and the café.

6. Gardens

No direct income generated.

Stock levels

A stocktake of shop stock is performed by the shop staff at the end of each year. Shop stock at the end of 2004 was £20,000, and had risen to £26,000 at the end of 2005. The shop manager expects it to rise by a further £6,000 by the end of 2006, but it probably cannot go any higher because there will not be space to hold any more stock. There are already boxes and unopened cases piled up everywhere in the shop; it seems to be a safety hazard to me. Also, I wonder if they reorder items they already have in stock because they have lost track of where they are stored. Stocklength in a non-food retail outlet should not exceed 80 days. The café's stock should remain at £3,300 in both years.

Don G. O'Varney has been keen to use some performance indicators, particularly to monitor the shop. You will be familiar with stock length expressed as a number of days. Don is also keen to measure shrinkage. This is computed by adding opening stock and all purchases and transfers into stock at cost minus the notional cost of sales (actual sales less the initial mark-up) to compute expected closing stock. The expected closing stock can then be compared with actual or projected closing stock to calculate the shrinkage. Finally the shrinkage is expressed as a percentage of the notional cost of sales. Apparently, the average shrinkage rate for retail outlets is about 1.5%. Shrinkage represents not just shoplifting, but also staff pilferage, throwing out unsaleable stock, breakages, date expiry, and mark-downs (price reductions). As the food sold is perishable, there is no food stock. The shop stock relates solely to the non-food sales.

Mick Cardeau

P.S. We have applied for a £60,000 grant from Mazurka Borough Council to carry out conservation work on the collection of artefacts in the hall to prepare them for public display when the hall can be reopened. This grant is by no means certain to be agreed, and will not even be considered until we can supply at least a draft of the Trust's 2005 accounts to the Council so that they can assess our liquidity and whether we spend our funds for the purposes for which they were donated. It cannot be included in the Trust's projected income unless the Council notifies us that the grant has been awarded.

Stanford Parry Trust



E - Mail

From: Gertie Dammerung
To: Don G. O'Varney
cc: I.O. Lanthe
Date: 8 May 2006
Subject: Revenue-generating event

Don

You may recall your pep talk to the senior management team at which you stressed the importance of coming up with ideas for generating revenue and interest in the Country Park.

I think that I can contribute a real winner! I have learned that the internationally renowned Sinfonia Symphony Orchestra's (SSO's) September overseas tour has been cancelled. This opens up an opportunity for Stanford Parry Country Park to put on a "Prom in the Park" event that I am sure will attract people from right across Sinfonia. I have contacted the orchestra, and they have a free date on the evening of 22 September 2006, so I have provisionally reserved this date with them. I was tempted to make a firm booking on the spot, but I thought that I should clear it with you first.

The SSO is keen to ensure that it generates revenue to offset the loss of its tour bookings, so it has offered the Trust a deal that seems to me to be almost too good to be true. It will play a programme of avant-garde music taken from its repertoire for the "Obscure Composers" tour that has so disappointingly been cancelled. The fee will be £22,500 plus 20% of all ticket revenue (including corporate hospitality, if provided). This should not be a problem, as I am sure the event will generate enough revenue for both the Trust and SSO. The SSO also requires us to provide a portable "Orchestra Facilities Block" as the venue is outdoors. It has sent me details of the specification for this.

I intend to ask Val Kyrie, my Deputy, to take the lead in putting the organisation of this event together.

The only real issue is how high we pitch the ticket prices.

Regards,

Gertie

Ministry of Environmental Protection

ORDER UNDER SECTION 31 (II) OF THE BIODIVERSITY ACT 1996

INVASIVE SPECIES CLEARANCE ENFORCEMENT NOTICE

Duty Body: Stanford Parry Trust Limited

Infestation Schedule of Notifiable Invasive Species:

Japanese Knotweed: Severe Infestation: 24.6 hectares
Moderate Infestation: 11.4 hectares

Rhododendron: Severe Infestation: 18.3 hectares
Moderate Infestation: 7.7 hectares

Azola: Severe Infestation: 7.2 hectares
Ornamental Lake

Required Action:

In respect of the Japanese Knotweed and Rhododendron infestations this is a renewal of the previous Enforcement Notice dated May 1999. The Duty Body is required to maintain the 7.0 hectares declared as cleared under the 1999 Notice in a condition of substantial clearance (not exceeding an average of 2 invasive species growths per 100 square metres). The Duty Body is also required to **clear 2.0 hectares in each of the SEVEN years commencing from the date of this Notice** of areas of severe infestation of Japanese Knotweed and/or Rhododendron as defined in the Infestation Schedule.

