

**REPORT OF THE TRUSTEES AND**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**  
**FOR**  
**WALBERSWICK COMMON LANDS CHARITY**

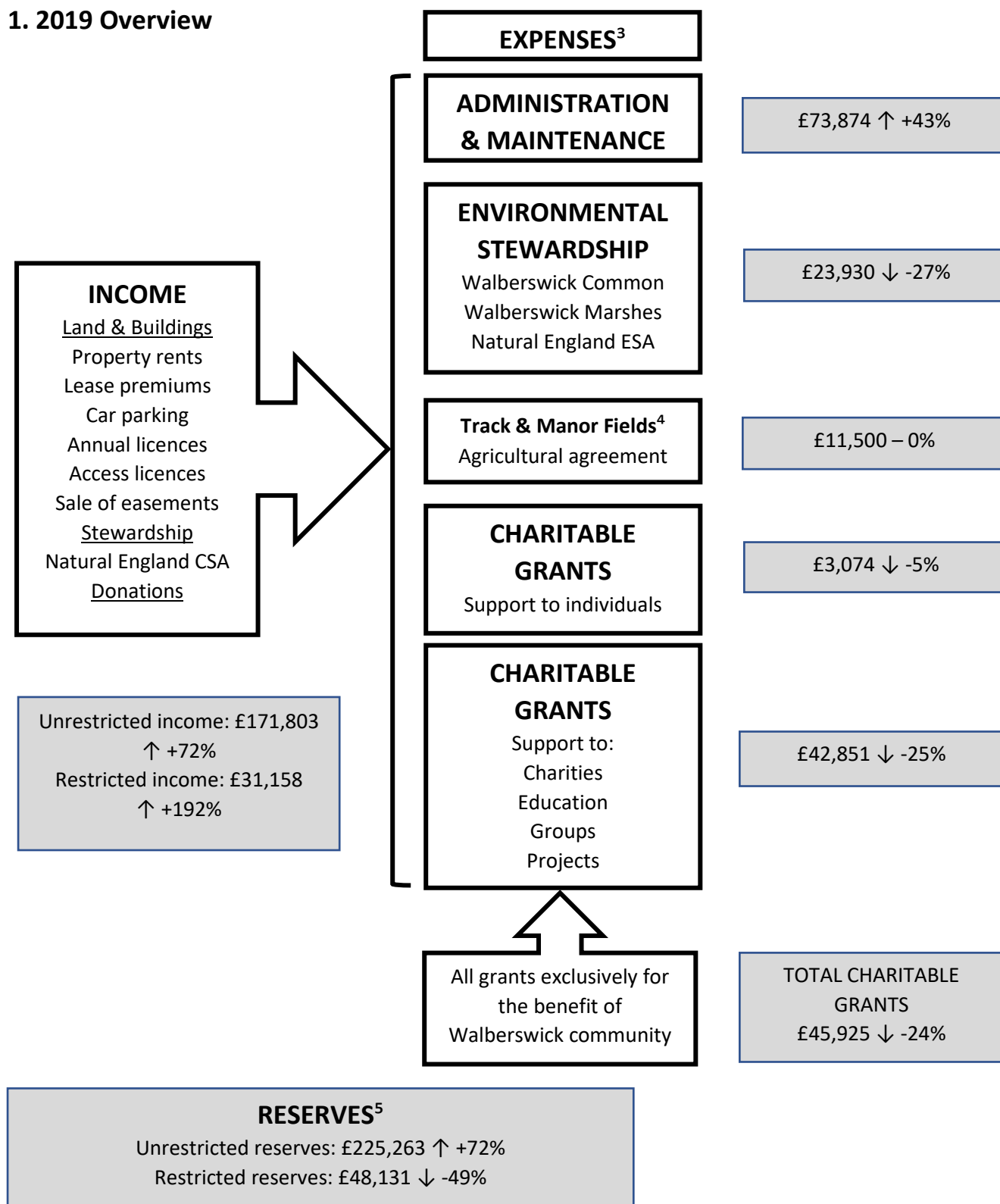
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**WALBERSWICK COMMON LANDS CHARITY**

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**for the Year Ended 31 December 2019**

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## 1. 2019 Overview



Notes:

1. All figures sourced from financial statements to 31 December 2019
2. Percentages show 2019 compared to 2018
3. Expenses exclude movement in the valuation of investments
4. Agreement with Blois Farms on farming practices adjoining Village
5. Reserves show net current (liquid) assets and excludes tangible assets and investment property.

## 2. Introduction

On behalf of my fellow Trustees I have pleasure in submitting the Charity's annual report and accounts for the year ending 31 December 2019.

In 2017 the Trustees first disclosed the Serious Incident relating to the unlawful grant of leases. This has proven to be the single most challenging issue faced by the Charity in its 118 year history. Last year we committed to "*make a final report available to stakeholders, with as much detail as possible, once matters have been concluded with the Charity Commission*". We are pleased to report that matters have now been concluded and that we have kept our commitment to transparency. You will find a full report in Appendix I.

While the Covid-19 pandemic occurred after the financial year-end, it had the potential to negatively impact the Charity's solvency. We have included a section on the pandemic, so that stakeholders are aware of the Charity's response and the potential issues we faced.

## 3. Financial statements

The Charity is now in its third year of reporting on an accrual accounting basis. This means that income and expenditure is recognised at the time transactions occur, rather than when payment is made or received.

### Unrestricted funds

Unrestricted income was £171,803, an increase of £71,697 (+72%) compared to 2018. This increase resulted from the sale of an easement and receipt of lease premiums. The premiums were exceptional items and are unlikely to be repeated in the near term. Administration expenses rose by 43% to £73,874, largely due to one-off items associated with resolution of the Serious Incident.

The covenant received from Walberswick Car Parks Limited was £43,209, an increase of 6% on the previous year. The Trustees would like to thank the Directors and Operations Manager of the company for the excellent job they do for the Charity, the community and our visitors.

