

**Committee: ALEXANDRA PALACE & PARK BOARD**  
**Date: 28 July 2004**

**Contact Officer: Keith Holder Tel: 020 8365 2121**  
**Designation: General Manager, Alexandra Palace**

**Report Title: FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004**

**1. PURPOSE:**


- 1.1 To advise the Board of a material change in the interest charge from Haringey Council for the year ended 31 March 2004.
- 1.2 To seek the approval of the Board to sign the revised financial statements for the year ended 31 March 2004.

**2. SUMMARY:**

- 2.1 The financial statements, reflecting the change in interest for the year ended 31 March 2004, are attached at Appendix I.

**3. RECOMMENDATION:**

- 3.1 Members are asked to note the change in the interest rate and approve the revised financial statements for the year ended 31 March 2004 at Appendix I.

Report Authorised by Keith Holder Signature:  .....  
General Manager (Designation)

**4. Local Government (Access to Information) Act 1985:**

- 4.1 Further information about this report can be obtained from Keith Holder, General Manager, Alexandra Palace & Park, Alexandra Palace Way, Wood Green, London N22 7AY. Telephone number 020 8365 2121.

## **5. REPORT**

- 5.1 Each year the corporate finance department of Haringey Council supplies information on the interest rate and interest charged on the revenue deficit recorded in the accounts of the charity. This interest rate is the Council's Loan Pool rate.
- 5.2 On 11 June 2004, Alexandra Palace was informed that the interest rate was 7.54% and the resulting charge was £1,936,000. On 18 June, in the late afternoon, notification was given by the corporate finance department of Haringey Council that the previously advised interest rate may be incorrect. On 21 June the corporate finance department of Haringey Council confirmed that a mistake had been made and the interest rate was definitely 7.84% resulting in a charge to the 2003/04 accounts of £2,013,000.
- 5.3 The financial statements were adjusted for this very late change and dispatched to the Board for their approval. The Board considered the accounts at the meeting on 29 June and resolved that they should be signed by the Chair prior to submission to the Charity Commission.
- 5.4 On Monday 12 July 2004 the corporate finance department of Haringey Council rang Alexandra Palace to explain that the interest rate advised on 21 June was incorrect and that the interest rate should be 7.56%. The explanation given was the timescales for approving Alexandra Palace financial statements were very tight for the Council and that a mistake had been made. As a result of this late change the effect on the financial statements is a reduction in the deficit for the year of £72,000 which is a material change. The new interest rate charge is £1,941,000.
- 5.5 The revised financial statements for Alexandra Palace for the year ended 31 March 2004 are attached at Appendix I. The Board is asked to approve these revised financial statements and authorize Andrew Krokou to sign on behalf of the Board.

## **6. Financial Implications/Comment**

- 6.1 A copy of this report has been sent to the Director of Finance.

## **7. Legal Implications/Comment**

- 7.1 The Trust's Solicitor has been sent a copy of this report.

## **8. Equal Opportunities Implications**

- 8.1 There are no perceived equal opportunities implications in this report.



**ALEXANDRA PARK & PALACE CHARITABLE TRUST**

**TRUSTEES' ANNUAL REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 MARCH 2004**



# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

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# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Trustees' Annual Report for the year ended 31 March 2004**

### **1. Introduction**

This document comprises the trustees' annual report and the trust's consolidated financial statements for the year ended 31 March 2004. They have been prepared in a format complying with the publication 'Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2000)'.

### **2. Legal and Administrative Information**

#### **The Charity:**

- 2.1 The Alexandra Park and Palace (Public Purposes) Act 1900 constituted a body corporate of Trustees to maintain and manage Alexandra Park and Palace. Subsequent Acts of Parliament in 1903, 1905 and 1913 conferred further powers on the Trustees. In 1966 an order transferred the functions of the Trustees to the G.L.C. Following a Court case in 1967 the trusts declared by the 1900 Act were held to be valid charitable trusts. The Trusts were transferred to the London Borough of Haringey on 1 January 1980. Alexandra Park and Palace was registered as a charity on 25 March 1981. The registration number of the Trust is 281991 and its principal address is Alexandra Palace Way, Wood Green, London N22 7AY. Subsequent to a major fire in July 1980 and a Public Inquiry which ended in 1983, the 1985 Alexandra Park and Palace Act amended the previous legislation in significant parts.
- 2.2 The trustees have, for some years, been seeking wider powers to lease the whole or parts of its principal asset. A statutory instrument, amending the 1985 Act, was laid before parliament in November 2003 and came into effect in February 2004.
- 2.3 The governing documents for the Trust are collectively known as the Alexandra Park and Palace Acts and Orders 1900-2004.
- 2.4 The Council of the London Borough of Haringey is trustee of the Trust. The Council delegates the entire function of trustee to the Alexandra Park and Palace Board. The Council elects individual members to sit on the Alexandra Park and Palace Board to act as the charity trustees. The charity trustees are those persons having the general control and management of the administration of the Trust.
- 2.5 The London Borough of Haringey has been advised by Leading Counsel that the Trust 'is a function of the Council' as defined in Section 101 of the Local Government Act 1972. The Trust is therefore subject to the full range of local government legislation by virtue of this advice in addition to the specific charity legislation.

#### **Relationships with Other Charities:**

- 2.6 The Alexandra Park and Palace Charitable Trust does not have any formal links with other charities. It does, however, work closely with other charities through the facilities provided for community uses and the relationship with the Consultative Committee whose membership comprises representatives of many local charitable organisations.

#### **The Charity Trustees:**

- 2.7 The trustees' responsibilities in relation to the financial statements are shown in paragraph 6 on page 7.
- 2.8 The names of the charity trustees during the year ended 31 March 2004 were:

Councillor Andrew Krokou (Chair of the Board)  
Councillor Alan Dobbie (Vice Chair)  
Councillor Brian Haley  
Councillor Dr. Viv Manhiem (appointed 19 May 2003)  
Councillor Richard Milner (appointed 19 May 2003)  
Councillor Richard Reynolds  
Councillor Isidoros Diakides (resigned 18 May 2003)  
Councillor Erlene Prescott (appointed on 17 February 2002, resigned 18 May 2003)

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Trustees' Annual Report for the year ended 31 March 2004 (continued)**

### **The Charity Trustees (continued)**

2.9 There were two vacancies on the Board for 2002/03. The charity trustees are members of the Council but must act in the interests of the Trust when dealing with trust matters. The Council may elect different charity trustees each municipal year. However all charity trustees step down for the local government elections. Those re-elected may be re-appointed at the annual general meeting of the Council at the end of May.

2.10 In addition, three members of the Consultative Committee sit on the Board each year but are not charity trustees and do not have any voting powers. For the year ended 31 March 2004 they were:

Mrs V Paley  
Mr M Tarpey  
Mr N Willmott

2.11 The Chair of the Statutory Advisory Committee (see para. 2.15) also formally attends the Board meetings in an observer capacity. For the year ended 31 March 2004 it was Mr D. Liebeck.

### **The Alexandra Palace & Park Board:**

2.12 The Alexandra Palace & Park Board meet as charity trustees to consider matters of policy, strategy, and objectives. The charity trustees maintain a programme of 4 meetings each year. Other special meetings may be called from time to time. During the year ended 31 March 2004 the Board held four ordinary meetings. Two special meetings were held during the year.