The Azola infestation has not previously been notified under the terms of the Act. The Duty Body is required to clear the entire area of the Ornamental Lake of 7.2 hectares of Azola within **TWO years commencing from the date of this Notice**.

Penalties: Non-compliance or default within the terms of this order renders the Duty Body liable to an annual fine not exceeding £250,000.

Financial Assistance:

At the discretion of the Secretary of State and subject to the availability of resources financial assistance of up to 30% of the cost of undertaking remedial actions required under the terms of this Enforcement Notice may be provided upon application by the Duty Body to the Ministry. Due to resource constraints no such grants will be approved for any period before 1 April 2008.

Dated this Eleventh day of May 2006.

Alban Berg

Chief Compliance Officer

Stanford Parry Trust



E - Mail

From: Don G. O'Varney
To: Gertie Dammerung
cc: I.O. Lanthe, Val Kyrie
Date: 12 May 2006
Subject: Prom in the Park event

Gertie

Thanks for your e-mail. This certainly looks to be an idea well worth exploring. However, before committing the Trust to substantial expenditure I suspect that it would be prudent to assess all the operational and financial implications of this event. I therefore concur with your suggestion that Val Kyrie should take the lead in investigating the steps and facilities required to stage a successful event.

It may also be helpful to consider the attractiveness of a full-scale Sinfonia Symphony Orchestra concert alongside some other smaller-scale options, as the Trust lacks experience in promoting such events and it may be safer to start with a more limited production.

I think it appropriate that Val Kyrie should determine exactly what resources will be needed to stage the proposed event. I also think it wise that she should liaise with I.O. Lanthe about the financial implications of the possible options. Please copy I.O. Lanthe on all future related correspondence.

Any such event is bound to have elements of major uncertainty surrounding the outcomes, as factors such as the weather (for an outdoor event) are always unpredictable. Val needs to bear in mind the need for such an event to generate a surplus after expenses – generating revenue is about making a profit not just receiving extra income that is swallowed up by extra costs. The Trust lacks experience in such events, so a large surplus may be too much to expect. The price of gaining experience for the future and raising the profile of the Park may even be a small loss, but the Trust cannot really afford to risk losing more than £10,000 on such a venture. Of course, a surplus would be much more welcome!

Best wishes,

Don

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Val Kyrie – Deputy Park Director
Date: 22 May 2006

Subject: Prom in the Park concert

**STRICTLY
CONFIDENTIAL**

There seems to be rather more heat than light building up around this proposed concert. Gertie is very committed to the Sinfonia Symphony Orchestra (SSO) option, but the more I have looked into it, intuitively the more doubts I have. For the time being it might be better if we try to refine the proposals between ourselves rather than expose prematurely every new piece of information to senior management before it can be put in context.

I have considered a number of proposals including bringing the SSO here. The most sensible alternatives appear to be:

- SSO with extensive seating for 1,000 people in temporary stands plus a larger number of standing customers (known as Promenaders, I understand);
- Instead of the SSO, we could engage the semi-professional Mazurka Concert Orchestra – it would play a programme of popular light classics that may be more accessible to local people than the SSO's avant-garde programme. This option would probably also justify the provision of seating for 500 in a stand;
- Or, a rather less ambitious event, primarily by and for local people, featuring the Woodfield Community Choir (WCC) supported by local session musicians, whose repertoire revolves around Hot Gospel and Soul. This option would have the advantage that the Trust would be seen to be socially inclusive. This is an issue that worries Don G. O'Varney in particular, because the reality is that the Trust has little engagement or even contact with our immediate neighbours on the Woodfield Hills estate. I know that Don feels the Trust is not currently succeeding in its objective of providing a facility that everybody can enjoy and treasure. The WCC concert would be a good way of engaging with people on Woodfield Hills.

However, the WCC option is not at all what Gertie had in mind. She is keen to build links with the influencers and "movers and shakers" in Sinfonia and to attract more business sponsorship. I am not sure that the WCC option involves her sort of music, or even her sort of people for that matter!

I trust you to keep these comments of mine to yourself, but I think that you may be aware by now that there is some tension within the senior management team about why the Park is not prospering at present and what to do about it.

Regards,

Val Kyrie

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Val Kyrie – Deputy Park Director
Date: 30 May 2006

Subject: Prom in the Park concert facilities

I spoke with a number of my contacts across Sinfonia who have organised successful outdoor concerts, and I have now obtained more information about what is involved. I was given the names of three companies who organise the facilities needed for outdoor events. I attach the quotation received from the most competitive of these suppliers, Eroica Events. The suggested date of 22 September seems as good as any, because there are no competing events on that evening and relatively few people will be away on holiday.

