

Clifford Hart

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19 July 2011

To: All Members of the Alexandra Palace and Park Board

Dear Member,

Alexandra Palace and Park Board - Thursday, 21st July, 2011

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

- 6. EXEMPT ITEM - APTL DIRECTOR'S REPORT AND ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2011 (PAGES 1 - 36)**

- 8. EXEMPT ITEM - AWARD OF CONTRACT FOR THE NEW FIRE ALARM & EVACUATION SYSTEM (PAGES 37 - 50)**

- 12. FINANCE UPDATE (PAGES 51 - 120)**

Yours sincerely

Clifford Hart
Committee Manager

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of the Local Government Act 1972.

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Report Title: **FINANCE UPDATE**

Report of: **Helen Downie, Head of Finance, Alexandra Palace & Park**

1. Purpose

1.1 To obtain the Board's approval of the Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2011.

1.2 To advise the Board of the results for the two month period ended 31st May 2011

2. Recommendations

2.1 The Board review the contents of the letter of representations and nominate the Chair to sign the letter on behalf of the charity.

2.2 The Board formally considers whether it is appropriate to prepare the consolidated accounts on a going concern basis.

2.3 The Board approves the Trustees Report and Consolidated Financial Statements for 2010/11 and nominates the Chair to sign them on behalf of the Trust for submission to the Charities Commission.

2.4 The Board notes the content of the report provided by Deloitte on the audit of the consolidated financial statements for the year ended 31st March 2011

2.5 The Board re-appoints Deloitte as auditors to Alexandra Park and Palace Charitable Trust for the financial year 2011/12

2.6 The Board notes the results against budget for the two months ended 31st May 2011.

Report Authorised by: **Andrew Gill, Interim General Manager**



Contact Officer: Helen Downie, Head of Finance, Alexandra Palace & Park, Alexandra Palace Way, Wood Green, London N22 7AY. Telephone number 0208 365 4310.

3. Executive Summary

3.1 The audit of the Trust and its wholly owned trading subsidiary for the financial year ended 31st March 2011 is now complete and an unqualified audit opinion has been

given. The Trustees' Report and Consolidated Financial Statements are attached as Appendix 1 to this report.

3.2 Prior to the signing of the accounts, the Board is asked to consider and approve the letter of representations to the auditors in relation to the accounts for the year ended 31st March 2011. This is included as Appendix 2 to this report.

3.3 When approving the Trustees' Report and Financial Statements, the trustees should formally consider whether the Trust is able to continue as a going concern for at least twelve months from the date of signing the accounts.

3.4 Deloitte have produced a report to the Board on their findings relating to the audit of the accounts of the Trust and Trading Company and this is attached as Appendix 3 to this report.

3.5 The Board is also asked to formally re-appoint Deloitte as auditors to the Trust for the financial year ended 31st March 2012.

3.6 The Trust's results for April and May are shown against budget at Appendix 4. Unrestricted income is £5k above budget and unrestricted expenditure is £18k below budget, giving a net underspend against budget of £23k. The main variances are set out in paragraph 7.4 to this report.

4. Reasons for any change in policy or for new policy development (if applicable)

4.1 N/A

5. Local Government (Access to Information) Act 1985

5.1 No specific background papers were used in compiling this report.

6. Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2011

6.1 The draft results for the 2010/11 financial year were presented to the Board at their meeting of 21st June 2011. The net unrestricted deficit reported at that meeting was £2.33m. There have been no changes to that figure arising from the audit of the Trust or the trading company accounts. A draft Trustees' Report was also presented to that meeting and the trustees were invited to submit any suggested changes to the Head of Finance. To date, no further comments on the content of the report have been received from the trustees.

6.2 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 Trustees' Report and Financial Statements.

6.3 The auditors' report to the Board is attached at Appendix 3. The auditors have issued an unqualified audit opinion on the accounts.