2.13 The Council has delegated to the Board completely all the functions of the Council as Trustee of Alexandra Park and Palace under the Alexandra Park and Palace Acts And Orders 1900 to 1985 and, without prejudice to the generality of this, these functions include: -

- a) The duty to uphold, maintain and repair the Palace and to maintain the Park and Palace as a place of public resort and recreation and for other public purposes;
- b) Acting as the employing body for employees engaged in the working of the Trust at Alexandra Palace, and to be responsible for the setting of staffing policies, conditions of service and terms of employment of those employees; and
- c) In relation to the Trust, being responsible for developing and monitoring the implementation of effective policies and practices to achieve equality of opportunity both for employment and service delivery.

2.14 The Board appoints a panel of members to consider matters of urgency. The panel met once during the financial year.

### **The Statutory Advisory Committee:**

2.15 The Alexandra Palace and Park Board receives advice from the Statutory Advisory Committee which was established under Section 9 of the Alexandra Park and Palace Act 1985. The role of the Advisory Committee is set out in Schedule 1, Part III Section 19 of that Act, which reads:

'The powers and duties of the Advisory Committee shall be to promote the objects of the trust and assist the trustees in fulfilling the trusts by considering and advising the trustees on the following matters:

- 1) The general policy relating to the activities and events arranged or permitted in the Park and Palace;
- 2) The effects of such activities and events on the local inhabitants and local environment;
- 3) The frequency of activities and events attracting more than 10,000 people at any one time and the maximum number to be permitted on such occasions;
- 4) The adequacy of car parking arrangements within the Park and Palace so as to avoid overflow into adjoining residential streets;
- 5) Any proposals which require planning permission;
- 6) The establishment and maintenance of the Park as a Metropolitan Park; and
- 7) The furtherance of recreation and leisure in Alexandra Park and Palace.'

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Trustees' Annual Report for the year ended 31 March 2004 (continued)**

### **The Consultative Committee:**

2.16 There is also established a Consultative Committee which does not have a statutory role but whose existence allows those organisations who have an interest in Alexandra Park and Palace to exchange views with and receive information from the Trust. The objects of the Consultative Committee are set out in its constitution as:

- 1) To give representatives of appropriate local and national organisations the opportunity of full discussion with Members of the Council on general matters affecting Alexandra Park and Palace;
- 2) To give Members of the Council the opportunity of discussing and explaining to the organisations matters affecting the overall policy and efficient management of Alexandra Park and Palace;
- 3) To promote better understanding between Members of the Council, the Palace management and local organisations;
- 4) To enable appropriate local (and national) organisations to participate in decisions of direct concern to them; and
- 5) To further Alexandra Park and Palace as a conservation area.

### **The Trust Advisors and Other Relevant Bodies:**

2.17 The Trust receives professional advice from time to time on a range of matters. The advisors to the Trust in the year ended 31 March 2003 were:

Howard Kennedy  
19 Cavendish Square  
London W1A 2AW

The Trust solicitors providing legal advice;

Heath Lambert  
Friary court  
Cruthed friars  
London EC3N 2NP

Providing advice on insurances;

District Audit Service  
4<sup>th</sup> Floor Millbank Tower  
London SW1P 4QP

Auditing of the Council's accounts of which the Financial Statements of the Trust are part;

Deloitte & Touche LLP  
Hill House  
1 Little New Street  
London EC4A 4TR

Auditors of the Trust's Annual Report and Financial Statements with the requirements of the Charities Act 1993;

Chantrey Vellacott DFK  
Russell Square House  
10-12 Russell Square  
London WC1B 5LF

Advice on income tax and negotiations with the Inland Revenue.

Baker Tilly  
2 Bloomsbury Street  
London WC1B 3ST

Internal auditors of the Trust and Alexandra Palace Trading Ltd.

2.18 From time to time advice is also requested and received from property Valuers and Surveyors.

2.19 The Trust bankers are The Co-operative Bank, Wood Green Branch. The Trust does not retain investment advisors because it does not have any invested funds or investments to make.

2.20 The other relevant body with whom the Trust has direct links is Haringey Council as overall trustee. The registered address of the Council is Civic Centre, High Road, Wood Green, London N22 8LE.

### **3 Objectives and Activities:**

3.1 The principle object of Alexandra Park and Palace Charitable Trust is the maintenance as an open space and provision of the Park and Palace for the free use and recreation of the public for ever, as defined in the 1985 Act.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Trustees' Annual Report for the year ended 31 March 2004 (continued)**

### **3 Objectives and Activities (continued):**

3.2 The activities which have been engaged in to achieve the above object include:

- a) The permanent provision of the ice-skating rink and its associated activities which include pantomimes on ice and ice discos;
- b) The establishment and replacement of park footpaths and trails, the provision of a nature/wildlife conservation area, the planting of arboreta, ornamental flowerbeds and rose gardens, upkeep and improvement to a boating lake, children's zoo, children's play area, a pitch and putt course, a skateboard park, cricket pitches, football fields and associated car parking;
- c) The provision of free outdoor events, including bonfire night fireworks display, school tours, Family Festival and other entertainment, a bicycle trail, children's funfair, bank holiday funfairs and the provision of displays and mini exhibitions;
- d) The continued expenditure on the Victorian building and the maintenance of areas within the Palace to provide a safe environment for users.

### **Current Activities/Events during the year:**

3.3 The activities provided directly by the charity in the current year are similar to those provided in previous years.

3.4 The 196 acres of parkland continues to be a strong public attraction for both formal and informal recreation purposes. The trustees have been successful in their application to the Heritage Lottery Fund (Urban Parks Programme). The Heritage Lottery Fund have awarded a grant of £2.7M over five years to refurbish the park and replicate where possible the original 1870's McKenzie layout and use.

3.5 The work of translating the concepts into detailed drawings for each component part of the project commenced during the year and will continue over the next five years in accordance with the overall master-plan agreed by the board of trustees and submitted to the Heritage Lottery Fund.

3.6 The Trustees welcome the award of this grant and recognise the major contribution made by the Heritage Lottery Fund. The main component parts of the project supported by this capital investment are:

- Redesign and refurbishment of the children's playground ;
- Dredging of the lake, works to the embankments, replacement boats and refurbishment of the lakeside cafe;
- Upgrading and extensions to the animal enclosures;
- Traffic calming measures and a "softening" of the impact of the through road;
- Rationalisation of the tree belt;
- Enhancement of the conservation area;
- Improvements to Grove Cafe and gardens;
- Redesign of the approach to the east of the Palace including rationalisation of the car parks;
- Increased security including CCTV and security officer patrols; and
- Improvements to signage, park furniture and lighting.

3.7 The attractions provided by the charity include the annual fireworks display attended by some 50,000 members of the public each November and the Family Fun Days. The permanent facility of the Ice Rink is provided as part of the achievement of the charity's basic objects as are the boating lake, animal enclosure and cycle routes. The charity continues to work with other community and voluntary organisations to deliver low cost events.

3.8 The programme of tours of the historic building continue although repair works to the fabric have resulted in some areas being prohibited to even accompanied public access.

