

THE VERDERERS OF THE NEW FOREST

**Annual Report and Financial Statements
Year ended 31 March 2018**

PKF FRANCISCLARK

Chartered accountants & business advisers



The Verderers of the New Forest

**Annual report and financial statements
for the year ended 31 March 2018**

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The Verderers of the New Forest

Report of the Verderers of the New Forest for the year ended 31 March 2018

The Verderers present their report together with the financial statements for the year ended 31 March 2018.

Principal activity

The Verderers of the New Forest act as regulators of development as well as overseeing commoning on the Forest. They work in conjunction with Natural England, the New Forest National Park Authority and with the Forestry Commission, a government agency, which administers the Crown lands on behalf of the nation.

The Verderers

Mr Dominic May, Official Verderer – Resigned 1 May 2017

Lord Manners, Official Verderer – Appointed 1 May 2017

Mr Richard Deakin, Elected Verderer

Miss Dionis Macnair, Elected Verderer

Mr David Readhead, Elected Verderer

Mrs Diana Westerhoff, Appointed Natural England Verderer

Mr Barry Dowsett, Appointed Forestry Commission Verderer

Mr Hallam Mills, Appointed DEFRA Verderer

Mr Jim Greenwood – Elected Verderer

Mr Anthony Pasmore – Elected Verderer

Mr Edward Heron – Appointed National Park Authority Verderer

Review of the Year

The Verderers report a surplus of income over expenditure on the general fund for the year of £81,834 (2017: £95,928).

Statement of Verderers' Responsibilities

The New Forest Act 1877 requires the Verderers to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Verderers and of the income and expenditure for both the general fund and the gridding fund for that period. In preparing these financial statements, the Verderers are required to:-

- Select appropriate accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that they will continue to operate.

The Verderers of the New Forest

Report of the Verderers of the New Forest for the year ended 31 March 2018 (continued)

The Verderers are responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Verderers of the New Forest. The Verderers have general responsibility for instituting adequate systems of internal financial control and safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The report on behalf of the Verderers of the New Forest was approved on 18 July 2018 and signed on their behalf by



Lord Manners
Official Verderer

The Verderers of the New Forest

Report of the Independent Auditors to the Verderers of the New Forest

Opinion

We have audited the financial statements of the Verderers of the New Forest for the year ended 31 March 2018, which comprise the Statement of Income and Expenditure, Balance Sheet and Notes to the Financial Statements for the general fund and the gridding fund, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) incorporating the requirements of Section 1A.

In our opinion the financial statements:

- give a true and fair view of the state of the Verderers of the New Forest's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Verderers of the New Forest in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Verderers of the New Forest, 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 Verderers of the New Forest 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 Verderers and the Verderers of the New Forest as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

The Verderers of the New Forest

Report of the Independent Auditor to the Verderers of the New Forest

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Verderers' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Verderers' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Verderers' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Verderers were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Verderers' Report and from the requirement to prepare a Strategic Report.

The Verderers of the New Forest
Report of the Independent Auditor to the Verderers of the New Forest

Responsibilities of the Verderers

As explained more fully in the Statement of Verderers' Responsibilities [set out on page 1 and 2], the Verderers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Verderers determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Anne-Marie Gates FCCA ACA (Senior Statutory Auditor)
PKF Francis Clark, *Statutory Auditor*
The George Business Centre
Christchurch Road
New Milton
Hampshire
BH25 6QJ

Date23.8.18.....

The Verderers of the New Forest

General Fund Balance Sheet As at 31 March 2018

	Note	2018 £	2017 £
ASSETS EMPLOYED			
Fixed assets	3	6,968	4,807
Current assets			
Investments at market value	4	59,631	53,246
Debtors	5	48,138	48,451
Bank current accounts		832,217	536,460
Monies on deposit	6	-	252,000
Cash in hand		33	63
		940,019	890,220
Current liabilities			
Creditors: Amounts falling due within one year	7	89,676	122,434
Due to Gridding Fund		66,481	63,597
		156,157	186,031
Net current assets		783,862	704,189
Net assets		790,830	708,996
Funds employed			
Funds – General	8	334,339	551,498
Railway Fund	9	156,491	157,498
Reserve Fund	10	300,000	-
Funds		790,830	708,996