- 6.4 The Board should note that the Directors' Report and Financial Statements of APTL for the year ended 31st March 2011 were approved by the Directors of the trading company at their meeting of 15th July 2011. In approving the accounts, the Board duly considered whether the trading company is able to continue as a going concern for a period of at least twelve months from the date of signing the accounts. On the basis of evidence provided at the meeting, the Directors concluded that it was appropriate to sign the accounts on a going concern basis.
- 6.5 In approving the consolidated accounts, the trustees are also required to consider whether the Trust is able to continue to trade as a going concern for at least twelve months from the date of signing the accounts. The trustees should consider that the Council is obliged to provide ongoing financial support to the Trust under statute and that a revenue budget of £2.102m and capital budget of £500,000 have been allocated by the Council for the financial year 2011/12. The Council's current policy is to ensure that funds are provided to maintain the Trust's bank balance at a pre-agreed level, thus financing the working capital of the Trust. On this basis, it would be reasonable to conclude that the Trust is able to continue as a going concern for at least 12 months from the date of signing the accounts. On page 6 of their report, Deloitte confirm that they concur with management's conclusion in this regard.
- 6.6 The provision of external audit services to the Trust and trading company was put out to tender in 2009/10 and Deloitte successfully retained the audit. 2011/12 will be their third year of audit following the re-tender. The combined fee for the 2009/10 audit is £30,600, which increases by inflation each year.

7. Results against budget for the two months ended 31st May 2011

- 7.1 The results for the two months ended 31st May 2011 are presented against budget at Appendix 4.
- 7.2 The restricted grant income represents expenditure for the year to date against the £500k capital grant from the London Borough of Haringey. The variable overhead expenditure in this column represents a small amount of expenditure on the Willis Organ, together with depreciation charged against fixed assets purchased with capital grants from the Council in the current and previous years.
- 7.3 Income is £5k above budget and expenditure is £18k below budget, giving a net underspend against budget of £23k.
- 7.4 Income is £5k above budget due to the timing of community events income. Salaries are broadly on budget and contracted services are £9k below budget due to the phasing of the fixed element of the parks contract. Fixed overheads are broadly on budget and variable overheads are £8k underspent. The key variances in this category are overspends in repairs and maintenance (£18k), offset by underspends in legal and professional fees (£23k). Both variances are due to timing and at this early stage in the financial year, the forecast outturn still remains on budget.

8. Legal and Financial Comments

- 8.1 The Trust solicitor has no comment on this report
- 8.2 The Council's Acting Head of Legal Services has no comment on this report
- 8.3 The London Borough of Haringey Chief Finance Officer notes the content of the report

9. Equalities Implications

- 9.1 There are no perceived equalities implications

10. Use of Appendices / Tables / Photographs

- 10.1 Appendix I – Trustees' Report and Consolidated Financial Statements for the year ended 31st March 2011
- 10.2 Appendix 2 – Letter of representations relating to the audit for the year ended 31st March 2011
- 10.3 Appendix 3 – Report of the Auditors
- 10.4 Appendix 4 – Results for the two months ended 31st May 2011

Charity No. 281991

**Alexandra Park and Palace
Charitable Trust**

**Trustees Annual Report and Consolidated
Financial Statements**

31 March 2011

Alexandra Park and Palace Charitable Trust

Report and financial statements 2011

Contents	Page
Reference and administrative information	1
Trustees' Annual Report	2
Independent auditor's report	13
Consolidated Statement of financial activities	15
Trust Statement of financial activities	16
Consolidated and Trust balance sheets	17
Consolidated cash flow statement	18
Notes to the accounts	19

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report and consolidated financial statements 2011

Reference and administrative information

Trustees

Councillor Matt Cooke (Chair of the Board)	(appointed 23 May 2011)
Councillor Patrick Egan (Chair of the Board)	(resigned 23 May 2011)
Councillor Alan Strickland (Vice-Chair)	(appointed 24 May 2010, resigned 23 May 2011)
Councillor Bob Hare	
Councillor Sheila Peacock	
Councillor Sheik Thompson	(resigned 24 May 2010)
Councillor Neil Williams	
Councillor Nigel Scott	
Councillor Catherine Harris	(resigned 24 May 2010)
Councillor James Stewart	(appointed 24 May 2010)
Councillor Ann Waters	(appointed 23 May 2011)

Bankers

Royal Bank of Scotland Plc
280 Bishopsgate
London
EC2M 4RB

Solicitors

Howard Kennedy
19 Cavendish Square
London, W1A 2AW

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

The trustees are pleased to present their annual report for Alexandra Park and Palace Charitable Trust ("the Trust"), together with the Trust's consolidated financial statements, for the year ended 31 March 2011, prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and applicable UK accounting standards.