The Charity generated a surplus of £97,292 before charitable grants, again reflecting the one-off income received. The Trustees made total charitable grants of £45,925, thereby distributing 47% of the Charity's surplus.

#### **EXPLANATION**

#### **CLASSIFICATION OF FUNDS**

*Unrestricted Funds* may be used for any purpose provided it complies with the Charities Act and the Charity's Scheme. For example, property rents.

*Restricted Funds* may only be used for the purpose intended, until that purpose has been met. For example, donations received for the new Bird Hide were only used for that purpose.

### Restricted funds

Restricted income was £31,158, an increase of £20,477, entirely arising from the new Countryside Stewardship agreement (CSA) with Natural England.

## CHAIRMAN'S REPORT – YEAR ENDING 31 DECEMBER 2019

Total expenditure on Environmental Stewardship was down 27% compared to the previous year, due to one-off expenditure in 2018 on the bird-hide and flood defences. However the Trustees again increased their expenditure on environmental stewardship of Walberswick Common, this time by £1,827 (8%) to £23,681.

### Reserves

At the financial year-end combined restricted and unrestricted reserves stood at £273,394.

During 2019 the Trustees reviewed their policy on reserves. They resolved to keep a minimum level of unrestricted reserves of £75,000. This was not an easy assessment to make as the biggest driver of financial risk to the Charity is a flood event of some kind, where there are a wide range of scenarios. In the end the Trustees concluded that £75,000 was sufficient to repair a minor breach in flood defences, while also being sufficient to obtain professional advice in the event of a major breach which required financial and engineering justification to secure Government funding.

## **4. Covid-19 pandemic**

Covid-19 raised two issues for the Trustees. Firstly and most importantly, how best to provide charitable support to individuals in need as a result of the pandemic. Secondly, the impact of the pandemic on the Charity's income and expenses.

Under the leadership of Trustee Hannah Sutton, a small sub-committee was established with the budget and delegations to provide support to individuals quickly, without requiring a full meeting of Trustees. The team worked in close liaison with the Walberswick Community Support Group established by villager Liz Wagstaff Green. The two teams worked together to identify vulnerable and potentially vulnerable individuals. In less than two weeks the teams had a high degree of confidence that no-one in Walberswick was going to fall between the cracks. It was a response that the entire community can be proud of.

As far as the financial implications are concerned, these were very concerning during the first phase of lock-down. However, as it has transpired, the increased popularity of Walberswick as a holiday destination has meant that our tenants have paid their rent and car park income is approaching the 2019 level. All of which means that the Trustees currently have no concerns over solvency of the Charity as a result of the pandemic.

## **6. Environmental stewardship**

The new Countryside Stewardship agreement (CSA) with Natural England commenced in 2019. The annual payments under this agreement are £28,711, paid approximately 12 months in arrears. As we did under the previous agreement, these amounts are classified as restricted funds.

The 2019/20 winter work programme on the Common mainly involved clearing old gorse. Work started on the Fen with clearing a block of encroaching scrub. A large birch, which gave off a lot of seed was felled and a Whitebeam was discovered nearby. The cleared area acts as good transient habitat and reeds have already regenerated.

A stand of old gorse was cleared by the pavilion and heather seeds sown in its place. More gorse was cleared to enlarge the firebreak near Gorse Cottage, by the Brick Path in compartment 10, on the

## CHAIRMAN'S REPORT – YEAR ENDING 31 DECEMBER 2019

south-west corner by the bench and between the playing field and the end of Adams Lane. Approximately 1.12 hectare of gorse was cleared overall.

One of the objectives of our work on the Common is to maintain and enhance diversity of wildlife. In May 2020 there continued to be a good number of dartford warblers (around 5 to 10 pairs), and we believe the number of breeding woodlark has increased from 1 to 2 pairs. There was also at least one nightingale on the Common, although these might be slightly fewer in number than previous years. This reduction appears to be because adjoining habitat has been impacted by housing development and a footpath. There were more nightjars this year with at least 5 calling males.

As well as these more notable species there are also yellowhammer, linnet, blackcap, whitethroat, chiff chaff, mistle thrush, woodpeckers and various other small birds. In particular, to have woodlark, nightjar and dartford warbler in the same place is quite exceptional. Adders are present in good numbers, as are lizards and slow worms. Part of the sandy bank on the old railway track was cleared and is now home to thread waisted wasps.

In October drainage works were carried out on the grazing marshes. Two dykes were cleared and shallow channels reinstated in the field. Good conservation practice requires only a limited amount of dyke clearance at any time, so that displaced wildlife can re-locate to undisturbed habitat. Our plan is to progressively clear the dykes on the grazing marshes each autumn.

The total bird species seen from the bird hide off Leveretts Lane has now reached 116 including; mandarin duck both male and female, spoonbill, water rail and for at least a month from 8 March 2019 a glossy ibis which took up residence departing only for a weekend break to Minsmere at the end of March. Due to Covid-19, the hide has been closed to the public since March. We are monitoring the situation with the RPSB and Suffolk Wildlife Trust and will re-open as soon as it is safe to do so.

### **7. Charitable support**

In total the Charity awarded charitable grants to individuals and groups of £45,925 during 2019. The Trustees make these grants in accordance with policies first adopted in April 2017 and communicated to the Parish Meeting in the same month. Some minor definition changes were made to the policy in 2019 which you can find on our web site.

The Charity has continued its undertaking to the Sole Bay Care Fund (SBCF) that it will meet the entire cost of services delivered to Walberswick. For 2019 this took the form of an annual grant of £10,000 as payment in advance for 2020, plus the offer of a top-up if the need arises. This was less than in 2018, when a significant top-up was required. This reduction accounts for total charitable grants being 25% lower than the 2018 year. The Trustees strongly believe that supporting the SBCF is the best way to provide charitable assistance to those in the community who have in-home healthcare needs which fall outside of the NHS.

Having reviewed all of their grants to groups and charities in December 2018, the Trustees largely replicated those grants for 2019. Two additions were subsequently made; supporting the Suffolk Air Ambulance, which had been called twice to the Village in the preceding 12 months and pledging £10,000 towards the repair and maintenance of the St Andrews church porch.