Approved on 18 July 2018 and signed on behalf of the Verderers by


 Lord Manners
 Official Verderer

The Verderers of the New Forest

Income and Expenditure Account For the year ended 31 March 2018

	Note	2018 £	2017 £
Income			
Marking fees		248,374	244,569
Forestry Commission Animal Welfare Grant		37,200	37,200
Forestry Commission compensation for loss of grazing (estimate)		10,058	9,133
Adjustment for underprovision in previous year		100	-
Forestry Commission compensation for Verderers' inclosures (estimate)		9,869	9,869
Adjustment for underprovision in previous year		-	-
Forestry Commission administrative grant		64,806	64,806
Investment income		1,189	1,113
Bank deposit account interest (including short term deposit)		383	3,558
Telefonica and Railtrack compensation		607	607
Search fees		7,030	7,150
Other miscellaneous income		1,007	750
Brands		810	2,870
Donations		-	6
Disposal of vehicles		-	-
Refund received in respect of Land Rover warranties		-	2,110
Contributions towards pony collars		150	315
Verderers Grazing Scheme			
- Contribution for Agisters' costs		45,000	45,000
- Contribution to staff costs		14,342	13,659
- Scheme costs recharged		26,781	26,898
		467,706	469,613
Expenditure		385,872	373,685
Net surplus for the year	8&9	81,834	95,928

The Verderers of the New Forest

Expenditure Account For the year ended 31 March 2018

	Note	2018 £	2017 £
Agisters' salaries and National Insurance		126,900	122,150
Agisters' horse expenses		22,500	22,500
Agisters' mileage		13,267	12,571
Agisters' clothing		1,671	3,025
Agisters' pension scheme		11,464	11,030
Motor expenses		481	1,115
Agisters' vehicle leasing		25,560	25,560
Clerical salaries and National Insurance		66,431	66,547
Casual labour		805	3,514
Staff pension scheme		8,361	8,319
Welfare		580	280
Cleaning		208	2,026
Water supplied to troughs		1,095	1,103
Insurance		13,797	12,806
Telephone less repayments		5,951	5,798
Printing, stationery, postage and advertising		7,194	11,841
Computer expenses		3,223	1,629
Legal and professional charges		4,126	3,939
Audit		5,400	4,950
Bank charges		77	77
Sundry expenses		7,501	2,059
Verderers' honorarium		5,221	5,224
Verderers' election expenses		-	-
Depreciation equipment		2,106	1,039
Ear tags for marking cattle		431	11,300
Repairs to pounds – General		14,006	1,809
Stock related expenses		4,876	3,124
Fallen stock		290	290
Humane killers and ammunition		1,178	713
Verderers Grazing Scheme		26,781	26,898
Speed Camera partnership		10,703	10,703
Interest charged on late payment of Class 1A		-	24
Income tax deducted at source		-	1
Corporation tax due for the year		73	711
Increase in market value of investments		(6,385)	(10,990)
		385,872	373,685

The Verderers of the New Forest

Notes forming part of the financial statements
For the year ended 31 March 2018

1 Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention. They comprise the general and gridding fund but do not include the accounts of the Verderers Grazing Scheme.

Forestry Commission

Grants and compensation monies receivable from the Forestry Commission are accounted for in the period to which they relate.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Office equipment	-	over 4 years
Plant and equipment	-	over 8 years
Motor vehicles	-	over 5 years

Pension Costs

Pension costs are realisable on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, as far as possible, to the service levels of the employees concerned.

Investments

Investments are valued at market value. Investment income is shown net.

Marking fees

As marking fees are charged on a calendar year basis, an accrual is made for the proportion of any fees paid in advance. Any amounts received after the year end, are fully accounted for in the period in which they are received.

Hire purchase and finance leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income and expenditure account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income and expenditure account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

The Verderers of the New Forest

Notes forming part of the financial statements
For the year ended 31 March 2018 (continued)

1 Accounting policies (continued)

All other leases are treated as operating leases. Their annual rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

Grants

Grants received are held on the balance sheet and are amortised over the same period as the assets to which the grants relate. Grants of a revenue nature are credited to the income and expenditure account in the same year as the related expenditure.

2 Verderers' honorarium

During the year, honorarium of £5,000 (gross) (2017 : £5,000) was paid to elected Verderers. Each elected Verderer is entitled to £1,000 (2017 : £1,000) honorarium per complete year served. In addition employer's national insurance of £221 (2017 : £224) was paid.

3 Fixed assets

	Freehold Land £	Office Equipment £	Plant and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2017	322	14,840	9,400	34,261	58,823
Additions	-	4,267	-	-	4,267
Disposals		(150)	(1,578)	-	(1,728)
At 31 March 2018	322	18,957	7,822	34,261	61,362
Depreciation					
At 1 April 2017	-	14,360	5,395	34,261	54,016
For year	-	1,439	667	-	2,106
On disposals	-	(150)	(1,578)	-	(1,728)
At 31 March 2018	-	15,649	4,484	34,261	54,394
Net book value at 31 March 2018	322	3,308	3,338	-	6,968
Net book value at 31 March 2017	322	480	4,005	-	4,807

The Verderers of the New Forest

Notes forming part of the financial statements
For the year ended 31 March 2018 (continued)

4 Investments

	2018 £	2017 £
The Fleming Mercantile Investment Trust Plc Ordinary shares of 25p each at market value	59,631	53,246

The cost of the shares at 31 March 2018 was £633 (2017: £633).