3.9 The progress on addressing the dereliction affecting the 40% of the primary asset that is unusable is slow and hampered by a lack of resources. A significant capital injection is required to achieve more than the phased approach currently being taken.



# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Trustees' Annual Report for the year ended 31 March 2004 (continued)**

### **Current Activities/Events during the year (continued):**

- 3.10 The "friends" group for the theatre continues to promote activities to raise awareness of and funds for the refurbishment of the Victorian theatre. Although the group is in its infancy the theatre group has benefited from wide publicity and has attracted some high profile celebrities as patrons to support its work. However the Trustees cannot relinquish their responsibility for the asset and recommendations from the group will be considered and if appropriate adopted by the Trustees. English Heritage continues to support the work of the trustees with small dedicated grants for various pieces of work in the theatre.

### **Performance of the wholly owned Trading Company:**

- 3.11 The charity's trading company, Alexandra Palace Trading Limited, has as its core activity the exhibition, event and hospitality business. This core activity has its roots in the activity previously undertaken directly by the charity and transferred to the trading company on its incorporation in 1999. The trading company continues to explore and where possible exploit new sectors of business to generate tax free funds to covenant to the charity. The revenue generated has been impacted on by the general economic climate worldwide with the consequential impact on margins and covenanted profit. Alexandra Palace Trading Limited will continue to develop its business-planning model and capitalise on the various opportunities presented in its business sector.

### **Future Activities:**

- 3.12 Embarking on programmes of fund raising from alternative sources to support and fund works to park outside the award of grant from the Heritage Lottery Fund.
- 3.13 Seeking funding from Heritage Bodies for works of refurbishment to the historically important but derelict parts of the asset.
- 3.14 Exploring further opportunities for partnership to develop and enhance the facilities available to the public.

## **4 Reserves Policy:**

- 4.1 The charity continues to operate on a deficit-funding basis. All the available revenue income is directed toward the provision and maintenance of the assets namely the 196 acres of parkland and the Grade II listed Victorian property. The charity does not have any capital reserves or alternative sources of funding and has not therefore considered it necessary to develop a formal reserves policy. The expenditure of available income on the assets is guided by the basic objects of the Trust and aimed toward maximising public benefit from the provision of the Palace and Park. The decisions on items of expenditure are made with independent professional advice, where necessary, in the overall context of the available budget.

## **5 Statement of Risk:**

- 5.1 The income and expenditure under the charity's direct control is limited to the maintenance and security of the asset, the provision of an ice rink and facilitating community events. Nevertheless the responsibility to ensure that an effective system of control is maintained remains. The systems can only provide a reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 5.2 A formal Risk Management Manual is in the process of development and will be presented to the Trustees for consideration early in 2004/05.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Trustees' Annual Report for the year ended 31 March 2004 (continued)**

### **Statement of Risk (continued):**

- 5.3 The system of internal financial control is based on a framework of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. In particular it includes:
- comprehensive budgeting systems with an annual budget which is agreed by the board of trustees;
  - regular monitoring by the trustees of periodic and annual financial reports which show performance against budget forecasts at each meeting of the board;
  - setting targets to measure financial and other performance; and
  - the trustees agreeing the expenditure on the building and park to ensure its appropriateness in meeting the basic objects.
- 5.4 The charity's objects are built on the provision of the Park and Palace for free (in its contemporary sense) use and recreation by the public. The costs of providing and maintaining the asset are significantly in excess of the level of funding generated from all currently available sources, including covenants, notwithstanding that some 40% of the Palace building remains derelict and unusable. Should there be a further requirement for significant levels of investment in the structure this could not be met without partnership funding from new sources.
- 5.3 The charity remains a going concern because the overall trustee uses its corporate funds to support the revenue deficit of the charity. This approach is consistent with the legal advice provided by an eminent QC late in 1997. The QC also advised that in the circumstances prevailing at that time the overall trustee should approach the Court to seek clarity and establish the duty and/or power to support the charity enshrined in the Alexandra Park and Palace Act 1985. Should there be the necessity to review or change this advice in the light of a Court direction there will be an obvious and immediate need to consider the effect on the going concern concept.
- 6. Trustees' responsibilities:**
- 6.1 Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the Trust's and group's financial position at the end of the year and of their surplus or deficit for the financial year. In preparing these financial statements the trustees are required to:
- select suitable accounting policies and then apply them consistently;
  - make judgements and estimates that are, in their opinion, reasonable and prudent;
  - state whether applicable accounting standards and the Charities Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.
- 6.2 The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and which enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for the system of internal control, for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 7. Auditors**  
A resolution to re-appoint the auditors will be presented to the Alexandra Palace & Park Board.

Signed on behalf of the Board:  
Dated:

A. Krokou

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Independent auditors' Report to the Trustees of Alexandra Park and Palace**

We have audited the financial statements of Alexandra Park and Palace Charitable Trust for the year ended 31 March 2004 which comprise the Statements of Financial Activities, balance sheets, the cashflow statement and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Charity's trustees, as a body, in accordance with Regulation 6 of the Charities (Accounts and Reports) Regulations 1995. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditors' 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 Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the trustees and auditors**

The trustees' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Trustees Report. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We have been appointed as auditors under section 43 of the Charities Act 1993. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the regulations made under section 44 of the Act. We also report to you if, in our opinion, the Trustees' report is not consistent with the financial statements, if the Trust has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by trustees in the preparation of the financial statements, and whether the accounting policies are appropriate to the charity's and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Fundamental Uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in Note 14 to the financial statements concerning the possible outcome of legal deliberations regarding the amount owed to the London Borough of Haringey. The financial statements do not include any adjustment that could result from the future clarification of legal opinion in respect of this matter. Our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the charity's and group's state of affairs as at 31 March 2004 and of their incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993.

Deloitte & Touche LLP  
Hill House  
1 Little New Street  
London EC4A 4TR

Dated:

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Consolidated Statement of Financial Activities For the year ended 31st March 2004**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
<b>INCOMING RESOURCES:</b>					
Activities in furtherance of Trust's objects:					
Ice rink		651,237	-	651,237	616,150
Community events		61,646	-	61,646	68,133
Leases & concessions		131,980	-	131,980	115,777
Grants	2	-	155,685	155,685	32,310
Activities for generating funds:					
Income from events & Phoenix	3	4,654,914	-	4,654,914	4,252,574
Interest receivable on rates rebate	7	225,464	-	225,464	-
Sundry income		1,046	-	1,046	11,868
<b>Total incoming resources</b>		<b>5,726,287</b>	<b>155,685</b>	<b>5,881,972</b>	<b>5,096,812</b>
<b>RESOURCES EXPENDED:</b>					
<b>Cost of generating funds:</b>					
Costs of events & Phoenix	3	3,595,981	-	3,595,981	3,094,143
		<b>3,595,981</b>	-	<b>3,595,981</b>	<b>3,094,143</b>
<b>Charitable expenditure:</b>					
Costs of activities in furtherance of the Trust's objects:					
Ice rink		550,817	-	550,817	515,598
Community events		103,212	-	103,212	152,651
Leases & concessions		89,125	-	89,125	92,199
Repairs & maint. of building/park		1,510,341	155,685	1,666,026	1,414,295
Security of the building & park		514,737	-	514,737	496,411
Support costs	5(a)	45,701	-	45,701	42,916
Management and administration	5(b)	95,661	-	95,661	39,642
Interest payable	14	1,941,000	-	1,941,000	2,065,000
Rates rebate 1990-2003	7	(662,886)	-	(662,886)	-
		<b>4,187,708</b>	<b>155,685</b>	<b>4,343,393</b>	<b>4,818,712</b>
<b>Total resources expended</b>	4	<b>7,783,689</b>	<b>155,685</b>	<b>7,939,374</b>	<b>7,912,855</b>
<b>Net movement in funds</b>		<b>(2,057,402)</b>	-	<b>(2,057,402)</b>	<b>(2,816,043)</b>
Opening deficit fund balances 1 April		<b>(24,588,590)</b>	-	<b>(24,588,590)</b>	<b>(21,772,547)</b>
<b>Closing Deficit Fund balances at 31 March</b>		<b>(26,645,992)</b>	-	<b>(26,645,992)</b>	<b>(24,588,590)</b>