Trustees

The following were members of the Board of Trustees during the year and to the date of this report:

Councillor Matt Cooke (Chair of the Board)	(appointed 23 May 2011)
Councillor Patrick Egan (Chair of the Board)	(resigned 23 May 2011)
Councillor Alan Strickland (Vice-Chair)	(appointed 24 May 2010, resigned 23 May 2011)
Councillor Bob Hare	
Councillor Sheila Peacock	
Councillor Sheik Thompson	(resigned 24 May 2010)
Councillor Neil Williams	
Councillor Nigel Scott	
Councillor Catherine Harris	(resigned 24 May 2010)
Councillor James Stewart	(appointed 24 May 2010)
Councillor Ann Waters	(appointed 23 May 2011)

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 they were not registered with the Charity Commission until March 1981. The trusts were transferred to the London Borough of Haringey which became the trustee 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.

In February 2004, The Charities (Alexandra Park and Palace) Order 2004 came into force. This empowers the trustees to lease the whole or part or parts of the Palace and its immediate surrounding area for a term not exceeding 125 years subject to obtaining the consent by order made under the Charities Act 1993 of the Charity Commissioners. The Order does not amend the purposes for which either the Park or Palace are held in trust. The governing documents for the Trust are now collectively known as the Alexandra Park and Palace Acts and Orders 1900-2004.

In 2010, the trustees adopted the NCVO Code of Good Governance as the cornerstone of its system of governance. The code is augmented by a suite of documents which comprise the Trustee Handbook.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

The Governing Body and Appointment of Trustees

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 appointments reflect the political balance of the Council. The Charity trustees are those persons having the general control and management of the administration of the Trust.

The charity trustees are members of the Council but must act exclusively in the best 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 2011 they were:

Mrs Val Paley
Mr Mike Tarpey
Mr Nigel Willmott

The Chair of the Statutory Advisory Committee also formally attends the Board meetings in an observer capacity. For the year ended 31 March 2011 it was Mr David Liebeck.

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.

Trustee Induction and Training

At the beginning of each municipal year, a trustee induction meeting is arranged and takes place under the auspices of the charity's solicitors. The charity trustees are provided with the governing document, the Trustee Handbook, together with key reports, minutes of previous meetings, budgets and audited accounts for the previous three financial years. Further training is considered on an individual basis.

Organisational Management

The Alexandra Park & Palace Board ("the Board") meets 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 2011 the Board held 6 ordinary meetings together with 3 special meetings.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Organisational Management (continued)

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. There were no panel meetings during the financial year.

The day to day organisation and management of the charity is delegated to the Interim General Manager, Andrew Gill.

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.*

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

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

Group Structure and Relationships

The charity has a wholly owned non-charitable trading subsidiary, Alexandra Palace Trading Ltd (APTL) whose objectives, activities and performance are described below.

Risk Management

The trustees have overall responsibility for ensuring that adequate systems of control, financial and otherwise, exist. They are responsible for safeguarding the assets of the charity, taking reasonable steps for the prevention and detection of fraud and other regularities and providing reasonable assurance that:

- The charity is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposal;
- Proper records are maintained and financial information is reliable; and
- The charity complies with relevant laws and regulations.

The Trust maintains a formal risk management framework and detailed risk register to identify and monitor the key risks facing the charity, supported by more detailed monitoring mechanisms for health and safety and compliance.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Risk Management (continued)

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. The Trustees have a process to identify, review and manage the significant risks faced by the Trust, including:

- the development of a formal risk register, supported by a compliance matrix and health and safety risk register;
- the appointment of internal auditors, Mazars, and approval of a three year internal audit plan;
- comprehensive budgeting systems with an annual capital and revenue budget which is agreed by the Board;
- the adoption of an annual business plan by the Trust which is aligned to its budget setting process;
- regular monitoring by the trustees of periodic and annual financial reports which show performance against budget and forecast income and expenditure for the financial year;
- setting targets to measure financial and other performance; and
- the Board agreeing the expenditure on the building and park to ensure its appropriateness in meeting the basic objects of the charity.

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.

Governance and Regeneration

The charity took significant steps towards improving its governance arrangements during the year. The Board adopted the NCVO Code of Good Governance and set up a Resources Working Group to advise the Board on financial and resourcing matters. The Board also resolved to appoint Independent Advisors with specific skills, experience and expertise to assist the trustees with both the Regeneration Project and the overall governance of the charity.

During the year, following consultation with stakeholders, the Board adopted a new Mission and Vision to shape the future development of the site. The Mission is:

'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.'

