

Clifford Hart

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25 February 2008

To: All Members of the Alexandra Palace and Park Board

Dear Member,

Alexandra Palace and Park Board - Tuesday, 26th February 2008

I attach a copy of the following report for the above-mentioned meeting which was not available at the time of collation of the agenda:

6. AUDIT OF ACCOUNTS 2006/07

**COMMENTS OF THE LB HARINGEY'S CHIEF FINANCIAL OFFICER –
TO BE CONSIDERED IN CONJUNCTION WITH AGENDA ITEM 6**

Yours sincerely

Clifford Hart
Non-Cabinet Committees Manager

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**Chief Executive's Service****Member Services**

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Tel: 020 8489 8000 Fax: 020 8881 5218
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Your ref:

Our ref: Clifford Hart

This matter is being dealt with by: 020 8489 2920

Direct line/ext: 020 8489 2660

clifford.hart@haringey.gov.uk

Fax:

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Agenda No:

ALEXANDRA PARK & PALACE BOARD ON 26th February 2008

Report Title: **Audit of Accounts 2006/07**

Report of: **David Loudfoot, General Manager, Alexandra Palace & Park**

1. Purpose

1.1 To receive and consider the audited accounts and management letter for 2006/2007.

2. Recommendations

2.1 The board consider the audited accounts (including the annual report), management letter and audit opinion for 2006/2007.

2.2 Consider whether there are any matters or related party transactions which should be declared. If no such declarations are required then each trustee must sign the relevant declaration to that effect.

2.3 Having considered the accounts (including the annual report) management letter and audit opinion, nominate one trustee to sign the accounts on behalf of the charity for submission to the Charity Commission together with the letter of representation.

2.4 That the board considers if it wishes to re-appoint Deloitte and Touche LLP as auditors for the charity.

Report Authorised by:

David Loudfoot, General Manager.....

A handwritten signature in black ink, appearing to be 'DL', written over a dotted line.

Contact Officer:

David Loudfoot, General Manager, Alexandra Park & Palace, Alexandra Palace Way, Wood Green, London, N22 7AY.

<p>3. Executive Summary</p> <p>3.1 The audit of the 2006/2007 accounts by a registered auditor in compliance with Part VI of the Charities Act 1993 is complete and the accounts are attached at Appendix 1 and include at page 13 the audit opinion. The draft management letter from the auditor is not yet available but will be circulated later. The letter of representation for consideration and signature is included as appendix 3 and once complete will form an appendix to the management letter. Appendix 4 shows the management accounts for the year 06/07.</p>
<p>4. Reasons for any change in policy or for new policy develop (if applicable).</p> <p>4.1 N/A.</p>
<p>5. Local Government (Access to Information Act 1985)</p> <p>5.1 Further information about this report can be obtained from David Loudfoot, General Manager, Alexandra Park & Palace, Alexandra Palace Way, Wood Green, London N22 7AY. Telephone number 020 8365 2121.</p>

6. Report

- 6.1 These accounts are the eleventh set to be audited by a registered auditor in accordance with the Charities Act 1993.
- 6.2 The deadline for submission to the Charity Commission was the end of January 2008, considering the lateness of this set of accounts a formal extension of time from the Charity Commission has been applied for.
- 6.3 The audit opinion on these accounts is qualified in only in respect of FRS 17 which regulates the reporting of retirement benefits.
- 6.4 The Board's attention is drawn to the requirement to sign the letter of representation. A formal copy will be available for signature at the meeting once the Board has concluded its consideration of the accounts and reports and it will form an appendix to the management letter when this is issued.
- 6.5 The Board's attention is also drawn to the requirement to declare related parties and related party transactions. The individual charity trustees comprising the Board are asked to formally consider whether they have engaged in transactions covered by these definitions and if not, to sign a declaration to this effect. The same requests will be made of senior management.

- 6.6 The Board needs to consider a resolution to appoint auditors for the next years accounts, Deloitte and Touche have confirmed they are prepared to provide the service if the Board so resolves.

- 7. **Consultation**
 - 7.1 None necessary

- 8. **Summary and Conclusions**
 - 8.1 N/A

- 9. **Recommendations**
 - 9.1 The board agree the recommendations at Paragraph 2.2

- 10. **Legal and Financial Implications**
 - 10.1 The Trust's Solicitor and Director of Finance have been sent a copy of this report.

- 11. **Equalities Implications**
 - 11.1 There are no perceived equal opportunities implications in this report.

- 12. **Use of Appendices/Tables/Photographs**
 - 12.1 Appendix 1 - Audited accounts 2006/07.
 - 12.2 Appendix 2 - Management letter. TO FOLLOW - Awaiting receipt
 - 12.3 Appendix 3 - Letter of representation
 - 12.4 Appendix 4 - Management accounts.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Appendix 1

**TRUSTEES' ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007**

Charity Number: 281991

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

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Trustees' Annual Report for the year ended 31 March 2007.

1. INTRODUCTION

This document comprises the trustees' annual report and the trust's consolidated financial statements for the year ended 31 March 2007. They have been prepared in a format complying with the Statement of Recommended Practice (SORP 2005). However, FRS 17 has not been complied with and this is discussed further in Note 23 to the Financial Statements.

2. REFERENCE AND ADMINISTRATIVE INFORMATION

The trusts were originally established in 1900. However it was not until 1981 that the trusts were registered as charitable. 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, Alexandra Palace Way, Wood Green, London N22 7AY.

3. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governing Document

The Alexandra Park and Palace (Public Purposes) Act 1900 constituted a trustee body corporate 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 [now defunct] G.L.C. Following a Court case in 1967 the trusts declared by the 1900 Act were held to be valid charitable trusts although not registered with the Charity Commission until March 1981. The trusts were transferred to the London Borough of Haringey on 1 January 1980. Subsequent to a major fire in July 1980 and a Public Inquiry which ended in 1983, the Alexandra Park and Palace Act 1985 amended the previous legislation in significant parts.

The trustees have, for some years, been seeking less ambiguous and wider powers to lease the whole or parts of its principal asset. A statutory instrument, amending the 1985 Act and providing the less ambiguous, additional and wider powers, was laid before parliament in November 2003 and came into effect in February 2004. The governing documents for the Trust are now collectively known as the Alexandra Park and Palace Acts and Orders 1900-2004.