The specification that I was advised to use appears consistent with the size of the audience that we could expect to attract. I am still trying to finalise the estimates of these, and I will let you have them in a few days.

In brief, we can hire a fencing enclosure for £2,000 that has the capacity to hold 5,000 people if they stand up. A temporary stand with banked seating for 500 people will reduce the numbers who can stand by 1,000. If we hire banked seating for 1,000, this will reduce the standing capacity by 2,000. We could also hire a marquee for corporate hospitality. The cost of hiring and erecting the marquee is £2,600. Having a marquee would reduce the space for promenaders (the standing attenders) by a further 1,000. The marquee can accommodate up to 150 corporate hospitality guests. The marquee opens out towards the stage so that the corporate hospitality guests can eat and drink whilst they watch the concert under cover.

The Trust does not really have the facilities to cope with mass catering for the audience, and we certainly lack the facilities to provide luxury catering for the corporate hospitality guests. For the corporate hospitality guests, Eroica Events provide all the food and drink, tables, chairs, crockery, cutlery, silver service and so forth for a catered cost of £26.00 per person (cover). This cost is variable and would only be charged based on the number of corporate hospitality tickets actually sold. Unfortunately, a marquee may not be available on the date that we need: the other suppliers definitely do not have any available, and a marquee from Eroica Events is not guaranteed at present.

Eroica Events will provide all necessary stewarding for £2,500 – it is likely to be a condition of Police consent that there is professional stewarding of the event. An orchestra facilities block, if needed, would cost £4,000.

I trust that this gives you some of the information that you need for your costings.

Best wishes,

Val Kyrie

EROICA EVENTS LIMITED

Ms. V. Kyrie
Stanford Parry Trust Limited
Stanford Parry Country Park
Mazurka
MK17 6QQ

26 May 2006

Dear Ms. Kyrie,

Quotation for Facilities Hire

Thank you for your enquiry about the cost of facilities hire for your proposed open-air concert on 22 September 2006. We are pleased to submit our estimate for your consideration. Our prices include the costs of erecting and dismantling all equipment.

Fencing enclosure and lighting	£2,000
Banked seating – 1,000 seats	£6,000
Banked seating – 500 seats	£3,500
Stage	£10.00 per square metre
Stewarding	£2,500
Corporate hospitality marquee	£2,600
Corporate hospitality luxury catering	£26.00 per cover
Orchestra Facilities Block	£4,000

Please do not hesitate to contact us for any further information that you require. I must point out that with the exception of the corporate hospitality marquee and luxury catering, all the above facilities must be booked by the end of June with full payment. Regrettably no refunds can be entertained.

All our corporate hospitality marquees are currently provisionally booked by other clients for the date that you require. It is more probable than not that one of them will become available for you, but we cannot guarantee this at present.

Yours faithfully

Ludwig v. Beethoven

Events Manager

34 EMPEROR WAY, VIOLA BRIDGE, SINFONIA. VB4 5AG.

Stanford Parry Trust



E - Mail

From: Gertie Dammerung
To: I.O. Lanthe
Date: 31 May 2006
Subject: Income Generation

I wanted to let you know about income that I have secured, some of it additional to the income in the original 2006 budget.

I have been networking hard amongst our partners and Trustees and have secured the following pledges that will increase our income in 2006 and 2007.

For 2006 only, the Chairman has promised a one-off donation of £8,000, and the President has promised £4,000.

The Sinfonia Horticulturalists have agreed an annual grant of £8,000 starting in 2006.

Mazurka Borough Council has confirmed that its annual grant will continue at £40,000.

The Jerusalem Bluebird Education Trust will contribute £10,000 per annum in recognition of the Trust's work with schoolchildren, also starting in 2006.

I have secured further business sponsorship agreements for the Park. Unlike existing sponsorship agreements, the new agreements come without any stipulation by the donors that they want it applied to any specific purpose. Top People Business Consultants will pay £30,000 per annum from 2007 for access to the Park's facilities for business events, with £15,000 being payable for 2006 as they will start using our facilities from midway through the year. The Parfit Advertising Agency has just signed up for advertising using strategically placed tasteful displays. Parfit will pay £20,000 per annum for themselves and additionally their client Utopia Limited will pay £10,000 per annum. As the advertising will only be in place for the latter part of 2006, for 2006 Parfit will pay £10,000 with Utopia paying £5,000. Bunthorne Bridal Wear will contribute £5,000 in 2007 for the use of the Park as a backdrop to their photo shoot to launch their 2007 collection.

Profit is not a dirty word round here any more now that I am in charge.

Gertie

Stanford Parry Trust



E - Mail

From: Bobbie Schumann (Head Ranger)
To: I.O. Lanthe
Date: 1 June 2006
Subject: Finance matters

Further to our recent meeting, here are the details you asked for. I have finalised two income-generating deals for the Park.