This Mission is enshrined in the Alexandra Park and Palace Act 1985. The charity's Vision is:

'To regenerate Alexandra Palace & Park, in the pioneering spirit of our founders, creating a proud, iconic London destination with global appeal – a successful, valuable and sustainable asset for all, including the local community and stakeholders.'

The charity's Mission and Vision formed the cornerstone of a detailed Options Appraisal and Feasibility Study on the future development of the site, carried out by destination management consultants Colliers International. The study drew on previous reports, studies and consultation exercises and involved detailed consultations with a wide range of stakeholders. The aim of the study was to identify a single 'strategic concept' for the site, which would be commercially viable whilst reflecting its history, heritage and community value.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Governance and Regeneration (continued)

On 9th May 2011, the Board agreed to adopt a strategic concept of 'Leisure and Entertainment' for Alexandra Palace with 'live music' as its core use, which will underpin master planning for the site. Leisure and entertainment in general and live music in particular are deeply rooted within the heritage of Alexandra Palace; classical concerts go back to the 1870's and seminal rock concerts were staged in the 1960's. 'Sport and Active Leisure', which already takes place at the ice rink and within the park, has also been identified as a potential complementary use under the overall 'Leisure and Entertainment' banner. The Victorian theatre and the former BBC studios – so significant to the history of the Palace as the birthplace of television – will also be part of its future, although detailed plans for their use will emerge at a later date.

Volunteers

The charity employs a number of volunteers in the conservation area and the Information Centre and hopes to develop further volunteering opportunities over the coming years. The charity would like to thank all its volunteers for their very valuable contribution to Alexandra Palace during the year.

Charitable Objects

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.

Activities

In shaping the Trust's objectives and planning its activities for the year, the trustees have considered the Charity Commission's guidance on public benefit. The Trust's core areas of activity include:

- a) The provision and maintenance of the park for free use by the public, including 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 skateboard park, cricket pitches, football fields and associated car parking;
- b) The provision of outdoor events and activities, including a circus, farmer's market, pitch and putt course, children's funfairs, soft play facility, pedalos, school tours, a bicycle trail and the provision of displays and mini exhibitions;
- c) 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 the public; and
- d) The hiring of space and the provision of catering for a wide range of public and private events including concerts, live sporting events, conferences, banquets, weddings and exhibitions, the running of the Bar & Kitchen public house and the ice rink. These activities are carried out via the Trust's wholly owned trading subsidiary, Alexandra Palace Trading Limited. The company's profits are paid annually to the Trust via gift aid to contribute towards the fulfilment of the Trust's charitable objectives.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Achievements for the year

In February 2010, £2.3m was secured in loan funding from London Borough of Haringey to refurbish the ageing ice rink, a much loved local sporting facility which was facing chronic risk of failure due to the age of the equipment and build up of frost beneath the ice. The project lasted nine months and involved the complete replacement of the ice pad and chiller equipment, installation of new lighting and a low emissivity ceiling and the refurbishment of the foyer and changing facilities. The ice rink was re-launched at a gala event on 21 January 2011 and is already becoming renowned amongst professionals as having the best ice in the UK. The new chiller equipment and low emissivity ceiling have greatly improved energy efficiency, contributing towards an improved carbon footprint for the site.

The 79 hectares of parkland continue to be a strong public attraction for both formal and informal recreation purposes. The park was awarded a Green Flag in 2010 for the third year running and achieved Green Heritage Award status for the first time. The Springwatch Wild Day Out was delivered in June 2010 in partnership with BBC Learning, the Natural History Museum and the London Borough of Haringey. Over 8,000 people visited this free event, with 400 people taking part in nature-based events, helping to identify nearly 700 species.

In pursuance of its basic objects, the charity continued to provide a number of permanent facilities including a boating lake, children's play area, animal enclosures and cycle routes. Through its leaseholders, the park also offers a pitch and putt golf course, cricket club, garden centre, two café outlets and a soft play facility for young children. The charity continued to work with other community and voluntary organisations to deliver low cost, high quality events, including a fortnightly farmers' market, children's funfair, circus, charity events and wildlife walks.

