

Wimbledon and Putney Commons Conservators

Confidential Report of the meeting of the Finance Sub-Committee held on Tuesday 1 May 2012 at 10.30am in the Ranger's Office

Present: Mr Andrew Simon (Chairman)
Mr David Devons (Vice Chairman)
Mrs Jenny Evanson
Professor Robin Touquet

Mr Gordon Vincent (Clerk and Ranger, Chief Executive)
Ms Paula Graystone (Deputy Clerk and Ranger)

██████████, anova Chartered Accountants

██████████, Charwood Leigh
██████████, Charwood Leigh

1. Mill House Fund investments

██████████ reported that the last six months had seen some recovery in share prices and also in the particular funds in which the Mill House Fund is invested. It was difficult to predict which way the stock markets would go in the coming months, but it was fairly certain that there were still some difficult times ahead. ██████████ added that he felt there was quite likely to be a further banking crisis in Europe.

The Conservators had previously requested that the investments should be benchmarked against the FTSE 100, the FTSE All Share, and the UK Retail Price Index, in addition to the IMA Mixed Investment 20%-60% Shares Index. The investments as a whole had outperformed against each of these over the period since the funds were originally invested.

The Henderson Multi-Manager Income and Growth Fund had however under-performed over the last two years. This had partly come about from its exposure to American life settlement funds. ██████████ thought that some improvement in performance was now beginning to be seen.

Some concern had been expressed at the previous meeting of the Finance Sub-Committee meeting in November 2011 about the performance of the Aberdeen Multi-Manager Cautious Managed Portfolio Fund. In 2011 its performance had dropped to 4th quartile for its sector, but since the start of 2012 it had moved up to the top quartile.

The Jupiter Merlin Income Portfolio Fund continued to be a strong performer, achieving top quartile status over the 12 months last year, and 2nd quartile over six and three months.

██████████ said he anticipated that we would see another period of higher inflation in due course.

██████████ recommended that the present investments should be retained for the time being. All three fund managers were investing fairly defensively: in each case the funds were holding approximately between 30% and 40% of assets in fixed interest funds (bonds, gilts and cash) with the remainder in UK and worldwide equities, including gold mining stocks, and energy stocks, and a variety of other funds. The spread of the asset

Wimbledon and Putney Commons Conservators

classes was sufficiently diverse to avoid over-exposure of the Conservators' funds to any single asset class, and to provide fair protection against the continuing volatility in the financial markets.

At the outset, the Conservators had asked for a risk rating of 3 on a 1 to 10 scale (1 low, 10 high). The rationale for investing in multi-manager funds was that the managers took a cautious stance but could at the same time freely move in and out of the widest range of assets and fund managers.

Charlwood confirmed that within each of the three funds, the annual management fee was charged to capital, and therefore reflected in the pricing of the units. Charlwood Leigh were paid 0.5% annual commission by the fund managers, and that came from the annual management charges. As the Charlwood Leigh's remuneration was paid direct to them by the fund managers, it should not be separately shown as an item in the Conservators' accounts.

2. Draft Annual Report and Financial Statements 2011-12

The Sub-Committee discussed the draft Annual Report and Financial Statements for the year ended 31 March 2012. Some minor amendments were suggested and agreed for inclusion in the accounts before they were presented at the monthly Board meeting in May.

It was agreed that the listing of Conservators on page 1 should be in two columns. The first would show those holding office up to March 2012, i.e. during the year covered by the report. The second would show those holding office from April 2012, i.e. at the date of the Annual Open Meeting in June 2012 when the Annual Report and Financial Statements for 2011-12 would be approved.

██████████ said that following the passing of the new Charities Act, he would need to amend his Auditor's report to refer to the relevant sections of the new Act.

██████████ confirmed that his firm's change of name from Collards to anova did not affect his personal appointment as Senior Statutory Auditor. He confirmed that Merton Council had been duly notified of the firm's change of name. The Deputy Clerk and Ranger was asked to circulate to the members of the Sub-Committee the authority granted by Merton Council to appoint an auditor.

██████████ reported that among the incoming resources, this year's accounts showed an adjustment covering the transition from the backdated VAT recovery for previous years to regular recovery of VAT on a current year basis. VAT income accordingly showed a negative figure of £██████████, but this was a technical accounting entry, which related to a reduction of fixed asset values to exclude VAT which had previously been included. In the year ended 31 March 2012, a total of around £██████████ had been claimed and paid to the Conservators in respect of VAT on inputs. This was reflected in the cost figures and therefore no longer appeared as a separate item.

The cost of the election in February 2012 had been £██████████. This amount would be taken from the Election Reserve (balance of £██████████). £██████████ would be transferred to the Election Reserve Fund to bring the balance up to £██████████. This fund had been established when the Conservators' funds were insufficient to cover the election costs from the income of a single year. Although the Conservators' funds were now at a much

Wimbledon and Putney Commons Conservators

more comfortable level, it was agreed that the fund should be retained, but that its name should be changed to the Election Sinking Fund, to reflect its purpose.

The Sub-Committee also agreed a transfer from the General Fund of £[REDACTED] to the Special Projects Reserve Fund. A proposal to transfer some of the year's capital expenditure from the Special Projects Fund was discussed: it was agreed that the decision should be left to the full Board at their May meeting. It was confirmed that the Conservators' policy was to accumulate reserves equal to one full year's expenditure (currently £[REDACTED]).

It was agreed that the Sub-Committee should meet at a later date to consider a long-term management plan which could then be incorporated into the Annual Report and Financial Statements for future years. The period covered would be at least five years, but might be ten years. The plan itself could be a relatively brief document. It would set out the Conservators' long term goals, and would also provide a basis for the current level of the annual levy, as well as any need to increase it.

[REDACTED] confirmed that it is an audit requirement for each of the Conservators to provide written confirmation that neither they nor any member of their close family have entered into any contract with the Conservators during the year which could have benefitted them or their family. [REDACTED] would issue an appropriate wording for the Conservators to sign and return. It was agreed that all the Conservators would be asked to sign the wording.

GWV – 1/05/12
AS amdt's 10/5/2012