The notes on pages 13 to 22 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Trust Statement of Financial Activities for the year ended 31st March 2004**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
<b>INCOMING RESOURCES:</b>					
Activities in furtherance of Trust's objects:					
Ice rink		651,237	-	651,237	616,150
Community events		61,646	-	61,646	68,133
Leases & concessions		131,980	-	131,980	115,777
Grants	2	-	155,685	155,685	32,310
Activities for generating funds:					
Income from trading subsidiary:					
Deed of covenant/Gift aid	3	817,954	-	817,954	933,746
Licence	3	246,125	-	246,125	224,000
Interest receivable on rates rebate	7	225,464	-	225,464	-
Sundry income		1,046	-	1,046	11,868
<b>Total incoming resources</b>		<b>2,135,452</b>	<b>155,685</b>	<b>2,291,137</b>	<b>2,001,984</b>
<b>RESOURCES EXPENDED:</b>					
<b>Charitable expenditure:</b>					
Costs of activities in furtherance of the Trust's objects:					
Ice rink		550,817	-	550,817	515,598
Community events		103,212	-	103,212	152,651
Leases & concessions		89,125	-	89,125	92,199
Repairs & maint. of building/park		1,510,341	155,685	1,666,026	1,414,295
Security of the building & park		514,737	-	514,737	496,411
Support costs	5(a)	45,701	-	45,701	42,916
Management and administration	5(b)	95,661	-	95,661	39,642
Interest payable	14	1,941,000	-	1,941,000	2,065,000
Rate rebate 1990-2003	7	(662,886)	-	(662,886)	-
<b>Total resources expended</b>	4	<b>4,187,708</b>	<b>155,685</b>	<b>4,343,393</b>	<b>4,818,712</b>
<b>Net movement in funds</b>		<b>(2,052,256)</b>	-	<b>(2,052,256)</b>	<b>(2,816,728)</b>
Opening deficit fund balances 1 April		(24,585,244)	-	(24,585,244)	(21,768,516)
<b>Closing Deficit Fund balances at 31 March</b>		<b>(26,637,500)</b>	-	<b>(26,637,500)</b>	<b>(24,585,244)</b>

The notes on pages 13 to 22 form an integral part of these financial statements. All of the above amounts are derived from continuing activities. There were no other recognised gains or losses in either year except for those dealt with above.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Consolidated and Trust Balance Sheets as at 31st March 2004**

	Notes	Group 2004 £	Group 2003 £	Trust 2004 £	Trust 2003 £
<b>Fixed assets</b>					
Tangible assets	9	<b>392,250</b>	187,448	<b>379,289</b>	174,073
Investments	10	-	-	<b>2</b>	2
		<u><b>392,250</b></u>	<u>187,448</u>	<u><b>379,291</b></u>	<u>174,075</u>
<b>Current assets</b>					
Stocks	11	<b>177,326</b>	160,024	<b>69,852</b>	73,321
Debtors	12	<b>568,747</b>	588,228	<b>1,249,140</b>	1,327,949
Cash at bank and in hand		<b>1,441,528</b>	1,492,745	<b>121,181</b>	159,656
		<u><b>2,187,601</b></u>	<u>2,240,997</u>	<u><b>1,440,173</b></u>	<u>1,560,926</u>
<b>Creditors: amounts falling due within one year</b>	13	<b>(1,541,916)</b>	(1,399,259)	<b>(773,037)</b>	(702,469)
<b>Net current assets</b>		<u><b>645,685</b></u>	<u>841,738</u>	<u><b>667,136</b></u>	<u>858,457</u>
<b>Total assets less current liabilities</b>		<b>1,037,935</b>	1,029,186	<b>1,046,427</b>	1,032,532
<b>Provision</b>	14	<b>(27,683,927)</b>	(25,617,776)	<b>(27,683,927)</b>	(25,617,776)
<b>Total Net Liabilities</b>		<u><b>(26,645,992)</b></u>	<u>(24,588,590)</u>	<u><b>(26,637,500)</b></u>	<u>(24,585,244)</u>
<b>Accumulated Deficit Funds</b>					
Unrestricted deficit funds	15	<u><b>(26,645,992)</b></u>	<u>(24,588,590)</u>	<u><b>(26,637,500)</b></u>	<u>(24,585,244)</u>

Approved by the Board of Trustees on and signed on its behalf by:

Councillor Andrew Krokou

The notes on pages 13 to 22 form an integral part of these financial statements.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Consolidated Cashflow Statement for the year ended 31st March 2004**

	Group 2004 £	Group 2003 £
<b>Reconciliation of Changes in Resources to Net Cash Inflow from Operating Activities:-</b>		
Change in Resources	(2,057,402)	(2,816,043)
Depreciation	66,972	36,107
Interest receivable	(271,568)	(60,300)
(Increase)/Decrease in Stocks	(17,302)	22,003
Decrease/(increase) in Debtors	20,654	242,229
Increase/(decrease) in Creditors	142,657	(53,791)
Increase in Provision	2,291,615	2,657,355
<b>Net cash inflow from operating activities</b>	<b>175,626</b>	<b>27,560</b>
	<b>Group 2004 £</b>	<b>Group 2003 £</b>
<b>CASHFLOW STATEMENT:</b>		
Net cash inflow from operating activities	175,626	27,560
<b>Returns on investments and servicing of income:</b>		
Interest received	44,931	61,796
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(271,774)	(163,318)
<b>Decrease in cash</b>	<b>(51,217)</b>	<b>(73,962)</b>
Cash at 1 April	1,492,745	1,566,707
<b>Cash at 31st March</b>	<b>1,441,528</b>	<b>1,492,745</b>

<b>Analysis of changes in Cash</b>	<b>31 March 2003 £</b>	<b>Change in year £</b>	<b>31 March 2004 £</b>
Cash at bank and in hand	1,492,745	(51,217)	1,441,528

The notes on pages 13 to 22 form an integral part of these financial statements.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### **1. Accounting policies**

#### **a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with the Statement of Recommended Practice (SORP) on 'Accounting and Reporting by Charities' published in October 2000 and applicable accounting standards.

#### **b) Basis of consolidation**

The consolidated financial statements comprise those of the Trust and its wholly-owned subsidiary, Alexandra Palace Trading Limited. The results of the subsidiary are consolidated on a line by line basis.