The Trust secured £500,000 funding from London Borough of Haringey for 2010/11, with a further £500,000 secured for 2011/12, to address key areas of buildings dilapidations. A five year capital programme has been developed and a number of capital projects have been completed in the year including:

- Structural survey of the theatre and treatment of dry rot;
- Refurbishment of Palm Court Suite rooms;
- Detailed survey and works to prevent further deterioration of the subterranean structure of the Palace;
- Detailed survey and works to address weather damage to the external structure of the Palace;
- Installation of 'The Hub', a new reception desk in Palm Court; and
- Refurbishment of Palm Court steps.

The Trust achieved improvements in sustainability and value for money during the year. A new Integrated Facilities Management Contract was tendered through the OJEU process and awarded to Europa Services Limited in November 2010. The new contract provides 24/7 site security together with planned, reactive and non-cyclical maintenance. A Carbon Trust survey was completed and steps have been taken to improve the monitoring of energy consumption. A number of 'quick wins' to reduce energy consumption have also been implemented. Returns for 2010/11 using the TEAM independent monitoring tool showed that Alexandra Palace used 10.02% less gas compared with 2009/10.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Achievements for the year (continued)

Alexandra Palace Trading Limited held 200 events in 2010/11, ranging from concerts and live sporting events to weddings, exhibitions and banquets. The company's focus on live music increased bookings and led to over 40,000 people visiting the venue to enjoy their favourite artists, including LCD Soundsystem and Vampire Weekend. The PDC World Darts Championships continued to grow in atmosphere following the introduction of the 'fan village' in the Great Hall. The Palace also hosted royalty when Prince Harry visited the semi finals.

Following a brand audit and the creation of a new logo, Alexandra Palace has reclaimed the historic title of 'Alexandra Palace, The People's Palace'. Internal signage has undergone a transformation, particularly event signage, with the new identity being consistently applied across both the Trust and APTL. A suite of branded stationery and sales materials has been created to ensure professionalism, consistency in communications and that staff are well equipped to represent and sell this wonderful venue and increase our profile within the industry, preparing the ground for the regeneration of the site.

Other information

In Autumn 2005, the Board resolved to appoint an investment partner with the aim of securing sufficient investment to enhance and develop the charity's principal building (which is currently 40% derelict) and bring it into more effective use. Following an open selection process, the Firoka Group was appointed as preferred investment partner on 30 January 2006. On 24 July 2006, the Board formally resolved to seek an order from the Charity Commission consenting to the grant of a 125-year lease to the Firoka Group. The Charity Commission sealed the Order consenting to the lease on 4 May 2007. On 9 May 2007, a short-term licence was agreed between Alexandra Park and Palace Charitable Trust and the Firoka Group in order to facilitate the efficient transfer of the business and staff to the Firoka Group.

However, the Charity Commission Order of 4 May 2007 was subsequently challenged in proceedings seeking a judicial review. On 5 October 2007, the court declared that the Charity Commission Order of 4 May 2007 was unlawful. In the light of this decision, it became apparent that progress on the project would not be possible before the end of the financial year and the Board therefore resolved in early December 2007 to give 28 days notice determining the short-term licence arrangement in January 2008. On 18 August 2008, the Firoka Group gave notice that they were withdrawing their interest in the project.

On 25 March 2009, a pre-action protocol letter of claim was submitted by solicitors acting for Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd (Firoka) against the Council as trustee of Alexandra Park and Palace Charitable Trust. The letter asserted that the trustee was in breach of contract and intimated Firoka's intention to claim damages for breach of contract, specified as the failure of the trustee to complete the grant of a long lease of the Palace to Firoka and to enter into other related commercial agreements with Firoka. The value of this claim is £6.234 million.

On 26 May 2009, a detailed response was sent by solicitors acting for the Council as trustee denying any liability. No legal proceedings have been commenced and no provision has been made in the Trust's accounts for this claim. The information normally required under FRS12 is not disclosed on the basis that it can be expected to seriously prejudice the outcome of this matter.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Other information (continued)

On 12 January 2010, the Board formally resolved to abandon its previous strategy of pursuing holistic development of the site via a single developer. Since that date, the Board has formally adopted a new Mission and Vision as outlined in this report. The Regeneration Working Group, established in 2009/10, continues to oversee the design, formulation and adoption of a sustainable regeneration strategy for Alexandra Park & Palace in order to secure the assets for future generations.

FINANCIAL REVIEW

The Trust continues to benefit from substantial funding from its corporate trustee, London Borough of Haringey. All the available net revenue income is directed toward the provision and maintenance of the assets, namely the 79 hectares of parkland and the Grade II listed Victorian property. The charity does not have any capital reserves and limited alternative sources of funding and has not therefore considered it appropriate to develop a formal reserves policy. Trust expenditure 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.