The Governing Body

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 annually 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.

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.

Recruitment and Training of Charity Trustees

The charity trustees are appointed on an annual basis from the elected members of the Council of the London borough of Haringey acting as trustee. The appointments reflect the political balance of the council.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

At the beginning of each municipal year the charity trustees are provided with a bundle of documents which contains the governing document together with key reports, minutes of previous meetings and audited accounts for the three years ending with that immediately prior to the trustees appointment. On receipt of these documents the charity trustees attend a structured induction process to provide the explanations required and resolve any questions that remain. Further training is considered on an individual basis.

The Charity Trustees

The charity trustees during the year ended 31 March 2007 and up to the date of this return were:

Councillor Matt Cooke (Chair of the Board)	(appointed 21st May 2007)
Councillor Patrick Egan (Vice Chair)	(appointed 22 nd May 2006)
Councillor David Beecham	(appointed 22 nd May 2006)
Councillor Dilek Dogus	(appointed 21st May 2007)
Councillor Bob Hare	(appointed 9th January 2006)
Councillor John Oakes	(appointed 21st May 2007)
Councillor Sheila Peacock	(appointed 22 nd May 2006)
Councillor Charles Adje (Chair of the Board)	(appointed 22 nd May 2006, resigned 21st May 2007)
Councillor Sheila Rainger	(appointed 22 nd May 2006, resigned 21st May 2007)
Councillor Sheik Thompson	(appointed 22 nd May 2006, resigned 21st May 2007))
Councillor Denis Dillon	(resigned 22 nd May 2006)
Councillor Brian Haley	(resigned 22 nd May 2006)
Councillor Wayne Hoban	(resigned 22 nd May 2006)
Councillor Andrew Krokou	(resigned 22 nd May 2006)
Councillor Viv Manheim	(resigned 22 nd May 2006)
Councillor Richard Reynolds	(resigned 22 nd May 2006)
Councillor Irene Robertson	(resigned 22 nd May 2006)

The charity trustees are members of the Council but must act entirely 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 held in May of each year.

In addition, three members of the Consultative Committee sit on the Board each year but those appointed are not charity trustees and do not have any voting powers. For the year ended 31 March 2007 they were:

Mrs V Paley
Mr M Tarpey
Mr N Willmott

The Chair of the Statutory Advisory Committee (see paragraph 3.13) also formally attends the Board meetings in an observer capacity. For the year ended 31 March 2007 it was Mr D. Liebeck.

Organisational Management

The Alexandra Park & Palace Board [the Board] meet as charity trustees to consider matters of policy, strategy, and objectives. The charity trustees hold a set programme of meetings each year. Other special meetings may be called from time to time. During the year ended 31 March 2007 the Board held 4 ordinary meetings together with 4 special meetings which were centred on the outcome of the search for an investment partner.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

The Board conducts its business under the delegations provided from the corporate trustee as follows:

The Council has delegated to the Board all the functions of the Council as Trustee of Alexandra Park and Palace under the Alexandra Park and Palace Acts and Orders 1900 to (now) 2004 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.*

The Board also appoints a panel of members to consider matters of urgency. The panel met on one occasion during the financial year.

The Statutory Advisory Committee:

The Alexandra Park and Palace 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.*

The Consultative Committee:

The trustees have 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 on general matters affecting Alexandra Park and Palace;*
- 2) *To give the Board of Charity Trustees 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 the Board of Charity Trustees and local organisations;*
- 4) *To enable appropriate local (and national) organisations to participate in decisions of*

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- direct concern to them; and*
- 5) *To further Alexandra Park and Palace as a conservation area.*

The day to day organisation and management of the charity is delegated to the General Manager, Keith Holder was General Manager until the end of April 2007. From May 2007 to date the General Manager is David Loudfoot .

Group Structure and Relationships

The charity has a wholly owned non-charitable trading subsidiary, Alexandra Palace Trading Ltd. whose objectives and performance are described in paragraph 5.16 and 5.17 below. During the period covered by these accounts the General Manager of the charity also undertook the role of managing director of the wholly owned but separately registered and constituted trading company. However the position as managing director terminated in March 2007. The board of Alexandra Palace Trading Ltd. has now delegated operational responsibility to a Chief Operating Officer, Andrew Briggs.

Risk Management

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. However a recent review of the ice rink income recognised the increase in the mixed trading activity. This facility has subsequently been transferred into the trading company. 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.

Discussions have been ongoing about preparation of the formal Risk Management Manual. However plans to submit this document for trustee approval in the previous year have been hampered by the devotion of key resources to the intensified negotiations with the preferred investment partner. In light of the significant changes taking place the whole question of the Risk Management Manual needs to be revisited.

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

4. OBJECTS AND ACTIVITIES.

Charitable Objects

- 4.1 The principal 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 forever, as defined in the 1985 Act.

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General Activities

- 4.2 During the period of these accounts the activities which have been engaged in to achieve the above object includes:
- a) The provision and maintenance of the park;
 - 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 permanent provision of the ice-skating rink [transferred into APTL post year end] and its associated activities which include pantomimes on ice and ice discos;
 - d) The provision of free outdoor events, including bonfire night fireworks display, school tours, Family Festival and other entertainment, a bicycle trail, together with children's funfairs, bank holiday funfairs and the provision of displays and mini exhibitions;
 - e) The continued expenditure on the Victorian building, including the original theatre and organ; the original high definition television studios and the maintenance of areas within the Palace to provide a safe environment for users.

Activities and Events during the specific year:

- 4.3 The activities provided directly by the charity in the current year are similar to those provided in previous years.
- 4.4 The 196 acres of parkland continues to be a strong public attraction for both formal and informal recreation purposes. The trustees were successful in their application to the Heritage Lottery Fund (Urban Parks Programme). The Heritage Lottery Fund has 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.
- 4.5 The work of translating the concepts into detailed drawings for each component part of the project commenced during 2003/04 and has continued as the project developed. The contracted works have achieved practical completion and the HLF funding expired with the formal completion of the entire project in December 2007.
- 4.6 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 both the visual and physical impact of the through road;
 - Rationalisation of the tree belt;

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- 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 security officer patrols; and
- Improvements to signage, park furniture and lighting.