1. Income

Firstly, the local angling club are very keen to use Swan Lake for fishing. This would be very much in line with its use in Sir Stanford's time. They have agreed to pay £4,000 per annum for the annual fishing rights, commencing at the end of June this year (so there will be half a year's income in 2006). The other part of the deal is that club members are prepared to clear the lake of azola for us and restock it with game fish at their expense. Three retired club members have undertaken to put in 20 full days each working on cleaning the lake during June. This is particularly welcome in the light of the recent environmental enforcement notice.

Secondly, I have signed a five-year contract with Bayreuth Ring Cycle Hire. This company will hold a franchise for hiring bicycles to Park visitors through the year (though I expect they will cut back during the winter). The risk is being taken entirely by Bayreuth who will pay us an annual fee of £18,000 for the franchise (£9,000 for 2006 for the half year) in return for space and exclusive rights. I will need a small increase (£1,000) to my Grounds Maintenance budget for 2007 to enable additional maintenance of paths.

2. Volunteers

Many groups of volunteers and other community groups work in the deer park and grounds generally (we take groups on community supervision orders as well). I didn't keep exact records in 2005 (I will do so now) but we ran big work parties twice a week (Thursdays and Sundays) with an average of 10 people attending on Thursdays and parties of 25 on average attending on Sundays – say 1,820 days each year.

3. Rhododendrons and Japanese Knotweed

Following the enforcement notice, we have to double the rate of clearance of infestation from the start of June. Whilst I am trying to get more volunteer help, this will have substantial cost implications. A substantial amount of unbudgeted overtime will be needed from the rangers, either supervising volunteers or directly working on clearance themselves. Their overtime rate, inclusive of oncosts, is £17.25 per hour. 200 overtime hours will be needed in 2006 and 360 hours in 2007. We will have to use more (and stronger) weedkiller and equipment, at an additional cost of £500 per month for the indefinite future, starting this month. Until 2008 no grants are available towards this unbudgeted cost.

4. Budget Issues 2007

Other than the issues mentioned above, I know of nothing else for 2007. Apart from wondering what these successes in generating income and savings would have been worth to me had I been one of the chosen few who will get a lavish bonus in 2006!

Bobbie

Stanford Parry Trust



Memorandum

To: Gertie Dammerung – Park Director
Don G. O’Varney – Hon. Treasurer
From: Val Kyrie – Deputy Park Director
cc I.O. Lanthe – Finance Officer
Date: 2 June 2006

Subject: Prom in the Park Concert Marketing

As requested, I have been busy collecting information on the likely demand for the proposed Prom in the Park concert. There are three options that I have identified:

- Sinfonia Symphony Orchestra – with 1,000 seats in banked seating;
- Mazurka Concert Orchestra – with 500 seats in banked seating;
- Woodfield Community Choir – with 200 seated on chairs.

The Sinfonia Symphony Orchestra (SSO) is internationally renowned, and would perform a programme of avant-garde music from little-known composers. The indications are that the audience would be serious music-lovers from right across Sinfonia. This “high-class” option has attracted lots of interest from corporate sponsors for corporate hospitality packages. Offering corporate hospitality would mean that the marquee hire would be necessary, but this would reduce the standing capacity. The SSO option will have to be considered both with and without corporate hospitality to determine whether to hire the marquee (if available) and book the hospitality luxury catering. The SSO’s fee would be £22,500 plus 20% of all ticket sales and corporate hospitality package revenue (if any). They drive a hard bargain!

Mazurka Concert Orchestra (MCO) is semi-professional and locally based. It would perform a programme of popular light classical favourites. There has been surprisingly strong demand evident for this concert, especially from more affluent areas within Mazurka itself. There would be far fewer people from further afield in Sinfonia if this were the concert offered. There is negligible interest in hospitality packages from corporate customers for the MCO concert, so offering corporate hospitality for the MCO event would not be a viable option. MCO would charge a fee of £10,000.

Woodfield Community Choir (WCC) is based on the Woodfield Hills Housing Scheme. The choir reflects the diverse cultural and ethnic heritage of Woodfield Hills residents. The choir is amateur, but has a national reputation. It would be supported by local session musicians. Its repertoire is based on Hot Gospel, reggae and soul. Audience numbers would be a lot lower, but facilities could be less complex (other than the arrangements specified by Health and Safety and the Police for professional stewarding and enclosure fencing for the 22 September date). The choir would expect a donation of £1,000 towards its expenses. No banked seating would be required – 200 chairs on the grass would involve no incremental cost and would reduce standing capacity by only 400. There would be no interest at all in hospitality packages for the WCC event.