#### **c) Going concern**

Alexandra Park and Palace is a going concern in so far that Haringey Council has provided support for previous years' deficits. It is the Council's current policy to continue providing this support until responsibility for the assets passes to a private developer and the support of the Council is no longer required. All the deficits incurred fall due to Haringey Council and are included in the creditor shown on the balance sheet.

#### **d) Fund accounting and permanent endowment**

Under the terms of the Alexandra Park and Palace Act 1985, the freehold and fixed assets of the Trust cannot be permanently disposed of. Under the terms of the Charities Act 1993 and the SORP, these are inalienable assets and may be considered a permanent endowment.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Trust for a particular purpose. The aim and use of each restricted fund is set out in the notes to the financial statements.

The unrestricted fund represents the accumulated surpluses and deficits of the Group. The funds generated by the Trust are available for use at the discretion of the trustees in furtherance of the general objectives of the Trust.

#### **e) Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the trust is legally entitled to the income and the amount can be quantified with reasonable accuracy. The financial statements therefore reflect income due to the Trust but not received by the end of the year.

Income in advance within creditors is made up of payments that have been received for events that will take place in future years.

#### **f) Resources expended and the allocation of expenditure**

All expenditure is accounted for on an accruals basis. The financial statements therefore reflect expenditure owed by the Group, but not paid by the end of the year. Expenditure has been classified under headings that aggregate all costs related to the category, this includes direct staff costs attributable to the activity. Where costs cannot be attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Allocated costs have been allocated on the average of floor area basis and head count basis.

Support costs are those costs incurred in support of the expenditure on the objects of the Trust. Management and administration costs are those incurred in connection with the management of the Trust's assets, organisational administration and compliance with constitutional and statutory requirements.

#### **g) Investments**

Fixed asset investments are shown at cost less provision for impairment in value in the Trust's accounts.



# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### **1. Accounting policies (continued)**

#### **h) Valuation of fixed assets**

The Act that established the Trust and set down the framework within which it should operate places restrictions on asset disposal. It has been accepted that a Parliamentary Scheme is necessary before any redevelopment can take place. In the past no value has been put on the Park and Palace as this is deemed to be an inalienable asset as the Act of Parliament places restrictions on its disposal. With regard to assets brought forward at the beginning of the year this policy has continued as reliable cost information is not available and conventional valuation approaches lack sufficient reliability and significant costs would be involved which may be onerous compared with the additional benefit derived by users of the accounts. For new assets the Trust has adopted a policy of capitalising improvements to the buildings and other assets purchased.

Tangible fixed assets are shown at cost, less accumulated depreciation to date. Depreciation is provided on all tangible fixed assets and is calculated at rates designed to write off the cost of fixed assets over their expected useful lives. The rates applied are as follows:

Plant & Machinery: -on a straight line basis over 10 years.  
Office equipment, furniture and fittings: -on a 25% reducing balance basis.

#### **i) Valuation of stock**

Stock consists of purchased goods for resale, marketing publications, china and cutlery and other sundry items. Stock is valued at the lower of cost and net realisable value.

#### **j) Bank account**

The Alexandra Park and Palace bank account is included in the arrangements for the Council's pooled account. This amount is included in the balance sheet both as an asset and as an amount due to Haringey Council.

#### **k) Provision**

These accounts reflect the decision of the Attorney General that Haringey Council is entitled to indemnification for the revenue deficits for 1991/92 to 2003/2004. Haringey Council may also be entitled to indemnification for the years 1988/89 to 1990/91, and this amount has also been provided for in the accounts.

Both of these amounts include interest charged for the outstanding revenue deficits at the Council's Loan Pool Rate, which in 2003/04 was 7.56% (2002/03: 8.88%).

#### **l) Related party transactions**

Because of the close and unique relationship between Haringey Council and Alexandra Park and Palace, there is a significant number of transactions between the two parties. The extent of this relationship is detailed in note 14 to the financial statements.

#### **m) Leases**

Parts of the Trust's assets are subject to leasing arrangements.

#### **n) Leased assets**

All leases are operating leases and the annual rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred.

#### **o) Pension contributions**

Pension contributions are charged to the Statement of Financial Activities so as to spread the cost of pensions over the employees' working lives with the Trust.

### **2. Restricted Funds: grants**

Restricted fund grants of £10,475 (2003 : £Nil) receivable from English Heritage for measured survey works on the Theatre, £Nil (2003: £12,502) received from English Heritage for works on the Theatre Foyer; £2,000 (2003: £Nil) receivable from The Theatres Trust for works on the Theatre, £12,000 (2003: £Nil) contribution from BBC Heritage for a South East Wing feasibility study, £Nil (2003: £4,295) from The National Heritage Memorial Fund for design studies to support a the grant application for major works to the park; and £98,408 (2003: £11,630) from the Heritage Lottery Grant with £32,802 (2003: £3,883) from the London Borough of Haringey for major works to the park.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### **3. Activities for generating funds**

Alexandra Park & Palace Charitable Trust owns the entire share capital of Alexandra Palace Trading Limited, a company registered in England. Alexandra Palace Trading Limited raises funds for Alexandra Park & Palace Charitable Trust through the hiring of halls and catering for exhibitions, banquets, conferences, weddings and other events and the running of the Phoenix Public House. Alexandra Palace Trading Limited retained £5,000 of its profit this year with the remainder being gift aided to Alexandra Park & Palace Charitable Trust. The net income attributable to the group is consolidated on a line by line basis in the consolidated statement of financial activities. A summary of the results is shown below:

	2004	2003
	£	£
Income from events	4,055,207	3,682,491
Income from the Phoenix public house	553,603	509,783
Interest receivable	46,104	60,300
<b>Total income</b>	<b>4,654,914</b>	<b>4,252,574</b>
Cost of sales	3,071,380	2,644,634
Cost of operating expenses	524,601	449,509
<b>Total cost of generating funds</b>	<b>3,595,981</b>	<b>3,094,143</b>
<b>Net income to the group</b>	<b>1,058,933</b>	<b>1,158,431</b>
Less: Licence fee to the Trust	(246,125)	(224,000)
Deed of Covenant/Gift Aid to the Trust	(817,954)	(933,746)
	<b>(5,146)</b>	<b>685</b>
Retained loss brought forward	(3,346)	(4,031)
Retained loss carried forward	<b>(8,492)</b>	<b>(3,346)</b>

### **4. Analysis of total resources expended**

	Staff costs inc. agency	Other direct costs	Other allocated costs	Total
	£	£	£	£
<b>Charitable expenditure:</b>				
Ice rink	283,805	214,341	52,671	550,817
Community events	25,999	74,098	3,115	103,212
Leases and concessions	2,175	80,583	6,367	89,125
Repairs & maintenance of building/park	220,783	1,356,587	88,656	1,666,026
Security of building/park	426,456	4,466	83,815	514,737
Support costs	43,205	-	2,496	45,701
Management and administration	1,680	88,719	5,262	95,661
Interest	-	1,941,000	-	1,941,000
Rates rebate 1990-2003	-	(662,886)	-	(662,886)
<b>Total for Trust</b>	<b>1,004,103</b>	<b>3,096,908</b>	<b>242,382</b>	<b>4,343,393</b>
Expenditure of trading subsidiary	1,694,577	1,901,404	-	3,595,981
<b>Total for Group</b>	<b>2,698,680</b>	<b>4,998,312</b>	<b>242,382</b>	<b>7,939,374</b>

#### **Other direct costs include:**

	Group 2004	Group 2003
	£	£
Auditors' remuneration: audit fee	24,900	24,085
Operating lease rentals – land & buildings	137,050	140,250
Operating lease rentals – vehicles	7,245	12,231
Depreciation	66,972	36,107

The trustees received no remuneration (2003:-£Nil) from the charity and were not reimbursed for any of their expenses by the charity during the year (2003:-£Nil).