- 4.7 The attractions provided by the charity include the annual fireworks display attended by some 70,000 members of the public each November and the Family Fun Days. The permanent facility of the boating lake is provided as part of the achievement of the charity's basic objects as are the animal enclosure and cycle routes. The charity continues to work with other community and voluntary organisations to deliver low cost events.
- 4.8 The programme of tours of the historic building were limited because of commercial activity undertaken by the trading company and repair works necessary to the fabric have resulted in some areas being prohibited from any form of public access.

Volunteers

- 4.9 The charity has commenced developing volunteer resources. These resources are currently devoted to works in the conservation area and the Information Centre. Further development of this resource is envisaged over coming years. .

5. FINANCIAL REVIEW

- 5.1 The charity continues to operate on a deficit-funding basis. All the available net 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.

Trustees' responsibilities:

- 5.2 The trustees are responsible for preparing the Annual Report and the financial statements. The trustees have chosen to prepare the financial statements for the charity and the Group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

United Kingdom charity law requires the trustees to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the Group and of the financial activities for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in business.

- 5.3 The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the Group and which enable them to ensure that the financial statements comply with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005). They are also responsible for safeguarding the assets of the charity and the Group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Background to the financial position:

- 5.4 The financial position of the charity remains that of requiring significant levels of both revenue and capital support from the corporate trustee, Haringey Council. It is the need for this on going support which has given impetus to the search and selection of an investment partner to lease and develop the charity's principal building and bring it into more effective use over the whole footprint. The trustees resolved in the Autumn of 2006, to appoint an investment partner with the intention to grant a 125 year lease.
- 5.5 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. Should there be a further requirement for significant levels of investment in the structure this cannot be met without partnership funding from new sources.
- 5.6 The charity remains a going concern only 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 extent of 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 any Court direction there will be an obvious and immediate need to consider the effect on the going concern concept.
- 5.7 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 and a significant capital injection is required. During the year, work continued toward the granting of a 125 year lease to a selected investment partner who would then invest in the building to bring it back into use over its whole footprint for purposes consistent with the objects of the charity.
- 5.8 The charity trustees appointed a professional advisory team to provide advice on the process for and selection of a developer. The team comprises:

Broadway Malyan (previously ARUP)	Overall project management under the direction of the General Manager of the charity
Berwin Leighton Paisner	Legal advice on leases and leasing, Procurement process, planning and Contract terms.
Abros	Financial requirements including financial vetting of tenders and tenderers, examination and advice on the viability of bids, tax and treatment of receipts over the proposed lease period and a review of the existing on-going operational position
King Sturge	Building survey, market assessment and valuation to inform the procurement process and definition of works necessary by the preferred bidder to achieve the building standard required by the trustee together with the sec. 36 report. .
Robinson Low Francis	Quantity Surveying to establish cost estimates for the required works and comparatively evaluate the different proposals submitted
Lexington Communications	Strategy and organisation and management of the consultation process.

- 5.9 The trustee originally chose the OJEU route for advertising because the process is public, transparent and auditable. However over the summer of 2005 this approach was reviewed and the advisers stated that this method was more suited to a service provision tender rather than an asset disposal. In September 2005 an open advertisement appeared in the relevant journals in the UK and the property

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agents advertised the opportunity through their European offices.

- 5.10 The selection process culminated in the appointment of the Firoka group as preferred investment partner on the 30th January 2006. The Board formally resolved on 24th July 2006 to seek an order from the Charity Commission allowing disposal. The Charity Commission sealed the Order on the 4th May 2007 and work began to secure the orderly transfer of the building and associated staff to Firoka. A short term licence was agreed between Alexandra Park and Palace Charitable Trust, and Firoka and put in place to facilitate the phased transfer of business and staff commencing 9th of May 2007.
- 5.11 The Charity Commission Order of the 4th of May 2007 was challenged through the judicial review process and the Order quashed on 5th October 2007. The process of transfer which began in May 2007 was reversed in January 2008 by the formal decision of the trustees to end the short term licence arrangement.
- 5.12 The objective of a holistic lease is at the heart of the trustee strategy which was unanimously confirmed by a special meeting of the charity trustees on 10th October 2007. Until such time as a lease of the development footprint is completed, the Trustees intend that the current delivery of both the charitable functions and commercial contracts by the Group will continue. The London Borough of Haringey have confirmed in writing that they have considered and approved within their budgets for 2008/09 sufficient funding including on-going revenue support for Alexandra Park and Palace Charitable Trust.
- 5.13 This charity does not engage in grant giving and in the main does not receive donations.
- 5.14 The charity Trustees have not developed a reserves policy because the charity's operation is dependent on the continuing revenue support from the corporate trustee. Further the charity does not have access to capital resources to spend on the building and does not have any power to borrow funds on the open market. In these circumstances a reserves policy is not considered necessary.

The future charity management:

- 5.15 In preparation for the transfer a new general manager was appointed and the Charity staffing complement reduced by one. The Trustees have secured a consultancy contract with Keith Holder, the previous general manager, to ensure continuity of historical knowledge.

Performance of the wholly owned Trading Company:

- 5.16 The trading subsidiary provides income to the charity which this year amounts to £0.41 million. The charity's running costs are calculated at £4.9 million and with income generated of £3.0 million a funding shortfall of £1.9 million results.

In addition there is a cumulative sum of £34.6 million representing the revenue deficit from 1989 to date. The corporate trustee has previously made arrangements for the funding of the deficit on an annual basis but has now written off that sum in its accounts.

- 5.17 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 activities previously carried out 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 decreased considerably over the previous year particularly with regards to catering income. In addition a significant bad debt provision of £377,000 and an increase in fuel costs has meant that margins have fallen from 19.1% to 6.7%. The final trading result was disappointing with the covenant to the charity being £405,885

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Future Charitable Activities:

- 5.18 Whilst pursuing the development of the site, the Trustees intend that the current charitable activities will continue and also that delivery of services by the Trading Company will continue. Alexandra Palace Trading Limited will continue to develop its business until the future grant of a lease
- 5.19 Embarking on programmes of fundraising from alternative sources to support and fund works to the park outside the award of grant from the Heritage Lottery Fund.
- 5.20 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. These relationships will be unaffected by the lease transaction.
- 5.21 The “friends” group for the theatre was set up to promote activities to raise awareness of and funds for the refurbishment of the Victorian theatre. The theatre group has benefited from wide publicity and has attracted some high profile celebrities as patrons to support its work.