Alexandra Park and Palace Charitable Trust is a going concern due to the ongoing financial support of the corporate trustee. It is the Council's current policy to continue to provide funding to the Alexandra Park and Palace Charitable Trust until such time as the support of the Council is no longer required. The Council has confirmed in writing that it has considered and approved within its budgets funding, including ongoing revenue support, for the Trust for a period of not less than twelve months from the date of signing the accounts.

The results of Alexandra Palace Trading Limited are shown in Note 14 of the accounts. 2010/11 was an exceptionally tough year for the Trading Company as the ice rink was undergoing refurbishment for nine months of the year, removing this important revenue stream without a commensurate reduction in overheads. Furthermore, the events and pub industry were still feeling the effects of the global recession, increasing competition and squeezing profit margins. Nonetheless, APTL secured 200 events during the year and delivered a small gift aid payment to the Trust to offset its operating deficit for the year.

The Trust's running costs are calculated at £2.7 million and include substantial expenditure on repairs to the building and equipment, maintenance of the building and park and security. Total income generated of £0.848 million results in an overall funding shortfall of £1.9 million. This shortfall is met by the London Borough of Haringey.

In addition there is a cumulative sum of £42.9 million representing cumulative operating deficits of £25.5 million and associated accumulated interest charges of £17.4 million for the years 1989-2004.

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. However, as disclosed in the London Borough of Haringey accounts the Council has not discharged this debt on the basis that it will still collect should the Trust be in a position in the future to fully or partially repay. On this basis the trustees have continued to carry the liability in the Trust's accounts.

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity and the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future Plans

The trustees are firmly committed to the regeneration of Alexandra Palace and Park to safeguard these important and historic assets for future generations. Master planning is the next step along the way to achieve this. The aim of Master planning is to create a blueprint for the future of the site as a Leisure and Entertainment destination, providing live music as its core activity.

While the project to regenerate Alexandra Palace continues, the trustees intend to utilise the charity's resources to ensure that the delivery of its charitable activities continues and are expanded, wherever possible. Key areas of buildings dilapidations will be addressed using the £500,000 capital grant from the Council, including the first stage of the project to replace the fire alarm system.

The trustees have also resolved to appoint a Chief Executive for the Trust as part of a staged approach to streamlining the Trust and its operation.

The Board of Alexandra Palace Trading Limited approved a three year strategic plan for the company in February 2011. The Company will continue to focus on its live strategy, which has brought in a calendar of live music events for the coming year and secured Holland Heineken House for the Olympic Games in 2012. The Company is also expanding its portfolio of live sporting events, securing The Masters snooker tournament for January 2012. The Company will

Alexandra Park and Palace Charitable Trust

Trustees' Annual Report (continued)

Future Plans (continued)

continue to build on the success of the re-launched ice rink facility and re-branded 'Bar & Kitchen' pub, with targeted marketing campaigns and special promotions to increase footfall in these areas.

Related Parties

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

Auditor

The Board of Alexandra Park and Palace Charitable Trust has resolved to re-appoint Deloitte LLP as auditor to the Trust for the financial year ended 31 March 2012.

This report was approved and authorised for issue by the Trust on 21 July 2011 and signed on its behalf by:

Councillor Matt Cooke
Chair of the Board of Trustees

21 July 2011

Independent auditor's report to the Trustees of Alexandra Park and Palace Charitable Trust

We have audited the financial statements of Alexandra Park and Palace Charitable Trust for the year ended 31 March 2011 which comprise the Consolidated Statement of Financial Activities, the Trust Statement of Financial Activities, the Consolidated and Trust Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2011, and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993 and the Alexandra Park and Palace (Public Purposes) Act 1900.