5 Debtors

	2018 £	2017 £
Compensation monies due from the Forestry Commission	38,979	38,004
Other debtors	3,014	4,943
Prepayments	6,145	5,504
	<u>48,138</u>	<u>48,451</u>

6 Bank deposit accounts

	2018 £	2017 £
Monies on deposit	-	252,000
	<u>-</u>	<u>252,000</u>

7 Creditors

	2018 £	2017 £
Deferred income – marking fees in advance	82,376	109,735
Trade creditors	2,187	2,174
Accruals	5,040	9,814
Corporation tax	73	711
	<u>89,676</u>	<u>122,434</u>

The Verderers of the New Forest

Notes forming part of the financial statements
For the year ended 31 March 2018 (continued)

8 General Fund

	General Fund £
Balance at 1 April 2017	551,498
Surplus of income over expenditure for the year	82,841
Transfer to reserve fund	(300,000)
Balance at 31 March 2018	<u>334,339</u>

9 Railway Fund

	Railway Fund £
Balance at 1 April 2017	157,498
Surplus of income over expenditure for the year	(1,007)
Balance at 31 March 2018	<u>156,491</u>

The Railway Fund arose from the sale of railway cottages in previous years, and the money is held in a separate bank account. The money cannot be used for day-to-day running expenses. The money must be used for the benefit of commoning.

10 Reserve Fund

	Reserve Fund £
Balance at 1 April 2017	-
Transfer from general fund	300,000
Balance at 31 March 2018	<u>300,000</u>

The Reserve Fund has been created as it is considered prudent to anticipate that financial difficulties may be encountered at the end of the Higher Level Scheme and E U subsidies. Monies will be transferred into a reserve bank account post year end.

The Verderers of the New Forest

Notes forming part of the financial statements
For the year ended 31 March 2018 (continued)

11 Commitments

The Verderers have leased five Land Rovers for use by the Agisters. The leasing agreement runs for six years from 1 January 2016 to 31 December 2021. The annual commitment under this lease is £5,112 per Land Rover and £25,560 for the five Land Rovers. The total commitment under this lease at 31 March 2018 is £95,850 (2017: £121,410).

12 Staff numbers

The average number of staff employed by the Verderers was 7 (2017 : 7).

13 Related party transactions

The Higher Level Stewardship Scheme (of which the Verderers Grazing Scheme is a part) is a land management scheme funded by Natural England and jointly administered by the Verderers, the Forestry Commission and the New Forest National Park Authority. The following transactions were incurred with the Verderers Grazing Scheme:

During the year, the Verderers charged £26,781 (2017: £26,898) of expenses to the Verderers Grazing Scheme, being expenses incurred on its behalf in 2018. A grant of £45,000 (2017: £45,000) was also receivable during the year from the Verderers Grazing Scheme, in respect of contributions towards the Agisters' costs.

In addition, £14,342 (2017: £13,659) was receivable in respect of administration staff costs.

Included in debtors are £3,014 (2017: £1,664) relating to amounts due from the scheme.

The Verderers of the New Forest

Gridding fund income and expenditure account For the year ended 31 March 2018

	Note	2018 £	2017 £
Income			
Dividends and interest:			
The Merchants' Trust plc		1,132	1,109
Astra Zeneca group plc		1,721	1,861
Murray Income Trust plc		31	35
		<u>2,884</u>	<u>3,005</u>
(Decrease)/increase in market value of investments		(935)	13,724
		<u>1,949</u>	<u>16,729</u>
Surplus of income over expenditure			

The Verderers of the New Forest

Gridding Fund Balance Sheet As at 31 March 2018

	2018	2017
Fixed assets		
Cost £2,805 (2017: £2,805)		
Investments at market value:		
Zeneca Group plc	41,612	41,756
- 850 25p Ordinary shares		
Murray Income Trust plc	708	753
- 90 25p Ordinary shares		
The Merchants' Trust plc	23,138	23,598
- 4,600 25p stock units		
Premium Savings Bonds	-	286
	65,458	66,393
Current assets		
Due from General Fund	66,481	63,597
	131,939	129,990
Accumulated fund		
Balance at 1 April 2018	129,990	113,261
Surplus of income over expenditure for the year	1,949	16,729
	131,939	129,990

Approved on 18 July 2018 and signed on behalf of the Verderers by


 Lord Manners
 Official Verderer