The Trust permanent advisers and other relevant bodies

- 5.22 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 2007 were:

Howard Kennedy 19 Cavendish Square London W1A 2AW	The Trust solicitors providing legal advice.
Heath Lambert Friary Court Crutched Friars London EC3N 2NP	Providing advice on insurances.
District Audit Service 4th Floor Millbank Tower London SW1P 4QP	Auditing of the Council’s accounts of which the Financial Statements of the Trust are appended..
Deloitte & Touche LLP 180 Strand, London. WC2R 1BL	Auditors of the Trust’s Annual Report and Financial Statements within 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.

- 5.23 From time to time advice is also requested and received from property Valuers and Surveyors.
- 5.24 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.
- 5.25 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.

Auditors

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A resolution to re-appoint the auditors will be presented to the Alexandra Palace & Park Board.

Signed on behalf of the Board:

Matt Cooke
Chair of the Board of Trustees

Dated:

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Independent auditors' Report to 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 2007 which comprise the Statements of Financial Activities, balance sheets, the cashflow statement and the related notes numbered 1 to 23. 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 7 of the Charities (Accounts and Reports) Regulations 2005. 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

As described in the statement of trustees' responsibilities, you are responsible as trustees for the preparation of the financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under s43 of the Charities Act 1993 and report in accordance with regulations made under s44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2005 and the trust deed.

We read the trustees' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity'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.

Qualified opinion arising from disagreement over accounting for pensions

Seven of the trading subsidiary company's employees are members of a defined benefit pension scheme. As described in note 1 the Trustees have chosen to account for this scheme as if it were a defined contribution scheme. This does not comply with the requirements of FRS 17 *Retirement Benefits*. The effect of the failure to properly apply FRS 17 is to overstate the Group's losses for the year by £110,000, understate the Group's actuarial gains by £132,000 and overstate the Group's net assets by £302,000, as

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

described more fully in note 23.

Except for the failure to account for the defined benefit pension scheme as such, in our opinion the financial statements give a true and fair view of the Group's and the charity's state of affairs, in accordance with United Kingdom Generally Accepted Accounting Practice as at 31st March 2007 and of the Group's incoming resources and application of resources in the year then ended; the financial statements have been properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2005 and the trust deed.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
180 Strand
London WC2R 1BL

Dated:

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Consolidated Statement of Financial Activities for the year ended 31st March 2007

	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
Note No.	£	£	£	£
Incoming resources:				
Incoming resources from generated funds				
Voluntary income	3	-	1,225,028	1,374,248
Activities for generating funds	5	4,701,375	-	5,119,351
Incoming resources from charitable activities				
Other incoming resources	4	1,189,217	-	1,014,528
		2,182	-	4,803
Total incoming resources		5,892,774	1,225,028	7,117,802
Resources Expended:				
Cost of generating funds				
Fundraising Trading cost of goods sold and other costs				
	6	4,044,448	-	3,808,775
Charitable activities		3,651,613	1,201,662	5,460,899
Governance costs		92,348	92,348	64,493
Total Resources expended	6	7,788,409	1,201,662	9,334,167
Net (outgoing)/incoming resources		(1,895,635)	23,366	(1,872,269)
Opening deficit fund balance 1 April		(31,350,833)	16,408	(31,334,425)
Closing deficit fund balance as at 31 March	20	(33,246,468)	39,774	(33,206,694)

The notes on pages 19 to 35 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 2007

	Note No.	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	-	1,225,028	1,225,028	1,374,248
Activities for generating funds	5	660,885	-	660,885	1,255,000
Incoming resources from charitable activities					
Other incoming resources	4	1,189,217	-	1,189,217	1,014,528
		2,182	-	2,182	4,803
Total incoming resources		1,852,284	1,225,028	3,077,312	3,648,579
Resources Expended:					
Charitable activities					
		3,651,613	1,201,662	4,853,275	5,460,899
Governance costs		66,848	-	66,848	47,993
Total Resources expended	6	3,718,461	1,201,662	4,920,123	5,508,892
Net (outgoing)/incoming resources		(1,866,177)	23,366	(1,842,811)	(1,860,313)
Opening deficit fund balance 1 April		(31,391,508)	16,408	(31,375,100)	(29,514,787)
Closing deficit fund balance as at 31 March	20	(33,257,685)	39,774	(33,217,911)	(31,375,100)

The notes on pages 19 to 35 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 2007.

	Group 2007	Group 2006	Trust 2007	Trust 2006
Note No.	£	£	£	£
Fixed assets				
Tangible assets	12	572,408	671,217	566,940
Investments	13	-	-	2
		572,408	671,217	566,942
Current assets				
Stocks	14	122,860	181,635	53,269
Debtors	15	711,711	805,123	1,216,905
Cash at bank and in hand		1,058,999	1,912,410	3,082
		1,893,570	2,899,168	1,273,256
Creditors:	16			
Amount falling due within one year		(1,098,439)	(1,882,371)	(483,876)
Net current assets		795,131	1,016,797	789,380
Total assets less current liabilities		1,367,539	1,688,014	1,356,322
Provision		(34,574,233)	(33,022,439)	(34,574,233)
Total Net Liabilities		(33,206,694)	(31,334,425)	(33,217,911)
Accumulated Funds:				
Unrestricted deficit funds		(33,246,468)	(31,350,833)	(33,257,685)
Restricted Funds		39,774	16,408	39,774
Total Funds		(33,206,694)	(31,334,425)	(33,217,911)

Approved by the Board of Trustees on 26th February 2008 and signed on its behalf by:

Councillor Matt Cooke

The notes on pages 19 to 35 form an integral part of these financial statements.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Consolidated Cashflow Statement for the year ended 31st March 2006

	Group 2007 £	Group 2006 £	
reconciliation of net outgoing resources to net cash inflow from operating activities			
net outgoing resources	(1,872,269)	(1,821,237)	
Depreciation	116,761	127,039	
Interest receivable	(63,648)	(78,568)	
Decrease in stocks	58,775	14,123	
Decrease in debtors	93,412	248,753	
(Decrease)/increase in creditors	(783,932)	(381,220)	
Increase in provision	1,551,794	1,675,013	
Net Cash outflow from operation activities	(899,107)	(216,097)	
 CASH FLOW STATEMENT:			
	Group 2007 £	Group 2006 £	
Net cash (outflow)/inflow from operating activities	(899,107)	(216,097)	
 Returns on investments and servicing of income:			
Interest received	63,648	70,764	
 Capital expenditure			
Payments to acquire tangible fixed assets	(17,952)	(131,790)	
(Decrease)/increase in cash	(853,411)	(277,123)	
Cash at 1 April	1,912,410	2,189,533	
Cash at 31 March	1,058,999	1,912,410	
 Analysis of changes in cash			
	31 March 06 £	Change in Year £	31 Mar 07 £
Cash at bank and in hand	1,912,410	853,411	1,058,999

The notes on pages 19-35 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 2007.