## 8. Heritage Hut

The Heritage Hut, which is owned by Walberswick Parish Council (WPC), stands on the Village Green and was originally built as a Congregational Chapel in the 1880's. It has since been used at various times as a school, a working man's club, a youth club and training centre for the St John's Ambulance. The ownership of the Heritage Hut passed from Suffolk County Council to WPC in 2012.

Over subsequent years many villagers and village organisations, including the Charity, sought a sustainable future for the Heritage Hut. In 2016 a Heritage Hut Committee was formed composed of the four principal stakeholders; WPC, Walberswick Local History Group, the Walberswick Scroll Committee and the Charity. Having communicated extensively through Parish Council meetings and Parish Meetings, matters culminated with WPC granting a ten year lease of the Heritage Hut to the Charity in May 2019.

The lease includes a schedule of users designed to make the most of the facility, this excludes commercial purposes so as not to compete with the Village Hall. It also set up a governance structure, comprising all four stakeholders, whose role is to oversee the renovations and manage the ongoing use of the building.

The most exciting aspect of this project for Trustees has been the evolution from the original concept of providing a safe repository for the Scroll and Village archives, to the vision of creating a vibrant and exciting community hub. This transformation will take place over 2020 and 2021.

## 9. Incorporation

As previously reported, the Trustees have been investigating the benefits of incorporating the Charity, as Walberswick Village Hall did some years ago when it became a CIO (see below). Having a corporate structure is now regarded as best practice for charities such as ours, particularly given we have commercial activities which fund our charitable works.

Under our current structure, the Charity is a trust consisting of seven individuals, the Trustees, and is not a legal 'person' like a company. This means that the Trustees have to act in their own names on behalf of the Charity. By adopting a corporate structure charities acquire a legal personality and can enter into contracts in their own name, such as land and property ownership, banking and investments and can also be an employer. In such structures, the trustees are protected by limited liability, but are still personally liable under the Charities Act.

The most common form of incorporation for charities is either a charitable incorporated organisation (CIO) or a company limited by guarantee. Unfortunately neither of those work for our Charity as, after lengthy investigation of the Charity's origin and founding documents, the Charity has been advised that most of our lands are classified as 'permanent functional endowment' land. This means they must be retained for the purpose they were intended, which is excellent news from a conservation perspective. However it does mean that the route to incorporation is best served by forming a corporate trustee to become the sole trustee of the Charity.

Under this structure a company is formed to act as the trustee of the Charity, with the serving Trustees becoming directors of the new corporate trustee company. There would be no change to the Trustee's responsibility and accountability, however the individuals would perform their duties as directors of the trustee company, rather than as trustees. Our charitable objectives would remain the same,

## CHAIRMAN'S REPORT – YEAR ENDING 31 DECEMBER 2019

meaning the corporate trustee would continue to run the Charity as a charity. While this corporate trustee structure is less common, it is still widely used, from the Dogs Trust to the Salvation Army.

This proposed change to the Charity's structure has already been approved in principle by our two principal stakeholders, Walberswick Parish Council and the Sole Bay Team Ministry. The next step is to obtain the consent of the Charities Commission, following which consultation on implementation will take place with the two stakeholders as well as the wider community.

### 10. Trustees

2019 was once again a very busy year for Trustees. Dealing with the Serious Incident generated an extraordinary amount of complex work. I would like to acknowledge the support of all Trustees in dealing with this sensitive issue, particularly Jeremy Solnick whose legal experience and common sense were of immense value.

Sadly, Jeremy was forced to resign as a Trustee during 2019 on health grounds. I'm pleased to report that Adam Cooke was appointed by Walberswick Parish Council in his place. Adam has a long association with the Village, is particularly interested in environmental matters and brings the legal perspective we had lost with Jeremy.

The Trustees are all volunteers, supported by our part-time Clerk. They are a diverse group, coming from a wide range of backgrounds and representing different stakeholder groups within the Village. Each Trustee has their own role to play in delivering the work of the Charity and I would like to record my appreciation for their hard work and dedication.

### 11. Looking forward

Looking to 2020 and beyond, the global pandemic is likely to continue influencing the Charity's work. Whether that consists of supporting individuals within the community or working with other stakeholders to manage the consequent increase in popularity of Walberswick as a tourist destination.

On the positive side, the highlight of 2020 and beyond will undoubtedly be bringing the Heritage Hut back to life. The Trustees are looking forward to working with their fellow stakeholders and the wider community to make the most of what will be a fabulous asset for the Village.

As I say every year, but it is worth repeating, the number one priority for Trustees remains to be a *'force for good'* in the Walberswick community. With that in mind we are always delighted to consider charitable support for community projects and would welcome suggestions. Likewise, we are always ready to provide charitable support to individuals in need and suffering hardship. If you are aware of someone within the community who might benefit from our support, please let any Trustee or our Clerk know. We have a well-established process to support beneficiaries sensitively, discreetly and in complete confidence.

James Darkins  
**Chairman**

10 September 2020



## **REPORT TO STAKEHOLDERS SERIOUS INCIDENT – GRANTING OF UNLAWFUL LEASES IN 2003/06**

### **Purpose**

In last year's Annual Report the Trustees undertook to make a final report on the Serious Incident available to stakeholders, with as much detail as possible, once matters had been concluded with the Charity Commission. It was not possible to provide stakeholders with details while the issue was ongoing, for fear of prejudicing the Charity's legal position.

The purpose of this report is to provide stakeholders with a clear and detailed explanation of what happened and how the situation has been resolved. It also sets out the extent to which Trustees were accountable and what measures have been taken to avoid the Charity being put at similar risk in the future.

As a matter of policy the Charity has not named the parties involved, although the Trustees are aware that some parties to the transactions have elected to make their position known.