The Police have indicated that they would not feel it necessary to attend a concert featuring the WCC, although they still insist on full professional stewarding. The Police would charge £4,500 for policing a concert involving the SSO in view of the larger numbers expected. For the MCO the Police would scale down their operation and charge £2,000. A temporary stage will be needed. The SSO will require 600 square metres. The MCO and the WCC need only 400 square metres. The SSO has also required that the Trust provides an “Orchestra Facilities Block” for their use.

I have looked very hard at ticket prices for all open-air concerts in Sinfonia advertised for this year. I suggest the following ticket prices (and my research on potential demand is based on these prices):

	SSO £	MCO £	WCC £
Seated	24.50	15.00	5.00
Standing	16.00	12.00	4.00

These would be the prices paid by the audience. The SSO will take a percentage of all ticket revenue INCLUDING corporate hospitality package sales. There seems to be strong demand for corporate hospitality packages for the SSO so I have increased the price of these packages for the SSO to £78 per head. The SSO is demanding a share even of the proportion of the corporate hospitality package price that relates to the catering; they argue that it is the SSO that sells most of the corporate hospitality packages.

Also, I have considered the various uncertainties that will affect how successful the event is in terms of attracting an audience and raising revenue. The two main ones are:

- The weather will be a factor. People who buy tickets in advance can be expected to come; and even if they don't, their ticket is non-refundable. Pay-on-the-gate numbers may however be reduced if the weather is poor. There is a 70% probability of fine weather around 22 September with a 30% chance that it will be poor – either wet or so overcast that the potential audience assumes that it is going to rain.
- It is uncertain at the moment whether the marquee and corporate hospitality catering can be provided. The best information Eroica Events can give me is that they think there is a 60% chance that one of their provisional marquee bookings will be cancelled. They will know this by the end of July. At that time they will give us the first option on the marquee and catering. We could then book these facilities if it appears worthwhile, but we will not have to do so.

Additionally, although the Trust is not in a position to provide catering or drinks itself, there are concessionaires who will attend and sell these services. In the event of the SSO concert going ahead, there will be a considerable number of concessionaires and I anticipate licence fees will be £2,000 (whether we have a marquee or not). Fewer concessionaires will be attracted by the MCO event; licence fees in this case would be £750. Few concessionaires would bother to attend the WCC event and concession income in this case would be only £100.

The demand estimates should be available shortly. I will provide them within the week, as decisions must be taken before the end of June if the majority of the event equipment is to be reserved.

Val Kyrie

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Gertie Dammerung – Park Director
Date: 5 June 2006

Subject: My Financial Presentation to the Management Board

The next Management Board meeting on 14 June is rapidly approaching. A key agenda item at the meeting is my presentation on the progress of the Trust towards eliminating the operating deficit. This is a particularly important event, as it will provide the first systematic insight for the Management Board into the success or otherwise of initiatives to stabilise the Trust's financial performance both in 2006 and going forward.

I want you to prepare a report for me with supporting appendices. I will base my presentation on it. Most of it will be given to the Management Board, but I will hold back sensitive sections especially on the shop operation. Please ensure that the report is available for my review by 5.00 p.m. on 13 June, as I shall need some time to digest its contents as I prepare my presentation to the Management Board. For comparability, please use a constant 2006 price base throughout.

Your report will need to include:

- A brief introduction and background to the Trust's objectives, financial environment and current financial position;
- A latest forecast outturn for 2006. (Don G. O'Varney has provided a proforma for you to use which I attach). Please do not yet include any potential costs/income from the proposed autumn concert or costs for the PRP scheme;
- A 2007 budget based on the latest information and the 2006 forecast outturn;
- Brief comments about the key assumptions and risks underlying your projections and an assessment of the financial position of the Trust and the adequacy of the projected balances on its Funds at the end of 2006 and 2007;
- Completion of projected trading accounts for the shop and café (separately) for 2006 and 2007 and an appraisal of these results;
- A specific review of the 2006 performance and finances of the shop in terms of shrinkage and stock length (Don G. O'Varney says that you will know what these terms mean).

I know that you have been working on setting up trading accounts for the various accountability centres in the Park, but initially I want to confine the exercise to the shop and café. As well as the gross profit, it would be appropriate to consider staffing and premises costs that can be attributed to these two profit centres. Don G. O'Varney has asked me to ensure that transfers are recorded at cost (whatever that means). He also seems to have particular worries about the shop – I am sure your report can set his mind at rest. Mo Zart is so committed – a friend of mine even saw her at a car-boot sale in Overtewer selling surplus stock in her own time on a Sunday. I just wish Viv Valdi in the café was equally committed.