1. 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 Accounting and Reporting by Charities (SORP 2005), and applicable accounting standards with the exception of FRS17.

2. Accounting policies

(a) 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.

(b) 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 2005, these are inalienable assets and may be considered a permanent endowment although capable of being leased.

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.

(c) 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. Funds received for the purchase of fixed assets are accounted for as restricted income.

The treatment of the assets provided depends upon the restriction imposed by the grant and as the fixed assets' acquisition discharges the restriction then the assets will be held in the unrestricted funds. A corresponding transfer of the associated restricted income will be made to the unrestricted fund in the year of purchase.

Income in advance within creditors is made up of payments that have been received for events that will take place in future years. By far the bulk of this sum relates to the charity's trading company, Alexandra Palace Trading Limited. Once the transaction with the preferred investor has reached a satisfactory conclusion, these monies will be duly paid over to the new investment partner who will assume responsibility for holding these events.

(d) Resources expended and the allocation of expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to this category. 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.

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day to day management of the charity's activities.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Support costs are those costs incurred in support of the expenditure on the objects of the Trust. These support costs are allocated across the categories of charitable expenditure, governance costs and the cost of generating funds.

(e) Investments

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

(f) 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 the Parliamentary Scheme was necessary before any holistic 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:

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

(g) 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 realizable value.

(h) 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.

(i) 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 2006/2007. 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 2004/05 was 7.33% (2003/04: 7.56%). No interest was charged in 2005/2006 nor in 2006/2007.

(j) 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 17 to the financial statements.

(k) Leases

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

(l) Leased assets

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

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.

(m) Pension contributions

Costs are accounted for on a contributions payable basis for both the Local Government Pension Scheme (LGPS) and the Stakeholder Personal Pension scheme (see note 23). The Group has not accounted for the LGPS in accordance with the requirements of FRS 17, although the relevant disclosures are provided in note 23.

3. Restricted Funds: grants

Restricted fund grants of £32,198 from the English Heritage, Organ Appeal £5,913 receivable from The Alexandra Palace Organ Appeal, and £889,832 (2006: £1,022,762) from the Heritage Lottery Grant with £297,085 (2006: £341,466) from the London Borough of Haringey for major works to the park.

4. Incoming resources from charitable activities

	2007	2006
	£	£
Ice rink	984,246	842,982
Community events	50,898	70,181
Leases and concessions	154,073	101,365
Total income	1,189,217	1,014,528

5. 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 from e banquets, conferences, weddings and other events and the running of the Phoenix Public House. Alexandra Palace Trading Limited retained a loss of £29,457 this year following the gift aid 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:

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Alexandra Palace Trading Limited

	2007	2006
	£	£
Income from events	4,161,871	4,533,534
Income from phoenix pub	475,856	507,249
Interest receivable	63,648	78,568
Total Income	<u>4,701,375</u>	<u>5,119,351</u>
Cost of sales	3,117,237	3,334,849
Cost of operating expenses	952,711	490,426
Total cost of generating funds	<u>4,069,948</u>	<u>3,825,275</u>
Net income to the group	631,428	1,294,076
Less: licence fee to the trust	(255,000)	(255,000)
Deed of Covenant/gift aid to the trust	(405,885)	(1,000,000)
Retained Profit/(loss)	(29,457)	39,076
Retained profit/(loss) brought forward	40,675	39,076
Retained Profit carried forward	<u>11,218</u>	<u>78,152</u>

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

6. Analysis of total resources expended.

Group:

	Direct costs £	Support costs £	2007 Total £	2006 Total £
Costs of generating fund				
Expenditure of trading subsidiary	4,044,448	0	4,044,448	3,808,775
Charitable expenditure				
Ice Rink	656,048	83,377	739,425	687,014
Community events	122,295	4,632	126,927	121,020
Leases and concessions	57,765	3,474	61,239	78,899
Repairs and maintenance of building/park	2,922,498	368,708	3,291,206	3,947,351
Security of building/park	578,893	55,585	634,478	626,615
	4,337,499	515,776	4,853,275	5,460,899
Governance costs				
Wages and salaries	-	19,408	19,408	18,793
Professional fees	-	26,940	26,940	16,000
Audit fee	-	46,000	46,000	29,700
	0	92,348	92,348	64,493
Total for Group	8,381,947	608,124	8,990,071	9,334,167

Trust Only:

	Direct costs £	Support costs £	2007 Total £	2006 Total £
Charitable expenditure				
Ice Rink	656,048	83,377	739,425	687,014
Community events	122,295	4,632	126,927	121,020
Leases and concessions	57,765	3,474	61,239	78,899
Repairs and maintenance of building/park	2,922,499	368,707	3,291,206	3,947,351
Security of building/park	578,893	55,585	634,478	626,615
	4,337,500	515,775	4,853,275	5,460,899
Governance Costs				
Wages and salaries	-	19,408	19,408	18,793
Professional fees	-	26,940	26,940	16,000
Audit fee	-	20,500	20,500	13,200
	0	66,848	66,848	47,993
Total for Trust	4,337,500	582,623	4,920,123	5,508,892

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

7. Support costs

	Group 2007	Group 2006
	£	£
Management costs	1,228	920
Wages and salaries	210,417	151,600
Overheads	396,479	845,217
	608,124	997,737

8. Deficit on current year activities

	Group 2007	Group 2006
	£	£
Operating deficit is stated after charging:		
Auditors' remuneration: audit fee	46,000	29,700
Operating lease rentals - land and buildings	35,896	35,896
Operating lease rentals - vehicles	3,585	8,339
Depreciation	116,761	127,039
	116,761	127,039

The trustees received no remuneration from the charity(2006 £Nil) and were not reimbursed for any of their expenses by the charity during the year (2006-£Nil).