### **Summary**

- Leases were granted in 2003 and 2006 for three properties which converted annual agreements into 999 year leases at no capital cost to the lessees and without payment of a market rent.
- The Trustees did not have the authority to grant leases of greater than 22 years under the Charity's Scheme (governing document) without the consent of the Charities Commission.
- The Trustees did not follow the Charities Act or Charity Commission procedures on establishing fair value for the transactions.
- The solicitor acting for the Trustees in 2003/6 failed to advise the Trustees of their legal responsibilities.
- The combined market value of the leases at the time of grant was subsequently professionally valued at £1.18 million, using evidence from adjoining property sales.
- In 2015, the then Trustees became concerned that the leases could have been granted unlawfully and began taking extensive professional advice. The Charity's legal advisors and the Charity Commission made it clear that the Trustees had a duty to investigate and address the issue.
- After investigation, it was found that one lease was not capable of re-negotiation because it had been registered at HM Land Registry. Following a protracted legal process, the two remaining leases were replaced with short leases granted on market terms in 2019. As a result, the value unlawfully transferred to the lessees at the time of original grant was reduced from £1.18 million to £500,000.
- The Trustees incurred professional fees of £75,640 to resolve the issue. These will be mostly recouped by income from the re-negotiated leases of £74,600 received over ten years.

- The Charity Commission was kept informed throughout the resolution process. It has reserved its position by stating that it will not take regulatory action against the Trustees at this time. This means that regulatory action remains possible, if relevant evidence subsequently comes to light.

**Legal tenure**

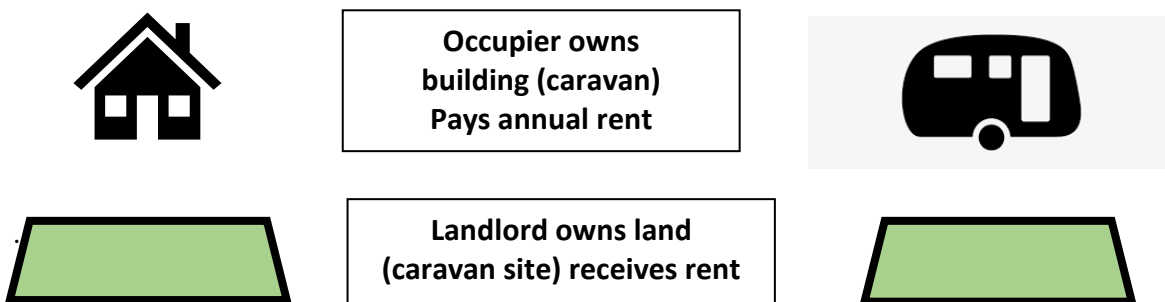
Understanding how the unlawful leases changed the legal tenure of the lessees, is key to understanding how this value transfer occurred in 2003/6.

The three properties concerned were constructed on the Charity’s land in the first half of the 20<sup>th</sup> century. The records for one property show a 21 year lease being granted in 1953. The original tenure of the other two properties is not known. However the Charity’s records show similar properties being granted formal, annual licences from 1914 onwards. No written agreements were found relating to the period immediately prior to the unlawful leases being granted in 2003/6. Legally, the tenure immediately prior to grant of the new leases was an annual, non-residential agreement.

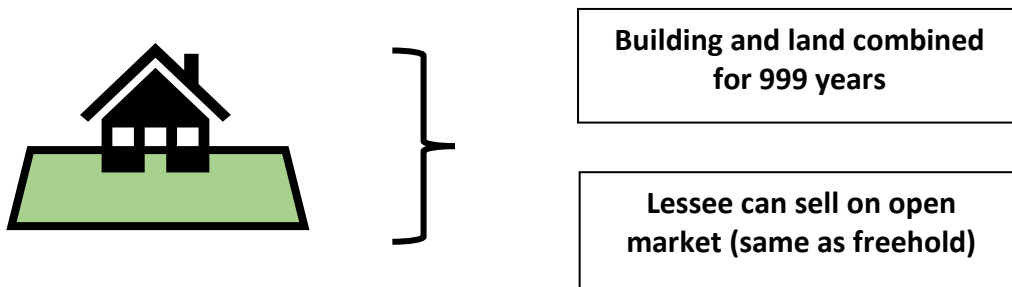
The legal tenure of the three properties was unlike a normal residential situation. With a freehold property the homeowner owns the house and the land it sits on. With a rented property the landlord owns the house and land, which the tenant pays rent to occupy. In the case of these three properties, the occupier owned the physical building while the Charity owned the land. The arrangement was not unlike the Walberswick caravan site, where the caravan belongs to its owner, who pays an annual rent to keep their caravan on the landlord’s land. While the properties concerned cannot be so readily re-located as a caravan, two of them were, in fact, moved to their current locations in 1953.

Importantly for capital (re-sale) value, before the unlawful leases were granted, the occupiers had no security of tenure beyond their annual agreement and no ability to sell their right to occupy to another person, without the consent of the Trustees. Meaning they were not readily tradeable like a freehold property.

Original tenure – comparable to caravan site:



Tenure after grant of unlawful 999 year leases:



## APPENDIX I

The effect of granting the unlawful leases was to combine the physical building with the land for 999 years. The leases gave the lessee the right to develop the property and also to sell their leasehold interest. As a result, the Trustees enabled the lessees to acquire what was to all intent and purposes a freehold interest in land that was freely tradeable on the open market. Normally a lessee converting an annual agreement to a longer lease would make a payment to the freeholder (known as a premium) reflecting the value that had been transferred to them. In this case, no premium payments were made in exchange for the 999 year fully transferable leases, which was a major contributor to the leases being unlawful. The value transferred to the lessees in 2003/6 was subsequently professionally valued at £1.18 million, taking account of adjoining property sales.

The 999 year leases included the payment of an annual ground rent to the Charity of between £60 and £160. There is no evidence that the Trustees took professional advice on the level of these ground rents at the time of grant, which they were required to under the Charities Act. By way of example, the comparable rent for the caravan site at the time was £1,100 per annum. The failure to obtain market ground rents was also a contributor to the leases being unlawful.