Gertie Dammerung

Park Director

Stanford Parry Trust Limited
Revenue Budget Projections

<u>General Operations - Unrestricted</u>	2006 Approved Budget	Adjustments	2006 Latest Projected Outturn	Adjustments	2007 Draft Budget
Income	£	£	£	£	£
Entrance fees	614,000				
Car park income	130,000				
External farm sales	5,500				
Shop	100,000				
Café	140,000				
Subscriptions	51,000				
Interest	150				
Grant - Mazurka Borough Council	40,000				
Grant - Jerusalem Bluebird	10,000				
Rent	7,200				
	<u>1,097,850</u>		<u> </u>		<u> </u>
Expenditure					
Staffing	664,500				
Premises - repairs & maintenance	112,000				
Premises - running costs	54,000				
Premises - grounds maintenance	9,000				
Transport	45,000				
Supplies and services	263,000				
Trustees expenses	2,500				
Audit fee	10,000				
	<u>1,160,000</u>		<u> </u>		<u> </u>
Net surplus/(deficit) on general operations	<u>(62,150)</u>		<u> </u>		<u> </u>
<u>Restoration Fund - Restricted</u>					
Business sponsorship	35,000				
Pledges	18,000				
Interest	10,500				
	<u>63,500</u>		<u> </u>		<u> </u>

Stanford Parry Trust



E - Mail

From: Val Kyrie
To: I.O. Lanthe
Date: 6 June 2006
Subject: Savings and volunteer information

Further to the recent senior management team meeting I have collated volunteer details from the gardens, café, shop, deer park and other grounds and farm; I also have some ideas on savings that we can make on the premises budget for 2007.

Firstly volunteers. Most volunteers work in the deer park and the grounds other than the gardens and farm. However, the Sinfonia Horticultural Society frequently helps out in the gardens; most days there will be two or three members assisting for at least part of the day – say the equivalent of 360 days per year. Due to the nature of the farm and its activities, we currently do not have volunteers working there. The shop has no volunteers, but we roster a lot into the café – probably the equivalent of 3 extra full time staff – say 720 days per year. Sadly, we have had to devote something like 30% of volunteer effort in the grounds to invasive species clearance (under the direction of the Park Rangers), and whilst necessary, this does not really register with the public as making the Park a more exciting place to visit.

I have also reviewed the Repairs and Maintenance base spending and I believe we can economise, at least in 2007, as shown below.

	2006 Budget	2007 Budget After Savings
Routine repairs and maintenance:	£	£
Stanford Parry Hall	28,000	20,000
Farm buildings	22,000	16,000
Glasshouses	32,000	24,000
Stable block	<u>30,000</u>	<u>15,000</u>
Repairs and maintenance total	<u>112,000</u>	<u>75,000</u>

You should also be aware that the senior management team has reluctantly decided that we must fall in line with our competitors and start charging for school visits from the beginning of 2007. £200 seems like a reasonable charge for each of the 80 school visits that we host during a year. To sweeten the pill, each child will receive an educational pack at a cost to the Trust of £2 per child. We also intend to improve the school visit experience to justify the extra cost, and this will involve Health and Safety work at various locations in the grounds at an additional cost of £3,000 in 2007. One chink of light is that from the start of 2007 school parties will spend longer in the shop so shop sales will rise on average by £1 for each child in a school party. There are usually 30 children in a school party. I hope this helps you to balance the books.

Val

grass!). The remaining 25% would not be prepared to stand and would refuse to enter. This may well result in complaints and loss of goodwill for the Trust, but there are strict limits on capacity because of Health and Safety considerations.

As the ticket prices are by no means cheap, I think that it is inappropriate to charge visitors attending any of the concert options for car parking as well. For the SSO, the numbers using the car park may be very substantial, so I think that we would have to use several of our most experienced paid employees and hired stewards to staff the car parks and organise the efficient use of car parking space. They would have to be paid at premium rates, so should the SSO option be chosen, there would be a committed cost of £600 for car park supervision. Car park staffing for the other options could be provided without extra overtime cost by juggling staff work rotas.

I think that I have contributed as much as I can to this process. An accountant is needed to make sense of all this information and work out whether the Trust is going to make any money out of any of these proposals.

Regards,

Val Kyrie

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Don G. O’Varney – Hon. Treasurer
Date: 8 June 2006

Subject: Prom in the Park Proposals

There is a Management Board meeting scheduled for 14 June 2006, and one of the main agenda items is the revenue generation proposal to hold a “Prom in the Park”. As facilities for the event have to be booked before the end of June, the meeting will have to take a decision about which of the options, if any, to pursue. Hence I want you to draft a report on my behalf appraising the relevant options and making a clear recommendation embracing both financial and relevant non-financial considerations.