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Costs directly allocated to activities	Basis of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2007	Total 2006
Interest payable	Direct	-	-	-	-	-	-	-	-	0
Expenditure of trading subsidiary	Direct	4,044,449	-	-	-	-	-	-	-	-
Salaries	Direct	-	350,266	433,867	-	-	747,887	25,500	4,069,949	3,825,275
Professional fees	Direct	-	21,472	-	-	-	33,907	26,940	1,532,020	1,435,329
Parks lottery expenditure	Direct	-	-	-	-	-	1,201,662	82,319	1,201,662	105,943
Overheads	Direct	-	172,007	856	114,946	46,944	782,566	-	1,117,319	1,227,448
Audit fees	Direct	-	-	-	-	-	-	20,500	20,500	13,200
Direct costs	Direct	-	31,152	-	-	-	-	-	31,152	18,057
Support costs allocated to activities										
General office and finance support staff	Staff time & area average	-	-	-	-	-	-	-	-	-
Apportioned overhead cost	Staff time & area average	-	81,150	144,170	7,349	10,821	156,476	19,408	19,408	18,793
Apportioned support and overhead cost	Staff time & area average	-	83,377	55,585	4,632	3,474	368,708	-	399,966	392,650
Total for Group		4,044,449	739,424	634,478	126,927	61,239	3,291,206	92,348	8,990,071	9,334,167

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Costs directly allocated to activities	Basis of allocation	Other	Ice Rink	Security of building and park	Community Events	Leases and Concessions	Repairs and maintenance	Governance	Total 2007	Total 2006
		£	£	£	£	£	£	£	£	£
Interest payable	Direct									0
Salaries	Direct		350,266	433,867	-	-	747,887	-	1,532,020	1,435,329
Professional fees	Direct		21,472	-	-	-	33,907	26,940	82,319	105,943
Parks lottery expenditure	Direct		-	-	-	-	1,201,662	-	1,201,662	1,364,229
Overheads	Direct		172,007	856	114,946	46,944	782,566	-	1,117,319	1,227,448
Audit fees	Direct		-	-	-	-	-	20,500	20,500	13,200
Direct costs	Direct		31,152	-	-	-	-	-	31,152	18,057
Support costs allocated to activities										
General office and finance support staff	Staff time & area average		-	-	-	-	-	19,408	19,408	18,793
Apportioned overhead cost	Staff time & area average		81,150	144,170	7,349	10,821	156,476	-	399,966	392,650
Apportioned support and overhead cost	Staff time & area average		83,377	55,585	4,632	3,474	368,708	-	515,776	933,243
Total for Group		0	739,424	634,478	126,927	61,239	3,291,206	66,848	4,920,122	5,508,892

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

10. Staff Costs

	Group 2007 £	Group 2006 £	Trust 2007 £	Tru 2007
Wages and salaries	1,551,775	1,626,208	627,672	534,111
Social security costs	130,079	130,130	34,607	31,250
Pension costs	125,049	120,304	60,016	56,550
Agency staff costs	943,430	789,657	505,927	470,940
	2,750,333	2,666,299	1,228,222	1,092,900

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

	Group 2007	Group 2006	Trust 2007	Tru 2007
£50,001-£60,000	1	1	0	0
£60,001-£70,000	1	1	1	1

The trust employee earning more than £50,000 received employer contributions into the defined benefit pension scheme (see note 23(a)).

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:

	Group 2007 Number	Group 2006 Number	Trust 2007 Number	Trust 2006 Number
Ice rink	16(4)	23(6)	16(4)	23(6)
Repairs and maintenance including park	2(2)	3(3)	2(2)	3(3)
Community events	-	1(1)	-	1(1)
Cost of generating funds	31(16)	43(27)	-	39(25)
Support costs	2(2)	2(2)	2(2)	1(1)
Management and administration	9(8)	1(1)	2(2)	1(1)
	60(32)	73(40)	22 (10)	30(13)

11. 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.

12. Tangible fixed assets

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Trust only:	£	£	£	
Cost: At 1st April 2006	197,346	482,497	316,043	995,886
Additions			17,952	17,952
At 31st March 2007	197,346	482,497	333,995	1,013,838
Depreciation: At 1st April 2006	39,470	146,311	146,179	331,960
Charge for the year	19,734	48,250	46,954	114,938
At 31st March 2007	59,204	194,561	193,133	446,898
Net Book Value				
At 31st March 2007	138,142	287,936	140,862	566,940
At 31st March 2006	157,876	336,186	169,864	663,926

	Improvements to park	Plant & Machinery	Office Equipment, furniture and fittings	Total
Group	£	£	£	£
Cost: At 1st April 2006	197,346	482,497	348,555	1,028,398
Additions			17,952	17,952
At 31st March 2007	197,346	482,497	366,507	1,046,350
Depreciation: At 1st April 2006	39,470	146,311	171,400	357,181
Charge for the year	19,734	48,250	48,777	116,761
At 31st March 2007	59,204	194,561	220,177	473,942
Net book value:				
At 31st March 2007	138,142	287,936	146,330	572,408
At 31st March 2006	157,876	336,186	177,155	671,217

13. Fixed Asset Investments

	2007	2006
	£	£
Shares in trading subsidiary at 1st April and 31 March	2	2

The Trust owns the entire share capital of its trading subsidiary (see note 5).

14. Stock

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
China and cutlery	47,593	58,309	47,593	58,309
Food and beverages	58,716	104,698	-	-
Publications and stationery	16,551	18,628	5,676	6,406
	122,860	181,635	53,269	64,715

15. Debtors

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
Trade debtors	92,828	162,623	-	-
Other amounts due from subsidiary undertaking	-	-	264,375	157,406
Deed of covenant/gift aid due from subsidiary undertaking	-	-	405,885	1,000,000
Other debtors	132,380	41,865	113,620	34,060
Prepayments and accrued income	486,503	600,635	433,025	545,186
	711,711	805,123	1,216,905	1,736,652

16. Creditors: amount falling due within one year

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
Trade creditors	109,894	181,644	-	-
Other taxes and social security cost	-	192,302	-	-
Other creditors	330,576	419,962	330,576	419,962
Accruals	416,529	498,813	159,403	406,636
Income in advance	247,543	458,497	-	200
Haringey Council: Bank Account	(6,103)	131,153	(6,103)	131,153
	1,098,439	1,882,371	483,876	957,951

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 £9,184 (2006: £8,842) relates to the Trust's cash float and is not part of that liability.