The principal contributor to the leases being unlawful was that the Trustees could only grant leases for a maximum term of 22 years under the Charity's Scheme. A 999 year lease would require the consent of the Charities Commission, which was not obtained. Had such consent been sought, the Charity Commission would have insisted upon market terms for the leases.

### **Investigation and resolution**

In 2015 a new Trustee, experienced in property law, was appointed and participated in the Charity's annual property review. This review identified potential issues with the three 999 year leases and, following an internal investigation, Trustees became aware that the leases could have been granted unlawfully. Because the issue concerned charity law as much as property law, the Trustees engaged Bates Wells of London as legal advisors. Bates Wells are acknowledged charity experts as well as a leading City law firm.

In 2016 the Trustees implemented procedures to deal with potential conflicts of interest. Two serving Trustees, who were Trustees when the unlawful leases were granted, stood aside from the matter. Another Trustee, appointed after 2003/6, was related to one of the lessees and took no part in any matters of conflict.

In September 2016 Counsel's opinion was obtained which confirmed that all three leases were unlawful for the reasons set out in the section above. Of the three, Counsel found that one lease was protected by virtue of prior registration at HM Land Registry (HMLR). For the other two, un-registered leases, the Trustees registered a 'Caution Against First Registration' at HMLR to protect the Charity's position while further investigation was undertaken.

In 2017, as legally required, the Trustees submitted a Serious Incident disclosure to the Charity Commission, including a copy of Counsel's opinion. Clarification was sought from the Commission, Counsel and Bates Wells whether the unlawful leases should be allowed to stand and the course of action Trustees should follow. All three parties informed the Trustees they had a legal duty to remedy the situation by following the requirements of the Charities Act. This put the Trustees in the position where they had a legal obligation to rectify the two unregistered leases. Ignoring this responsibility could have exposed the Trustees to unlimited personal financial liability for their failure to act.

As part of the investigation, the Charities Commission instructed the Trustees to obtain a professional and independent valuation of the value transferred to the three lessees. Accordingly the Trustees

## APPENDIX I

engaged Strutt & Parker of Norwich to undertake the valuation and advise on resolution.

In February 2018 the lessees of the two unregistered leases commenced proceedings at HMLR Tribunal to remove the Caution Against First Registration of the leases. In April 2018 the Trustees made their first offer to these lessees of “without prejudice negotiations” for new leases, but this offer was rejected.

Throughout 2018 legal arguments were put forward by the two lessees against which the Charity obtained further advice. Counsel confirmed his initial advice to the Trustees that the leases were unlawful and void, that the Charity had an excellent chance of defending the cautions with HMLR and of obtaining costs. In January 2019 the Trustees made their second offer of “without prejudice negotiations” to the lessees, which was accepted this time and a formal Alternative Dispute Resolution (ADR) process and timeframe was agreed.

For reasons unknown to the Trustees, the lessees did not follow the agreed ADR process and timeframe. This put the Trustees in a very difficult position regarding recovery of the Charity’s costs from the HMLR Tribunal, given this opportunity was time-limited. Following a final ultimatum in May 2019, substantial and rapid progress was made leading to agreement on the terms of new leases to replace the unlawful ones.

In June 2019 new leases were entered into for the two properties on terms complying with the Charities Act. One for a lease of 7 years and one for 10 years. Both lessees requested the right to sell their buildings and leases on the open market, at their discretion. In determining market terms for the premium and ground rent, Strutt & Parker took account of evidence locally and from similar locations in East Anglia. The combined premium and ground rent agreed equates to an average annual cost to the lessees of 1.6 times the current caravan site annual rent, which the Trustees believe is reasonable.

### **Costs**

The Trustees were very conscious of the need to manage costs in a way that protected the interests of the Charity and complied with the Charities Act, while at the same time being proportionate to the value at risk. The total costs for identifying and then resolving this issue ended at £75,640. To put this into context at the time, it represented 75% of the Charity’s unrestricted income for the 2018 year. Given that the value unlawfully transferred was £1.18 million, the Trustees believed that incurring costs of this magnitude was proportionate. As it transpired, the income over the life of the new leases will recover most of the costs incurred.

The Trustees were very aware that the costs expended on resolving this issue could otherwise have been used for charitable purposes. However, as explained above, there was no option but to set matters right.

### **Accountability**

As far as the three lessees are concerned, records show that all three took an active role in negotiation of the 999 year leases, with one of the three taking the lead role. The lead lessee obtained independent legal advice during the negotiations. No evidence has been found that the three lessees acted inappropriately in the period leading to the grant of the unlawful leases in 2003/6.

The Charity’s Counsel concluded that, in granting the three leases, the Trustees acted unlawfully, outside their powers and in breach of their fiduciary duty to the Charity. At issue was whether they did so knowingly or with deliberate intent to benefit others at the Charity’s expense.

## APPENDIX I

Two Trustees at the time of grant were related to two of the three lessees. There is no record in the Charity's minutes that these relationships were formally recorded, but they would have been well known to the other Trustees and Clerk at the time, so there is no suggestion the relationships were concealed. The relationships did not constitute Connected Persons under the Charities Act, meaning the two Trustees concerned did not act in breach of the Act as regards dealings with Connected Persons.

Back in 1999 there was a meeting when the Trustees reviewed a memo outlining their obligations in respect of property transactions, including the maximum permitted lease term of 22 years and the requirement for market terms. During the same meeting they discussed granting leases for the three properties of 99 years (it was later the terms became 999 years). From the minutes, one cannot tell if the Trustees recognised any inconsistencies between the two agenda items.

In the period to 2003/6 when the unlawful leases were granted, the Trustees were advised throughout by their usual solicitor. One clause of the lease prepared by the solicitor states that the requirements of section 36 of the 1993 Charities Act had been met. Section 36 deals with lease length, terms and the requirement to take independent valuation advice. In reality, none of these requirements had been met and there is no evidence that the solicitor gave guidance to the Trustees on the steps they should have followed in order to comply with the Act.