The options to be considered in your report are:

- Sinfonia Symphony Orchestra with large (1,000) seating capacity (with or without marquee);
- Mazurka Concert Orchestra with small (500) seating capacity;
- Woodfield Community Choir.

The chosen option ideally should generate a surplus or at least only a small loss. If possible, the Trust should be seen to cater for the needs of local people to refute criticism of the Trust as an elitist organisation. There is considerable uncertainty about outcomes, and given the complexity of the decision a diagrammatical representation would be helpful to me and the Management Board members. The initial decision is which option to adopt, and the choice will immediately commit the Trust to considerable expenditure. A further decision about whether to offer corporate hospitality facilities will have to be taken subsequently at the end of July once marquee availability is known.

You will need to address the following requirements:

- A brief outline of the reasons for holding an event, identification of options to be considered, the nature of the uncertainties relating to those options and the financial and non-financial constraints applicable;
- Explicit consideration of both demand and physical capacity constraints and an assessment of the expected cost and revenue implications of each proposal presented diagrammatically showing the preferred option;
- As most of the Management Board and managers of the Trust lack financial expertise, a clear explanation of the technique adopted covering its limitations as well as the meaning and the degree of reliability of the results;
- Consideration of the wider issues including non-financial aspects;
- Assessment of the risks involved (this should include the worst case outcomes envisaged under each alternative proposal);
- Clear conclusions and recommendations.

I wish to see your report by 13 June 2006 so that I can familiarise myself with it before the Management Board meeting.

Don G. O’Varney

Stanford Parry Version 5.4

Stanford Parry Trust



E - Mail

From: Gertie Dammerung
To: I.O. Lanthe
Date: 9 June 2006
Subject: Performance Related Pay scheme

**STRICTLY
CONFIDENTIAL**

The following information is provided for you to compute the bonuses under my new Performance Related Pay scheme. This is highly confidential, and only Sir Charles Villyers, Lord Hubert Haystings, Don G. O'Varney and you are privy to these scores.

PERFORMANCE APPRAISAL OUTCOMES

<u>Member of staff</u>	<u>Score</u>
Gertie Dammerung, Park Director	125
Val Kyrie, Deputy Park Director	110
Bobbie Schumann, Head Ranger	120
Tony Dvorak, Horticulturalist	100
Mo Zart, Shop Manager	125
Viv Valdi, Catering Manager	95
Charlie Gounod, Farm Manager	100
Gertie	

Stanford Parry Trust



Memorandum

To: I.O. Lanthe – Finance Officer
From: Don G. O’Varney – Hon. Treasurer
Date: 10 June 2006
cc: Sir Charles Villyers - Chairman
Subject: **PRP Scheme and validity of performance measurement**

**STRICTLY
CONFIDENTIAL**

I am sorry to have to land you with a further task at short notice, but I shall be away on business until the eve of the next Management Board of Trustees meeting. Gertie intends to seek approval of her Performance Related Pay (PRP) scheme at the meeting and permission to implement her pilot immediately. Sir Charles and most of the other trustees do not feel that they understand the PRP scheme and its implications for the Trust (it was formulated without any consultation with the Trustees or any of the managers), and therefore they feel unhappy at being required to make a quick decision. Indeed, Gertie has already pressured Sir Charles and Lord Hubert (who know nothing about appraisals) into appraising her, even though she has not yet been in post for six months.

I spoke briefly to Sir Charles after he asked me for my views on the scheme. I did express my reservations about proceeding with the scheme as proposed, but Sir Charles found some of what I had to say too technical and it rather went over his head. He needs an accessible briefing note so that he understands the issues before the meeting. You will have to explain some detailed technical issues, but do so in a way that he can understand. Normally I would have done this, but I will have to rely on you as I am about to leave for the airport. Both Sir Charles and I recognise that we are putting you in a difficult position by asking you potentially to criticise your superior, so your briefing note will appear under my name and Sir Charles will not disclose your involvement in drafting it to Gertie or any of the other trustees. So feel free to say what you really think!

The briefing note needs to deal with the following issues:

- The purpose of the PRP scheme and the basis of the proposed 2006 pilot version;
- Appraisal of whether the scheme as proposed is sound and fit for purpose and will improve motivation and generate more income than it costs (please indicate the likely maximum cost for 2006 as part of this);
- A discussion of whether the Park’s activities are too interdependent for individual performance evaluation of the activities by trading accounts to be meaningful, and in particular the role and significance of transfer pricing needs to be explained;
- Identification and appraisal of all the available alternative bases for transfer pricing and a recommendation about what to do;
- Brief overall conclusions about the proposals and recommendations about what the Management Board should do about them.