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

			Trust 2004	Trust 2003
<b>5. Analysis of costs</b>			£	£
<b>a) Support costs</b>				
Staff costs			43,205	39,403
Office costs			2,496	3,513
			<hr/>	<hr/>
			<b>45,701</b>	<b>42,916</b>
<b>b) Management and administration</b>				
Audit fee			8,900	8,600
Legal and professional fees			35,211	23,740
Development costs			44,600	-
Staff costs			1,680	1,592
Utilities, rates and central administration			5,270	5,710
			<hr/>	<hr/>
			<b>95,661</b>	<b>39,642</b>
<b>6. Staff costs</b>	<b>Group 2004</b>	<b>Group 2003</b>	<b>Trust 2004</b>	<b>Trust 2003</b>
	£	£	£	£
Wages and salaries	1,652,801	1,545,819	493,783	449,870
Social security costs	132,853	115,773	31,528	27,202
Pension costs	137,515	138,143	57,058	54,135
Agency staff costs	775,511	540,370	421,734	326,804
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>2,698,680</b>	<b>2,340,105</b>	<b>1,004,103</b>	<b>858,011</b>

The number of employees whose emoluments as defined for taxation purposes amounted to over £50,000 in the year was as follows:

	<b>Group 2004</b>	<b>Group 2003</b>	<b>Trust 2004</b>	<b>Trust 2003</b>
	Number	Number	Number	Number
£50,001 - £60,000	3	1	1	-

The charity employee earning more than £50,000 received employer contributions into the defined benefit pension scheme (see note 19(a)). The trading company employees earning more than £50,000 received employer contributions into the stakeholder pension scheme (see note 19(b)).

The average number of employees, analysed by function, including both permanent employees and casual staff calculated on a full-time equivalent basis (number of permanent employees only illustrated by the bracketed figures) was:

	<b>Group 2004</b>	<b>Group 2003</b>	<b>Trust 2004</b>	<b>Trust 2003</b>
	Number	Number	Number	Number
Ice rink	21 (5)	20 (7)	21 (5)	20 (7)
Repairs and maintenance inc. park	4 (4)	4 (4)	4 (4)	4 (4)
Community events	1 (1)	1 (1)	1 (1)	1 (1)
Cost of generating funds	48 (28)	50 (32)	- -	- -
Support costs	1 (1)	1 (1)	1 (1)	1 (1)
Management and administration	1 (1)	1 (1)	1 (1)	1 (1)
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>76 (40)</b>	<b>77 (46)</b>	<b>28 (12)</b>	<b>27 (14)</b>

### **7. Rates Rebate 1990-2002**

In 1999, the Trust launched an appeal against the rateable value of its primary asset on which the calculation of value of the Non Domestic Rates (NDR) is based. The Valuation Service of the Inland Revenue has agreed a significant decrease for the financial years 1990/91 to date. The value of the NDR rebate from 1990/91 to 2001/02 is £662,866. In addition interest is receivable on this sum and equates to £225,464 which is shown under income in the Statement of Financial Activities.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### 8. Taxation

Alexandra Park and Palace Charitable Trust is a registered charity. As such its sources of income and gains, received under Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. The trading subsidiary donates all taxable profits to the Trust under Gift Aid. No tax charge has arisen in the year.

### 9. Tangible fixed assets

	<b>Plant &amp; Machinery</b>	<b>Office equip, furniture &amp; fittings</b>	<b>Total</b>
<b>Trust only:</b>			
<b>Cost:</b>	£	£	£
At 1 <sup>st</sup> April 2003	138,845	73,010	211,855
Additions	210,157	57,711	267,868
	<b>349,002</b>	<b>130,721</b>	<b>479,723</b>
At 31 <sup>st</sup> March 2004			
<b>Depreciation:</b>			
At 1 <sup>st</sup> April 2003	18,068	19,714	37,782
Charge for the year	34,900	27,752	62,652
	<b>52,968</b>	<b>47,466</b>	<b>100,434</b>
At 31 <sup>st</sup> March 2004			
<b>Net book value:</b>			
At 31 <sup>st</sup> March 2004	<b>296,034</b>	<b>83,255</b>	<b>379,289</b>
At 31 <sup>st</sup> March 2003	120,777	53,296	174,073
	<b>Plant &amp; Machinery</b>	<b>Office equip, furniture &amp; fittings</b>	<b>Total</b>
<b>Group:</b>			
<b>Cost:</b>	£	£	£
At 1 <sup>st</sup> April 2003	138,845	101,616	240,461
Additions	210,157	61,617	271,774
	<b>349,002</b>	<b>163,233</b>	<b>512,235</b>
At 31 <sup>st</sup> March 2004			
<b>Depreciation:</b>			
At 1 <sup>st</sup> April 2003	18,068	34,945	53,013
Charge for the year	34,900	32,072	66,972
	<b>52,968</b>	<b>67,017</b>	<b>119,985</b>
At 31 <sup>st</sup> March 2004			
<b>Net book value:</b>			
At 31 <sup>st</sup> March 2004	<b>296,034</b>	<b>96,216</b>	<b>392,250</b>
At 31 <sup>st</sup> March 2003	120,777	66,671	187,448

### 10. Fixed asset investments

	<b>Trust only</b>	
	<b>2004</b>	<b>2003</b>
	£	£
Shares in trading subsidiary:		
At 1 April and 31 March	2	2

The Trust owns the entire share capital of its trading subsidiary (see note 3).