The current Chairman of the Charity interviewed surviving Trustees from the time the leases were granted as part of the investigation. It was clear that the value implication of the leases was not appreciated and that the professional and life experience of the Trustees did not equip them to fully understand the legal documents they were presented with by their solicitor. Bates Wells and Counsel considered whether an action could be taken against the Trustees serving at the time. Counsel concluded that the Trustees quite reasonably placed complete reliance upon their solicitor to bring to their attention the requirements of the Charities Act.

In summary, while the Trustees were accountable, they acted in accordance with the legal advice they received. No evidence was found that any Trustee acted inappropriately.

Counsel also considered whether an action could be taken against the solicitor concerned. While it might once have been possible, a claim would have had to be brought within six years of receipt of the negligence advice and so was out of time by the time that the Trustees became aware of the issue in 2015.

### Lessons learned

The table below shows the lessons learned from the Serious Incident and underneath in italics, how the Trustees have responded.

1	<b>Trustees must work within the rules</b> <ul style="list-style-type: none"><li><i>At induction and thereafter bi-annually Trustees are given and asked to read Charity Commission guidelines on 'Duties of Trustees' and 'Disposal of Charity Property'</i></li></ul>
2	<b>Clear policies &amp; procedures</b> <ul style="list-style-type: none"><li><i>Commencing in 2016 the Trustees undertook a 'root and branch' review of the Charity from its charitable objects through to the way that it manages its land and property. This resulted a set of policies which now guide Trustee decision making. They were communicated at the 2017 Parish Meeting and are published on the Charity's web site</i></li></ul>

3	<p><b>Trustee competency</b></p> <ul style="list-style-type: none"> <li>• <i>Trustees are recruited against a skill matrix to ensure that there is at least one Trustee with relevant legal or commercial experience and who understands the necessity to comply with regulatory processes</i></li> </ul>
4	<p><b>Professional advice</b></p> <ul style="list-style-type: none"> <li>• <i>Relevant professional advice is obtained for all property transactions in compliance with the Charities Act</i></li> <li>• <i>Legal and valuation advice is now obtained from multi-partner firms with a good depth of specialist skill and experience</i></li> </ul>
5	<p><b>Use of Charity land</b></p> <ul style="list-style-type: none"> <li>• <i>The Trustees have sought to eliminate all informal and undocumented use of the Charity's land</i></li> <li>• <i>All agreements must comply with the Charities Act</i></li> <li>• <i>The Charity will only assume risk and liability when it is compensated by the level of income received. Otherwise risk and liability must be borne by the beneficiary (for example maintenance of residential access roads)</i></li> </ul>
6	<p><b>Community expectations</b></p> <ul style="list-style-type: none"> <li>• <i>The Charity has clearly distinguished its role and responsibility for charitable activities from those related to private property and commercial transactions. This has been explained to the community via Parish Meetings, Open Mornings and the 2018 Annual Report</i></li> </ul>

## Conclusion

This has been an immensely time-consuming, expensive and stressful issue for a small charity consisting of volunteer Trustees and a part-time Clerk. For some Trustees it cut across family and personal relationships. Moreover, because of legal constraints, the Trustees were unable to correct ill-informed rumours circulating during the resolution process. In addition, some Trustees from the time of grant in 2003/6 have since died, so regrettably they were unable to put forward their perspective. In relation to the three lessees, the Trustees acknowledge that dealing with this issue also created uncertainty and stress for them. Thankfully matters have now been resolved.

As ever with incidents such as this, the important thing is that lessons are learned for the future and not forgotten.

James Darkins  
**Chairman**

10 September 2020

## **WALBERSWICK COMMON LANDS CHARITY**

### **REPORT OF THE TRUSTEES** **for the Year Ended 31 December 2019**

The trustees present their report with the financial statements of the charity for the year ended 31 December 2019. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

The Charity is the largest landowner in and around the village of Walberswick in Suffolk. It receives income from rental of its property and from car parking during the tourist season. Its primary responsibility is the environmental stewardship of its lands. In addition, surplus income may be deployed for the relief of need of Walberswick inhabitants and to support charitable objectives in the Parish of Walberswick.

##### **Social investments**

Annual and ad-hoc grants are made to groups, organisations and charities that either directly support charitable objectives in Walberswick or have the potential to provide such support when needed. Examples include supporting schools where Village children are educated, local outreach agencies caring for the sick and elderly, the village hall, the local minibus service, road safety schemes, flood defences, churchyard maintenance and children's sport and recreational activities. Individual grants are also made to support Walberswick inhabitants who are judged to be in need.

#### **FINANCIAL REVIEW**

##### **Reserves policy**

It is the Charity's and Trustees policy to maintain reserves at a level it considers necessary to; (a) provide a contingency for emergency repairs, including minor flood damage and (b) meet cash flow fluctuations.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The Charity is governed by its Scheme dated 7 September 2009, amended on 1st November 2018 and constitutes an unincorporated Charity. The Charity was first registered on 4 February 1901.

##### **Recruitment and appointment of new trustees**

The body of seven Trustees is made of one Ex-officio Trustee, four Nominative Trustees and two co-Optative Trustees. The latter two categories are elected for a period of four years. The Ex-officio Trustee is normally the Vicar with pastoral responsibility for the Parish of Walberswick. Nominative Trustees are elected by Walberswick Parish Council.

##### **Risk management**

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Registered Charity number**

206095

##### **Principal address**

PO Box 73  
Halesworth  
Suffolk  
IP19 1AU

**WALBERSWICK COMMON LANDS CHARITY**

**REPORT OF THE TRUSTEES**  
**for the Year Ended 31 December 2019**

**Trustees**

Mr A N Cooke (appointed 15.9.19)  
Mr J N Darkins (Chairman)  
Ms A Erlenbach  
Reverend B R Fisher  
Mrs K Goodchild  
Mr J S R Solnick (resigned 17.7.19)  
Mrs H J Sutton  
Mrs R M Woodcraft

**Clerk**

Mr M Wetmore

**Independent Examiner**

P N van Dijk FMAAT  
van Dijk Accountants Limited  
Georgian House  
34 Thoroughfare  
Halesworth  
Suffolk  
IP19 8AP

**Legal advisors**

Nicholsons Solicitors, Lowestoft  
Bates Wells, London

**Surveyors**

Durrants, Beccles  
Stutt & Parker, Norwich

**BANKERS**

Barclays Bank PLC

Approved by order of the board of trustees on 10 September 2020 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'J N B Darkins', is written over a light blue horizontal line.