17. Provision

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
Haringey Council: Indemnification	34,574,233	33,022,439	34,574,233	33,022,439
Reconciliation of movement:				
Balance brought forward	33,022,439	31,347,426	33,022,439	31,347,426
Amount charge to SOFA	329,466	251,722	329,466	251,722
Transfer to bank less VAT debtor	1,222,328	1,423,291	1,222,328	1,423,291
Balance carried forward	34,574,233	33,022,439	34,574,233	33,022,439

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

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. 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: central administration of £30,000 (2006: £30,000); entertainment licences of £46,104 (2006: £52,247); public liability insurance £34,574 (2006: £33,731); provision of park patrol service £33,620 (2006: £40,000); legal expense £1,625 (2006: £10,154); printing and other sundry items of £3,654 (2006: £3,210). Charles Adje wishes to voluntarily declare that he receives £ 12,525 as a Special Responsibility Allowance payment from Haringey Council's Corporate Funds (not charged to the Trust) with Charity Commission knowledge and consent for his appointment as Chair of the Board

In view of the uncertainty created by the complex legislative position, the Council had resolved to seek the Directions of the Court regarding its precise duties as Trustees of Alexandra Park and Palace Charitable Trust. However this process is now not being followed given the progress on its preferred investment partner selection described in the Trustees' Report.

Alexandra Park and Palace is a going concern because the overall trustee, Haringey Council, uses its corporate funds to support the revenue deficits of the Trust. 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. The deficits incurred each year form part of the provision due to Haringey Council and are shown as a creditor on the balance sheet.

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

	Accumulated Balances	Interest	Total
	£'000	£'000	£'000
Indemnification 1991/92 to 1994/95 (1)	5,005.00	9,881.00	14,886.00
Indemnification 1995/96 to 2006/07 (2)	11,438.00	4,854.00	16,292.00
Provision: 1988/99 to 1990/91 (3)	755.00	2,641.00	3,396.00
	17,198.00	17,376.00	34,574.00

(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 2006/07 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.

18. Accumulated unrestricted funds

	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Trust deficit funds:				
Balance brought forward	31,350,833	29,519,576	31,391,508	29,521,175
Deficit in year	1,895,635	1,831,257	1,866,177	1,870,333
Balance carried forward	<u>33,246,468</u>	<u>31,350,833</u>	<u>33,257,685</u>	<u>31,391,508</u>

The above amounts represent the deficit equity of the Trust. The Group figure includes £(29,457) (2006:£39,076) of the trading subsidiary retained profit/(losses) carried forward.

19. Restricted Funds**Movement in Resources**

	Balance 1 April 2006	Incoming Resources	Expenditure & transfers	Balance 31Mar.2007
	£	£	£	£
Lottery Grant Fund	0	1,186,917	1,186,917	
Environment Agency Grant	10,000		8,832	1,168
Organ Appeal Fund	5,776	5,913	5,913	5,776
Theatre Fund	232			232
BBC Studios Fund	400			400
English Heritage		32,198		32,198
	<u>16,408</u>	<u>1,225,028</u>	<u>1,201,662</u>	<u>39,774</u>

The restricted fund balance at 31 March 2007 are represented by cash at bank and in hand of £39,774

20. Total Funds	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£
Balance brought forward	31,334,425	29,513,188	31,375,100	29,514,787
Deficit in year	1,872,269	1,821,237	1,842,811	1,860,313
Balance carried forward	<u>33,206,694</u>	<u>31,334,425</u>	<u>33,217,911</u>	<u>31,375,100</u>

21. Commitments under operating leases	Group 2007	Group 2006	Trust 2007	Trust 2006
	£	£	£	£

Vehicles:

Payments due within one year on leases expiring within 1 year.

Land and Buildings:

Payments due within one year on leases expiring within 1 year.

Payments due within one year on leases expiring within 2-5 years.

	35,896	35,896		
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22. Audit fees

The Charity Commission requires the Board to appoint an independent Registered Auditor to carry out a full statutory audit of the financial statements. The audit fee for the year was £46,000, (2006: £29,700).

The Audit Commission, as part of the external audit of the Council's accounts, reviews the financial statements for Alexandra Park and Palace Charitable Trust. The Council meets the fee of the Audit Commission.

23. Pension Scheme Trust:**(a) Defined benefit scheme**

The Trust operates a defined benefit pension scheme for the benefit of the employees. The assets and liabilities 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 of 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 last triennial valuation took place as at 31st March 2004. The last triennial 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:

		Nominal % per annum
Rate of investment – equities	6.70%	per annum compound
Rate of investment – bonds	4.905%	per annum compound
Rate of pensionable salary increases (excl. increments)	4.40%	per annum compound
Rate of price inflation/pensions increases	2.90%	per annum compound
Discount rate	6.30%	per annum compound

The level of funding as a whole at 31 March 2004 was 69.0%, and the market value of the Fund at the time of the last valuation was £405 million. Following the valuation the actuary certified a phased increase of the contribution rate: 2005/6 19.6%, 2006/7 21.2% and 2007/8 22.9%. The contribution rate is split 10.1% between the past service adjustment to fund the deficit over 20 years and the future service rate of 12.8%. The pension contribution for the year was £60,015 (2006: £56,555). The latest interim valuation as at March 2006 and February 2007 show an improvement in funding to 76% which reflects strong returns from fund investments although these were not prepared in accordance with GN9.

The next triennial valuation is due at the 31st March 2007 with results due in March/April 2008.

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 confirm the Trust's share of the assets and liabilities in the scheme on a consistent and reasonable basis. As stated in the London Borough of Haringey's financial statements for the year ended 31 March 2007 the total net liability on the scheme was £296m.

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 7 (2006 :9) scheme members still in the employment of the trading company as at 31 March 2007. 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 company has not complied with FRS 17 and has accounted for contributions on the basis of those payable.