**Independent auditor's report to the Trustees of
Alexandra Park and Palace Charitable Trust (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

2011

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Alexandra Park and Palace Charitable Trust

Consolidated statement of financial activities Year ended 31 March 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	225	461,980	462,205	332,602
Activities for generating funds	4	4,746,649	-	4,746,649	5,323,348
Incoming resources from charitable activities	5	210,439	-	210,439	238,281
Investment income	6	1,894	-	1,894	3,013
Other incoming resources		4,129	-	4,129	535
Total incoming resources		<u>4,963,336</u>	<u>461,980</u>	<u>5,425,316</u>	<u>5,897,779</u>
Resources expended:					
Cost of generating funds					
Fundraising Trading cost of goods sold and other costs		4,572,005	-	4,572,005	4,757,433
Charitable activities		2,650,628	1,621	2,652,249	2,994,714
Governance costs		123,257	-	123,257	177,775
Total resources expended	7, 10	<u>7,345,890</u>	<u>1,621</u>	<u>7,347,511</u>	<u>7,929,922</u>
Net outgoing resources before other recognised losses and transfers					
Transfers		(2,382,554)	460,359	(1,922,195)	(2,032,143)
Actuarial profit/(loss) on pension scheme		461,980	(461,980)	-	-
		654,000	-	654,000	(669,000)
Net movement in funds		<u>(1,266,574)</u>	<u>(1,621)</u>	<u>(1,268,195)</u>	<u>(2,701,143)</u>
Opening deficit fund balance 1 April		(41,419,600)	10,597	(41,409,003)	(38,707,860)
Closing deficit fund balance	24	<u>(42,686,174)</u>	<u>8,976</u>	<u>(42,677,198)</u>	<u>(41,409,003)</u>

The notes on pages 19 to 41 form an integral part of these financial statements. All of the above amounts are derived from continuing activities.

Alexandra Park and Palace Charitable Trust

Trust statement of financial activities Year ended 31 March 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Incoming resources:					
Incoming resources from generated funds					
Voluntary income	3	225	461,980	462,205	332,603
Activities for generating funds	4	172,150	-	172,150	549,928
Incoming resources from charitable activities	5	210,439	-	210,439	238,281
Other incoming resources		4,129	-	4,129	535
Total incoming resources		<u>386,943</u>	<u>461,980</u>	<u>848,923</u>	<u>1,121,347</u>
Resources expended:					
Charitable activities		2,650,628	1,621	2,652,249	2,994,714
Governance costs		96,072	-	96,072	158,775
Total resources expended	7, 10	<u>2,746,700</u>	<u>1,621</u>	<u>2,748,321</u>	<u>3,153,489</u>
Net outgoing resources before transfers					
		(2,359,757)	460,359	(1,899,398)	(2,032,142)
Transfers		461,980	(461,980)	-	-
Opening deficit fund balance 1 April		(40,236,064)	10,597	(40,225,467)	(38,193,325)
Closing deficit fund balance	24	<u>(42,133,841)</u>	<u>8,976</u>	<u>(42,124,865)</u>	<u>(40,225,467)</u>

The notes on pages 19 to 41 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 31 March 2011

	Notes	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Fixed assets					
Tangible assets	13	3,187,593	622,990	3,172,805	618,229
Investments	14	-	-	2	2
		<u>3,187,593</u>	<u>622,990</u>	<u>3,172,807</u>	<u>618,231</u>
Current assets					
Stocks	15	96,543	100,327	-	-
Debtors: due within one year	16	1,217,351	879,839	204,968	1,101,093
Debtors: due after more than one year	17	15,000	-	294,831	-
Cash at bank and in hand		998,904	943,643	90,348	67,040
		<u>2,327,798</u>	<u>1,923,809</u>	<u>590,147</u>	<u>1,168,133</u>
Creditors					
Amount falling due within one year	18	(2,687,167)	(1,655,030)	(951,802)	(689,058)
Net current (liabilities)/assets					
		<u>(359,369)</u>	<u>268,779</u>	<u>(361,655)</u>	<u>479,075</u>
Total assets less current liabilities		2,828,224	891,769	2,811,152	1,097,306
Creditors: Amounts falling due after more than one year	19	(2,290,865)	-	(2,070,460)	-
Provisions for liabilities	21	(42,865,557)	(41,322,772)	(42,865,557)	(41,322,772)
Net liabilities excluding pension scheme liability					
		<u>(42,328,198)</u>	<u>(40,431,003)</u>	<u>(42,124,865)</u>	<u>(40,225,466)</u>
Defined benefit pension scheme liability	27	(349,000)	(978,000)	-	-
Net liabilities including pension scheme liability					
		<u>(42,677,198)</u>	<u>(41,409,003)</u>	<u>(42,124,865)</u>	<u>(40,225,466)</u>
Accumulated deficit					
Unrestricted deficit funds		(42,987,134)	(40,441,600)	(42,783,801)	(40,236,063)
Designated Capital Fund		649,960	-	649,960	-
Pension reserve		(349,000)	(978,000)	-	-
	22	<u>(42,686,174)</u>	<u>(41,419,600)</u>	<u>(42,133,841)</u>	<u>(40,236,063)</u>
Restricted Funds	23	8,976	10,597	8,976	10,597
Total deficit					
	24	<u>(42,677,198)</u>	<u>(41,409,003)</u>	<u>(42,124,865)</u>	<u>(40,225,466)</u>

The financial statements of Alexandra Park and Palace Charitable Trust, registered number 281991 were approved by the Trustees on 21 July 2011.