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

<b>11. Stock</b>	<b>Group 2004 £</b>	<b>Group 2003 £</b>	<b>Trust 2004 £</b>	<b>Trust 2003 £</b>
China and cutlery	66,135	69,253	66,135	69,253
Food and beverages	89,922	64,587	-	501
Publications and stationery	21,269	26,184	3,717	3,567
	<b>177,326</b>	<b>160,024</b>	<b>69,852</b>	<b>73,321</b>
<b>12. Debtors</b>	<b>Group 2004 £</b>	<b>Group 2003 £</b>	<b>Trust 2004 £</b>	<b>Trust 2003 £</b>
Trade debtors	211,358	200,911	-	-
Amounts due from subsidiary undertaking	-	-	270,799	201,691
Deed of covenant/gift aid due from subsidiary undertaking	-	-	816,700	933,746
Other debtors	62,612	22,469	62,052	22,146
Prepayments and accrued income	294,777	364,848	99,589	170,366
	<b>568,747</b>	<b>588,228</b>	<b>1,249,140</b>	<b>1,327,949</b>
<b>13. Creditors: amounts falling due within one year</b>	<b>Group 2004 £</b>	<b>Group 2003 £</b>	<b>Trust 2004 £</b>	<b>Trust 2003 £</b>
Trade creditors	194,850	189,472	-	-
Other taxes and social security costs	19,007	32,150	-	-
Other creditors	384,470	301,932	384,470	301,932
Accruals	429,660	339,719	276,083	247,787
Income in advance	401,715	385,189	270	1,953
Haringey Council: Bank Account	112,214	150,797	112,214	150,797
	<b>1,541,916</b>	<b>1,399,259</b>	<b>773,037</b>	<b>702,469</b>
<p>Income in Advance is payments received for events that will take place in future years. The Trust's bank account is part of Haringey Council's pooled account, and the amount is shown both as an asset and a liability to the Trust as the bank account is owed in its entirety to the Council. The difference between the two sums of £8,967 (2003: £8,859) relates to the Trust's cash float and is not part of that liability.</p>				
<b>14. Provision</b>	<b>Group 2004 £</b>	<b>Group 2003 £</b>	<b>Trust 2004 £</b>	<b>Trust 2003 £</b>
Haringey Council: Indemnification	27,683,927	25,617,776	27,683,927	25,617,776
<b>Reconciliation of movement:</b>				
Balance brought forward	25,617,776	22,960,421	25,617,776	22,960,421
Amount charged to SOFA	1,588,884	2,647,440	1,588,884	2,647,440
Transfers to bank less VAT debtor	477,267	9,915	477,267	9,915
Balance carried forward	<b>27,683,927</b>	<b>25,617,776</b>	<b>27,683,927</b>	<b>25,617,776</b>

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### **14. Provision (continued)**

#### **The relationship between the Trust and the London Borough of Haringey:**

Under the terms of the 1985 Alexandra Park and Palace Act, the Council is Trustee for the Park and Palace. The day to day management of the Trust is undertaken by a board of 8 Councillors nominated by Haringey Council. These Councillors have responsibilities as Charity Trustees for Alexandra Park and Palace Charitable Trust. All employees of the Trust are employees of Haringey Council as trustee and are included in the Council's pension arrangements.

Due to the nature of the relationship between the Trust and Haringey Council there are a number of significant related party transactions. These amounts are consolidated into the Trust's financial statements however, due to the unique nature and structure of the relationship it is thought appropriate to disclose these items: Interest charged of £1,941,000 (2003: £2,065,000); rates of £41,736 (2003: £90,901); rates rebate for 1990-2003 of £(662,886) (2003: £Nil); interest receivable of £(225,464) (2003: £Nil); central administration of £34,600 (2003: £50,900); entertainment licences of £48,314 (2003: £47,010); public liability insurance £31,341 (2003: £25,073); legal expense £9,443 (2003: £Nil as part of central administration); vehicle leases of £Nil (2003: £4,078); printing and other sundry items of £753 (2003: £1,280). Andrew Krokou wishes to voluntarily declare that he receives £9,500 (2003: £9,500) as a Special Responsibility Allowance payment from Haringey Council's Corporate Funds (not charged to the Trust) with Charity Commission knowledge and consent.

In view of the uncertainty created by the complex legislative position, the Council has resolved to seek the Directions of the Court regarding its precise duties as Trustees of Alexandra Park and Palace Charitable Trust. The time scale for the legal directions is uncertain.

The analysis of the current year's figure is as follows: **Accumulated**

		<b>Balances</b>	<b>Interest</b>	<b>Total</b>
		£'000	£'000	£'000
Haringey Council:				
Indemnification: 1991/92 to 1994/95	(1)	5,005	8,864	13,869
Indemnification: 1995/96 to 2003/04	(2)	6,635	4,016	10,651
Provision: 1988/89 to 1990/91	(3)	755	2,409	3,164
		<u>12,395</u>	<u>15,289</u>	<u>27,684</u>

1. This is the amount which the Attorney General has agreed that Haringey Council is entitled to, in respect of expenditure incurred from operational deficits in the financial years 1991/92 to 1994/95.
2. This is the amount relating to the operational deficits for 1995/96 to 2003/04 which the Attorney General has agreed in principle that Haringey Council is entitled to. The final value has yet to be formally agreed. (The operational deficit is calculated as the deficit for the year before interest and the increase in working capital in the year).
3. Haringey Council may also be entitled to indemnification for the operational deficits from 1988/89 to 1990/91, so this amount has also been provided for.

<b>15. Accumulated funds</b>	<b>Group</b>	<b>Group</b>	<b>Trust</b>	<b>Trust</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	£	£	£	£
<b>Trust deficit funds:</b>				
Balance brought forward	<b>24,588,590</b>	21,772,547	<b>24,585,244</b>	21,768,516
Deficit in year	<b>2,057,402</b>	2,816,043	<b>2,052,256</b>	2,816,728
	<u><b>26,645,992</b></u>	<u>24,588,590</u>	<u><b>26,637,500</b></u>	<u>24,585,244</u>

The above amounts represent the deficit equity of the Trust. The Group figure includes £(8,492) (2003: £(3,346)) of the trading subsidiary retained losses carried forward.

<b>16. Commitments under operating leases</b>	<b>Group</b>	<b>Group</b>	<b>Trust</b>	<b>Trust</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	£	£	£	£
<b>Vehicles:</b>				
Payments due within one year on leases expiring within 1 year	<b>8,060</b>	12,231	-	5,150
<b>Land &amp; Buildings:</b>				
Payments due within one year on leases expiring within 1 year	<b>114,375</b>	-	-	-
leases expiring within 2-5 years	-	137,251	-	-
	<u><b>114,375</b></u>	<u>137,251</u>	<u>-</u>	<u>-</u>

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### **17. Audit fees**

The District Audit as part of the overall audit of the Council's accounts provides the external audit for Alexandra Park and Palace Charitable Trust. The Council meets the fee of the District Audit. The Charity Commission has required that the Board also commission an audit by a Registered Auditor. The audit fee for the year was £24,900 (2003: £24,085).

### **18. Private developer**

In 1996/97, the Trust carried out a competition to find a private developer to take over the running of Alexandra Park and Palace. The resulting preferred developer offered a sum of £11.775 million plus a potential share of profits. Subsequent negotiations between the Trust and its preferred developers have, however, revealed that a capital receipt of not less than £5 million will be receivable in exchange for a 125 year lease, as a smaller scheme is being discussed.

The development proposals could only be progressed following parliamentary approval of amendments to the 1985 Alexandra Park and Palace Act. The amendments passed into law in February 2004. The trustees returned to the preferred developer to establish the level of interest given the passage of time and changes to the leisure market since the development competition. The preferred developer has advised that they have no continuing interest in developing Alexandra Palace and, as a result, the trustees are taking further professional advice on future strategy for the use of the building and income generation.

### **19. Pension schemes**

#### **Trust:**

#### **a) Defined benefit scheme**

The Trust operates a defined benefit pension scheme for the benefit of the employees. The assets of the Scheme are in a fund independent from the Trust and are administered by Haringey Council under the provisions of the Local Government Superannuation Act on 12 June 2000.

The Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's investments and contributions to meet its liability. The next view of the position is at 31 March 2004. The report will be available in November 2004. The last valuation took place in March 2001. The last actuarial valuation was carried out in accordance with Guidelines GN9: Retirement Benefit Schemes - Actuarial reports published by the Institute of Actuaries and the Faculty of Actuaries. The last actuarial valuation was carried out using the Projected Unit Method. Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	<b>Nominal % per annum</b>
Rate of investment - equities	- 6.75% per annum compound
Rate of investment - bonds	- 5.75% per annum compound
Rate of pensionable salary increases (excluding increments)	- 4.30% per annum compound
Rate of price inflation/pensions increases	- 2.80% per annum compound

The level of funding as a whole at 31 March 2001 was 88.0%, and the market value of the Fund at the time of the last valuation was £441 million. The employer's contribution is 17.3% of salary, increasing to 18.0% for the year ended 31 March 2005. The pension contribution for the year was £57,058 (2003: £54,135).

In light of the uncertainty of financial conditions the actuaries suggested in their report in December 2001, when reporting the results of the valuation as at March 2001, that the financial position of the Fund be monitored by means of interim funding reviews in the period up to the next triennial valuation. An interim valuation of the pension fund at March 2003 has been received. The valuation reflects the significant reduction in the value of equity markets in the period to March 2003. It is clear from the interim valuation that previous plans for stepped increases in employer contribution rates to be at 0.5% on the 18% rate at 31 March 2005 are unlikely to be sufficient to meet rates required following the formal valuation due as at March 2004 and therefore these stepped increases have been increased to 1% for both 31 March 2006 and 31 March 2007.

Additional disclosures regarding the defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits". In accordance with FRS 17, the Trust will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the Trust's share of the assets and liabilities in the scheme on a consistent and reasonable basis.

# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### **19. Pension schemes (continued)**

#### **Trading company:**

#### **a) Defined benefit scheme**

The trading company operates a defined benefit pension scheme for the benefit of 22 scheme members who transferred to the trading company, from the Trust, on 1 November 1999. There are 11 (2003: 12) scheme members still in the employment of the trading company as at 31 March 2004. The assets of the Scheme are in a fund independent from the trading company and are administered by Haringey Council under the provisions of the Local Government Superannuation Act.

The Fund is independently valued on a regular basis by a firm of actuaries. The last valuation took place in March 2001. The purpose is to assess the adequacy of the Fund's investments and contributions. The last actuarial valuation was carried out using the Projected Unit Method.

Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	<b>Nominal % per annum</b>
Rate of investment - equities	- 6.75% per annum compound
Rate of investment - bonds	- 5.75% per annum compound
Rate of pensionable salary increases (excluding increments)	- 4.30% per annum compound
Rate of price inflation/pensions increases	- 2.80% per annum compound

The level of funding as a whole at 31 March 2001 was 88.0%, and the market value of the Fund at the time of the last valuation was £441million for the whole of the scheme of which £915,000 is the share for Alexandra Palace Trading Limited. Alexandra Palace Trading Limited employer's contribution is 15.5% of salary, increasing to 16.5% for the year ended 31 March 2005. The pension contribution for the year was £44,899 (2003: £42,756).

Additional disclosures regarding the company's defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits" and these are set out below. The disclosures relate to the second year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17 in the year ending 31 March 2006.

The actuarial valuation described above has been updated at 31 March 2004 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	<b>Nominal % per annum compound</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>
Price increases	<b>2.90</b>	2.50	2.80
Rate of pensionable salary increases (excluding increments)	<b>4.40</b>	4.00	4.30
Rate of price inflation/pensions increases	<b>2.90</b>	2.50	2.80
Discount rate	<b>5.50</b>	5.40	5.90

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	<b>2004</b>	<b>2004</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
	<b>%</b>	<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>	<b>£</b>
Equities	<b>7.7</b>	<b>720,000</b>	8.0	554,000	7.5	814,067
Bonds	<b>5.1</b>	<b>219,000</b>	4.8	178,000	5.5	187,925
Property	<b>6.5</b>	<b>52,000</b>	6.0	13,000	-	-
Cash	<b>4.0</b>	<b>19,000</b>	4.0	42,000	4.0	33,008
Total fair value of assets		<b>1,010,000</b>		<b>787,000</b>		<b>1,035,000</b>
Present value of scheme liabilities		<b>(1,557,000)</b>		<b>(1,339,000)</b>		<b>(1,218,000)</b>
Net pension liability		<b>(547,000)</b>		<b>(552,000)</b>		<b>(183,000)</b>



# **ALEXANDRA PARK AND PALACE CHARITABLE TRUST**

## **Notes to the Financial Statements for the year ended 31st March 2004**

### **19. Pension schemes (continued)**

#### **Trading company:**

#### **a) Defined benefit scheme (continued)**

Alexandra Palace Trading Limited employer's contribution is 15.5% of salary, increasing to 16.5% for the year ended 31 March 2005. The pension contribution (service cost) for the year was £44,899 (2003: £42,756).

For the year ended 31 March 2004, the expected return on the above assets was £57,000 (2003: £73,000) less the interest on pension scheme liabilities of £74,000 (2003: £72,000) gives a net return of £(17,000) (2003: £1,000) as the amount credited from other finance income. Therefore overall the net cost to the revenue account for the year ended 31 March 2004 is £66,000 (2003: £42,000) after deduction of the service cost.

#### **Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL):**

	2004 £	2003 £
Actual return less expected return on pension scheme assets	126,000	(297,000)
Experience gains and losses arising on the scheme liabilities	(2,000)	(22,000)
Changes in financial assumptions underlying the present value of the scheme liabilities	(98,000)	(51,000)
	<u>26,000</u>	<u>(370,000)</u>
Actuarial gain/(loss) in pension plan		
Increase in irrecoverable surplus from membership fall and other factors	-	-
	<u>26,000</u>	<u>(370,000)</u>
Actuarial gain/(loss) in recognised in STRGL		

#### **Movement in Deficit during the year:**

	2004 £	2003 £
Deficit at beginning of the year	(552,000)	(183,000)
Current service cost	(49,000)	(43,000)
Employers contributions	45,000	43,000
Net return on assets	(17,000)	1,000
Actuarial gains/(losses)	26,000	(370,000)
	<u>(547,000)</u>	<u>(552,000)</u>
Deficit at the end of the year		

#### **History of Experience Gains and Losses**

	2004 £	2003 £
Difference between the expected and actual return on assets	126,000	(297,000)
Value of assets	1,010,000	787,000
<b>Percentage of assets</b>	12.4%	(37.7%)
Experience losses on liabilities	(2,000)	(22,000)
Present value of liabilities	1,557,000	1,339,000
<b>Percentage of the present value of liabilities</b>	(0.1%)	(1.6%)
Actuarial gains/(losses)	26,000	(370,000)
Present value of liabilities	1,557,000	1,339,000
<b>Percentage of the present value of liabilities</b>	1.7%	(27.6%)

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

#### **b) Stakeholder personal pension scheme**

For new employees to the trading company since 1 September 1999, the trading company has established a stakeholder pension and contributes personal pension contributions into this scheme. The employer's contribution is 10% of salary and the pension contribution for the year was £35,558 (2003: £41,252). Included within creditors is an amount of £Nil (2003: £1,808) in respect of accrued employer contributions.