Trading company:

(b) Defined benefit scheme

The Fund is independently valued on a regular basis by a firm of actuaries. The last valuation took place in March 2007. 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:

	Nominal % per annum	
Rate of investment – equities	7.80%	per annum compound
Rate of investment – bonds	4.90%	per annum compound
Rate of pensionable salary increases (excl. increments)	4.70%	per annum compound
Rate of price inflation/pensions increases	3.20%	per annum compound
Discount rate	5.40%	per annum compound

The market value of the Fund at the time of the last valuation was £619 million for the whole of the scheme of which £1,737,000 is the share for Alexandra Palace Trading Limited. Alexandra Palace Trading Limited employer's contribution is 16.2% of salary. Alexandra Palace Trading Limited is also paying additional monetary amounts of £119,000 for the year ended 31 March 2007 and £125,000 for the year ended 31 March 2008. The pension contribution for the year was £38,769 (2006: £39,095).

The actuarial valuation described above has been updated at 31 March 2007 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:

	Nominal % per annum compound		
	2007	2006	2005
Price increased	3.20	3.10	2.90
Rate of pensionable salary increases (excluding increments)	4.70	4.60	4.40
Rate of price inflation/pensions increases	3.20	3.10	2.90
Discount rate	5.40	4.90	5.40

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:

	2007 %	2007 £	2006 %	2006 £	2005 %	2005 £
Equities	7.8	1,255,000	7.4	1,092,000	7.7	755,000
Bonds	4.9	331,000	4.6	274,000	4.8	215,000
Property	5.8	97,000	5.5	72,000	5.7	52,000
Cash	4.9	54,000	4.6	46,000	4.0	36,000
Total fair value of assets		<u>1,737,000</u>		<u>1,484,000</u>		<u>1,058,000</u>
Present value of scheme liabilities		<u>2,039,000</u>		<u>2,028,000</u>		<u>(1,643,000)</u>
Net pension liability		<u>(302,000)</u>		<u>(544,000)</u>		<u>(585,000)</u>

For the year ended 31 March 2007, the expected return on the above assets was £108,000 (2006: £78,000) less the interest on pension scheme liabilities of £101,000 (2006: £90,000) gives a net return of £7,000 (2006: (£12,000)) as the amount credited from other finance income. Therefore overall the net cost to the revenue account for the year ended 31 March 2007 is £49,000 (2006: £57,000) after deduction of the service cost.

**Analysis of amount recognised in statement of total recognised
Gains and Losses (STRGL):**

	2007 £	2006 £
Actual return less expected return on pension scheme assets	(5,000)	194,000
Experience gains and losses arising on the scheme liabilities	(1,000)	(1,000)
Changes in financial assumption underlying the present value of the scheme liabilities	138,000	(259,000)
Actuarial gain/(loss) in pension plan	<u>132,000</u>	<u>(66,000)</u>
Increase in irrecoverable surplus from membership fall and other factors	0	
Actual gain/(loss) in recognised in STRGL	<u>132,000</u>	<u>(66,000)</u>

Movement in Deficit during the year:

	2007 £	2006 £
Deficit at beginning of the year	(544,000)	(585,000)
Employers contributions	(56,000)	(45,000)
Net return on assets	159,000	164,000
Actuarial gains/(losses)	7,000	(12,000)
Deficit at the end of the year	<u>132,000</u>	<u>(66,000)</u>
	<u>(302,000)</u>	<u>(544,000)</u>

History of Experience Gains and Losses

	2007 £	2006 £	2005 £	2004 £	2003 £
Difference between the expected and actual return on assets	(5,000)	194,000	38,000	126,000	(297,000)
Value of assets	1,737,000	1,484,000	1,058,000	1,010,000	787,000
Percentage of assets	(0.30)%	13.0%	3.60%	12.50%	(37.7%)

Experience losses on liabilities	(1,000)	(1,000)	(16,000)	(2,000)	(22,000)
Present value of liabilities	2,039,000	2,028,000	1,643,000	1,557,000	1,339,000
Percentage of the present value of liabilities	0.0%	(0.0%)	(1.0%)	(0.1%)	(1.6%)
Actuarial gains/(losses)	132,000	(66,000)	(20,000)	26,000	(370,000)
Present value of liabilities	2,039,000	2,028,000	1,643,000	1,557,000	1,339,000
Percentage of the present value of liabilities	6.5%	(3.3%)	(1.2%)	1.70%	(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 £26,264 (2006: £24,654).

Appendix 2 to follow

**ALEXANDRA PALACE
BUDGET VERSUS ACTUAL
2006-07
£000's**

	Cumulative BUDGET MONTH 12	Cumulative ACTUAL MONTH 12	VARIANCE
Concessions/Leases	117	146	29
Ice Rink Income	720	984	264
Trading: licence	255	255	0
Community events	59	51	(8)
Sundry	4	10	6
TOTAL INCOME	1,155	1,446	291
Ice Rink Drinks/Food costs	(19)	(17)	2
NET INCOME	1,136	1,429	293
Salaries	(430)	(509)	(79)
Wages/Casuals	(165)	(193)	(28)
Contracted services	(1,082)	(1,087)	(5)
PAYROLL & CONTRACTED SERVICES	(1,677)	(1,789)	(112)
COSTS BEFORE OVERHEADS	(541)	(360)	181
Fixed Overheads	(426)	(443)	(17)
Variable Overheads	(1,410)	(1,188)	222
TRUST BEFORE DEVELOPMENT COSTS	(2,377)	(1,991)	386
Development costs	0	(281)	(281)
TOTAL TRUST OPERATION	(2,377)	(2,272)	105

Alexandra Palace & Park Board, 26th February 2008

ITEM 6 – AUDIT OF ACCOUNTS 2006/07

COMMENTS FROM THE CHIEF FINANCIAL OFFICER

I note the report and the set of audited accounts for 2006/07 for consideration.

I note the technical qualification in respect of the accounting treatment for pension contributions and the requirements of financial reporting standard 'FRS 17 retirement benefits'. The Trust should consider the correct treatment for 2007/08.

I note the external auditor's comments that except for the above, the financial statements give a true and fair view.

It should also be noted that the final certification of the 2006/07 accounts has passed the formal final deadline of 31 January 2008 and that although this arose partly because of unusual circumstances this year the board should seek assurances that this will not happen again in future years.

I have not seen a copy of the management letter yet so cannot comment at this time.