J N B Darkins - Trustee



**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF**  
**WALBERSWICK COMMON LANDS CHARITY**

**Independent examiner's report to the trustees of Walberswick Common Lands Charity**

I report to the charity trustees on my examination of the accounts of Walberswick Common Lands Charity (the Trust) for the year ended 31 December 2019.

**Responsibilities and basis of report**

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

**Independent examiner's statement**

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

P N van Dijk FMAAT  
van Dijk Accountants Limited  
Georgian House  
34 Thoroughfare  
Halesworth  
Suffolk  
IP19 8AP

10 September 2020

**WALBERSWICK COMMON LANDS CHARITY**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the Year Ended 31 December 2019**

		Unrestricted fund	Restricted fund	31.12.19 Total funds	31.12.18 Total funds
	Notes	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>					
General Income	2	171,803	31,158	202,961	110,787
<b>EXPENDITURE ON</b>					
Costs		119,799	35,430	155,229	157,408
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET INCOME/(EXPENDITURE)</b>		52,004	(4,272)	47,732	(46,621)
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		1,463,259	52,403	1,515,662	1,562,283
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,515,263</u>	<u>48,131</u>	<u>1,563,394</u>	<u>1,515,662</u>

The notes form part of these financial statements

**WALBERSWICK COMMON LANDS CHARITY**

**STATEMENT OF FINANCIAL POSITION**

**31 December 2019**

	Notes	Unrestricted fund £	Restricted fund £	31.12.19 Total funds £	31.12.18 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	5	775,000	-	775,000	775,000
Investment property	6	<u>515,000</u>	<u>-</u>	<u>515,000</u>	<u>515,000</u>
		1,290,000	-	1,290,000	1,290,000
<b>CURRENT ASSETS</b>					
Debtors	7	55,206	20,486	75,692	50,996
Investments	8	186,929	27,549	214,478	200,171
Cash at bank and in hand	9	<u>25,571</u>	<u>9,854</u>	<u>35,425</u>	<u>28,534</u>
		267,706	57,889	325,595	279,701
<b>CREDITORS</b>					
Amounts falling due within one year	10	<u>(42,443)</u>	<u>(9,758)</u>	<u>(52,201)</u>	<u>(54,039)</u>
<b>NET CURRENT ASSETS</b>		<u>225,263</u>	<u>48,131</u>	<u>273,394</u>	<u>225,662</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,515,263</u>	<u>48,131</u>	<u>1,563,394</u>	<u>1,515,662</u>
<b>NET ASSETS</b>		<u>1,515,263</u>	<u>48,131</u>	<u>1,563,394</u>	<u>1,515,662</u>
<b>FUNDS</b>	11				
Unrestricted funds				1,515,263	1,463,259
Restricted funds				<u>48,131</u>	<u>52,403</u>
<b>TOTAL FUNDS</b>				<u>1,563,394</u>	<u>1,515,662</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 10 September 2020 and were signed on its behalf by:

J N B Darkins - Trustee

H J Sutton - Trustee

The notes form part of these financial statements

## WALBERSWICK COMMON LANDS CHARITY

### NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2019

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

##### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

##### **Tangible fixed assets**

Freehold property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

##### **Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

##### **Taxation**

The charity is exempt from tax on its charitable activities.

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

#### 2. GENERAL INCOME

	Unrestricted funds	Restricted funds	31.12.19 Total funds	31.12.18 Total funds
	£	£	£	£
Access licences	1,414	-	1,414	1,502
Property rent	35,403	-	35,403	30,573
Agricultural agreements	2,853	-	2,853	1,059
Investment income	1,423	-	1,423	1,259
Investment restricted income	-	152	152	299
Covenant from W.C.P. Ltd	<u>43,209</u>	<u>-</u>	<u>43,209</u>	<u>40,700</u>
Carried forward	84,302	152	84,454	75,392

**WALBERSWICK COMMON LANDS CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2019**

**2. GENERAL INCOME - continued**

	Unrestricted funds £	Restricted funds £	31.12.19 Total funds £	31.12.18 Total funds £
Brought forward	84,302	152	84,454	75,392
Track & manor fields	-	2,295	2,295	2,295
Environmental stewardship	-	28,711	28,711	3,541
Donations	1,175	-	1,175	4,546
Increase in value of investments	7,709	-	7,709	-
Annual licences	15,517	-	15,517	15,013
Easements & lease premiums	<u>63,100</u>	<u>-</u>	<u>63,100</u>	<u>10,000</u>
	<u>171,803</u>	<u>31,158</u>	<u>202,961</u>	<u>110,787</u>

**3. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 December 2019 nor for the year ended 31 December 2018.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 December 2019 nor for the year ended 31 December 2018.

**4. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
General Income	100,106	10,681	110,787
<b>EXPENDITURE ON</b>			
Costs	112,990	44,418	157,408
	<u>(12,884)</u>	<u>(33,737)</u>	<u>(46,621)</u>
<b>NET INCOME/(EXPENDITURE)</b>			
Transfers between funds	<u>42,163</u>	<u>(42,163)</u>	<u>-</u>
Net movement in funds	29,279	(75,900)	(46,621)
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	1,433,980	128,303	1,562,283
	<u>1,463,259</u>	<u>52,403</u>	<u>1,515,662</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>			

**WALBERSWICK COMMON LANDS CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2019**

**5. TANGIBLE FIXED ASSETS**

	Freehold property £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	<u>775,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>775,000</u>
At 31 December 2018	<u>775,000</u>

**6. INVESTMENT PROPERTY**

Walberswick Common Lands Charity has title to freehold land and property within the Walberswick area which was valued professionally on 01 May 2018 at £515,000. The trustees do not consider that the value at 31 December 2019 was materially different.