Sir Charles has always seen the Trust as being one big happy family of like-minded people working harmoniously together. I am not sure that this has ever been entirely true, but recently there do seem to be increasing tensions between individual managers.

Don G. O’Varney

Gilbert & Sullivan and Co.
Chartered Accountants and Registered Auditors
Princess Ida Street, Mazurka. MK3 4RT.

Mr. D.G. O'Varney
Hon. Treasurer
Stanford Parry Trust Limited
Stanford Parry Country Park
Mazurka
MK17 6QQ

12 June 2006

Dear Sir,

Annual SOFA

We continue to review the draft annual Statement of Financial Activities (SOFA) provided to us by the Trust. Our opinion on the SOFA and the rest of the 2005 annual accounts is still subject to completion of the audit. We understand that a copy of the draft SOFA was submitted to Mazurka Borough Council in May as part of the required information in support of a grant application for further funding in respect of renovation of contents of the Hall. Although the Council has undertaken to maintain the confidentiality of this draft information, we wish to express our concern that this creates a risk of premature unauthorised public disclosure of unaudited accounting data.

There is a major area of omission in the draft SOFA. This concerns the value of services received from unpaid volunteers working for the Charity. The Office of the Charity Registrar has issued new regulations under the Charities Consolidation Act 1992 requiring a formal recognition of the effort contributed by volunteers as a note to the SOFA. Whilst it is not a specific requirement of the Sinfonia Charities Statement of Recommended Practice (SORP), many charities have elected to quantify both the amount and value of volunteer effort in a note to the SOFA. Should you wish to adopt this policy, we suggest that an acceptable method of calculation is to ascertain the number of volunteer days and multiply it by the day rate used by National Heritage Chest in calculating notional "match funding" for projects. This is currently £52 per day.

On completion of the audit we will submit our account for the work. The agreed fee for 2005 is £10,000. We should forewarn you that we have reviewed our fee scales, and we expect that our fee for the same work to be carried out on the 2006 accounts (to be billed after completion of the audit) will be £11,000. On the other hand, now that you have appointed your own Finance Officer, our provision of financial services ceased at the end of March 2006. In July we shall bill you £1,000 in respect of our financial services work for the first quarter of 2006 and there will be no further invoices thereafter. The value of our financial services invoices in 2005 was £5,000.

Yours faithfully,

Gilbert and Sullivan and Co.

Partners: Roddy Gore, P.N. Zance

Top People Business Consultants

5 Borodin Crescent, Mazurka. MK6 3BN.

Ms. G. Dammerung
Park Director
Stanford Parry Trust Limited
Stanford Parry Country Park
Mazurka
MK17 6QQ.

12 June 2006

Dear Ms. Dammerung,

Inappropriate Event

My company recently received a communication from your Deputy Park Director asking us whether we would be interested in purchasing corporate hospitality packages for your proposed "Prom in the Park" event. Whilst we would be interested in participating in the only high quality option, the Sinfonia Symphony Orchestra concert, we were amazed that anyone in your organisation could be so naïve as to think that a company such as ourselves would even consider the other options.

In particular, the Woodfield Community Choir is a wholly unsuitable entertainment to offer to our prestige clients. Presumably this amateurish crew are only considered because they are multicultural rather than talented.

As a company, we provisionally agreed recently to contribute to the Trust £15,000 in 2006 and £30,000 in 2007 through the Trust's business sponsorship scheme. We are now reconsidering what benefits we would receive for our investment. In our view the Trust should concentrate on providing a much-needed high quality venue for the Mazurka area to support local business. The continuing delay in making the hall available for business entertaining is only compounded by your apparent policy of trying to attract the sort of people that our clients do not want to associate with. We have therefore decided with great regret to withdraw our offer of sponsorship because the Trust has not provided us with a written guarantee that its policies will be consistent with our vision for the Park, and in particular that other people (especially from Woodfield Hills) will be excluded from the Park when our clients use the facilities, to avoid our clients being upset by undesirables.

Yours sincerely,

J. S. Back

Managing Director

Note to Don G. O'Varney (cc Val Kyrie & I.O. Lanthe)

I am profoundly dismayed by the loss of this sponsor as a result of the Trust wasting time investigating a "socially inclusive" option for staging events. Even considering a proposal for a WCC event was wholly contrary to the quality ambience that I have been developing to take the Park forward. The SSO concert is a unique chance to strengthen our quality corporate branding proposition. I cannot understand why the Trust did not seize the SSO opportunity with both hands a month ago. However, irrespective of the SSO decision, this sponsor has now imposed a new condition for their sponsorship.

Gertie Dammerung 13/6/2006