**7. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.19	31.12.18
	£	£
Trade debtors	75,692	50,496
Other debtors	-	500
	<u>75,692</u>	<u>50,996</u>

**8. CURRENT ASSET INVESTMENTS**

	31.12.19	31.12.18
	£	£
COIF accumulation shares	22,719	18,674
COIF income shares	24,133	20,470
COIF deposit accounts 1 & 2	117,944	102,403
COIF sea defence deposit account	7,839	7,795
COIF Track & manor fields deposit account	41,843	50,829
	<u>214,478</u>	<u>200,171</u>

**9. CASH AT BANK AND IN HAND**

			31.12.19	31.12.18
	General fund	Restricted	Total funds	Total funds
	£	£	£	£
Cash in hand	17	-	17	35
Bank account no. 1	25,554	56	25,610	18,731
Rent deposit account	-	9,702	9,702	9,758
Track & manor fields account	-	96	96	10
	<u>25,571</u>	<u>9,854</u>	<u>35,425</u>	<u>28,534</u>
Total				

**WALBERSWICK COMMON LANDS CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2019**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.19	31.12.18
	£	£
Trade creditors	9,210	8,504
Other creditors	<u>42,991</u>	<u>45,535</u>
	<u>52,201</u>	<u>54,039</u>

**11. MOVEMENT IN FUNDS**

	At 1.1.19	Net movement in funds	At 31.12.19
	£	£	£
<b>Unrestricted funds</b>			
General fund	1,463,259	52,004	1,515,263
<b>Restricted funds</b>			
Restricted	52,403	(4,272)	48,131
	<u>1,515,662</u>	<u>47,732</u>	<u>1,563,394</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
<b>Unrestricted funds</b>			
General fund	171,803	(119,799)	52,004
<b>Restricted funds</b>			
Restricted	31,158	(35,430)	(4,272)
	<u>202,961</u>	<u>(155,229)</u>	<u>47,732</u>

**Comparatives for movement in funds**

	At 1.1.18	Net movement in funds	Transfers between funds	At 31.12.18
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	1,433,980	(12,884)	42,163	1,463,259
<b>Restricted funds</b>				
Restricted	128,303	(33,737)	(42,163)	52,403
	<u>1,562,283</u>	<u>(46,621)</u>	<u>-</u>	<u>1,515,662</u>

**WALBERSWICK COMMON LANDS CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2019**

**11. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	100,106	(112,990)	(12,884)
<b>Restricted funds</b>			
Restricted	10,681	(44,418)	(33,737)
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<u>110,787</u>	<u>(157,408)</u>	<u>(46,621)</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.1.18 £	Net movement in funds £	Transfers between funds £	At 31.12.19 £
<b>Unrestricted funds</b>				
General fund	1,433,980	39,120	42,163	1,515,263
<b>Restricted funds</b>				
Restricted	128,303	(38,009)	(42,163)	48,131
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<u>1,562,283</u>	<u>1,111</u>	<u>-</u>	<u>1,563,394</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	271,909	(232,789)	39,120
<b>Restricted funds</b>			
Restricted	41,839	(79,848)	(38,009)
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<u>313,748</u>	<u>(312,637)</u>	<u>1,111</u>



**WALBERSWICK COMMON LANDS CHARITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2019**

**12. RELATED PARTY DISCLOSURES**

Trustees Mrs K Goodchild and Mr J N Darkins hold on behalf of Walberswick Common Lands one share each in Walberswick Car Parks Limited . Mrs K Goodchild and Mrs R M Woodcraft are also directors of that company. During the year Walberswick Car Parks Limited covenanted £43,209 (2018 £40,700) to Walberswick Common Lands Charity.

**WALBERSWICK COMMON LANDS CHARITY**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES**  
**for the Year Ended 31 December 2019**

	Unrestricted	Restricted	31.12.19	31.12.18
	funds	funds	Total	Total
	£	£	funds	funds
			£	£
<b>INCOME AND ENDOWMENTS</b>				
<b>General Income</b>				
Access licences	1,414	-	1,414	1,502
Property rent	35,403	-	35,403	30,573
Agricultural agreements	2,853	-	2,853	1,059
Investment income	1,423	-	1,423	1,259
Investment restricted income	-	152	152	299
Covenant from W.C.P.Ltd	43,209	-	43,209	40,700
Track & manor fields	-	2,295	2,295	2,295
Environmental stewardship	-	28,711	28,711	3,541
Donations	1,175	-	1,175	4,546
Increase in value of investments	7,709	-	7,709	-
Annual licences	15,517	-	15,517	15,013
Easements & lease premiums	<u>63,100</u>	<u>-</u>	<u>63,100</u>	<u>10,000</u>
	<u>171,803</u>	<u>31,158</u>	<u>202,961</u>	<u>110,787</u>
<b>Total incoming resources</b>	171,803	31,158	202,961	110,787
<b>EXPENDITURE</b>				
<b>Costs</b>				
Administration	12,795	-	12,795	11,045
Property maintenance	977	-	977	481
Professional fees	57,639	-	57,639	37,970
Rates	203	-	203	106
Insurance	2,260	-	2,260	2,105
Sundries	-	-	-	93
Individual charitable grants	3,074	-	3,074	3,220
Charitable grants	42,851	-	42,851	57,404
Track & manor fields	-	11,500	11,500	11,500
Environmental stewardship	-	23,681	23,681	21,854
Bird hide	-	-	-	8,349
Flood defences	-	249	249	2,715
Decrease in value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>566</u>
	<u>119,799</u>	<u>35,430</u>	<u>155,229</u>	<u>157,408</u>
<b>Total resources expended</b>	<u>119,799</u>	<u>35,430</u>	<u>155,229</u>	<u>157,408</u>
<b>Net (expenditure)/income</b>	<u>52,004</u>	<u>(4,272)</u>	<u>47,732</u>	<u>(46,621)</u>

This page does not form part of the statutory financial statements