Signed on behalf of the Board of Trustees

Councillor Matt Cooke

The notes on pages 19 to 41 form an integral part of these financial statements.

Alexandra Park and Palace Charitable Trust

Consolidated cash flow statement Year ended 31 March 2011

	Group 2011 £	Group 2010 £
Net cash inflow/(outflow) from operating activities	682,216	(897)
Returns on investments		
Interest received	1,894	3,013
Capital expenditure		
Fixed asset additions	(2,732,127)	(313,028)
Cash outflow before financing	(2,048,017)	(310,912)
Financing	2,103,278	-
Increase/(Decrease) in cash	55,261	(310,912)
Cash at 1 April	943,643	1,254,555
Cash at 31 March	998,904	943,643

Note to the consolidated cash flow statement Year ended 31 March 2011

	Group 2011 £	Group 2010 £
Reconciliation of net outgoing resources to net cash inflow/(outflow) from operating activities		
Net outgoing resources before other recognised losses and transfers	(1,922,195)	(2,032,143)
Depreciation	167,524	119,865
Charges in excess of/(less than) pension contributions	25,000	(90,000)
Interest receivable	(1,894)	(3,013)
Decrease/(increase) in stocks	3,784	(28,661)
(Increase)/decrease in debtors	(352,513)	102,233
Increase/(decrease) in creditors	1,219,725	(274,301)
Increase in provisions	1,542,785	2,205,123
Net cash inflow/(outflow) from operating activities	682,216	(897)

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

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.

The trustees have a reasonable expectation that they have adequate resources to continue activities for the foreseeable future, as stated within their annual report (see page 10). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2. Accounting policies

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.

Fund accounting and 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 designated capital fund represents the net book value of fixed assets purchased with capital grant funding from the Council in 2009/10 and 2010/11.

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.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Trust is legally entitled to the income, it is virtually certain that the incoming resource will be received and the amount can be quantified with reasonable accuracy. The financial statements therefore reflect income due to the Group 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 designated funds. A corresponding transfer of the associated restricted income will be made to the designated fund in the year of purchase.

Deferred income within creditors is made up of advance lease payments, together with payments that have been received for events that will take place in future years. The bulk of this sum relates to the charity's trading company, Alexandra Palace Trading Limited.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

2. Accounting policies (continued)

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.

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 on the average of floor area basis and headcount basis.

Investments

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

Valuation of fixed assets

The freehold and fixed assets of the Trust include the Grade II listed Victorian Palace building and its contents, including the Willis organ, and the 79 hectares of parkland. Under the terms of the Alexandra Park and Palace Act 1985, the freehold and fixed assets of the Trust cannot be disposed of.

In the past no value has been put on the Park and Palace as this was 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 Palace and Park:	- on a straight line basis over 10 to 20 years.
Plant & machinery:	- on a straight line basis over 10 years.
Office equipment, furniture and fittings:	- on a 25% reducing balance basis.

Valuation of stock

Stock consists of purchased goods for resale. Stock is valued at the lower of cost and net realisable value.

Alexandra Park and Palace Charitable Trust**Notes to the accounts (continued)**
Year ended 31 March 2011**2. Accounting policies (continued)****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.

Provisions for liabilities

These accounts reflect the decision of the Attorney General that Haringey Council is entitled to indemnification for the revenue deficits for 1991/92 to 2010/2011. 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, up to 2004/05. No interest was charged between 2005/2006 and 2010/2011 as the Council has now written off the debt in its accounts. However, as disclosed in the London Borough of Haringey accounts, the Council has not discharged this debt on the basis that it will still collect should the Trust be in a position in the future to fully or partially repay. On this basis the trustees have continued to carry the liability in the Trust's accounts.

Related party transactions

Because of the close and unique relationship between Haringey Council and Alexandra Park and Palace, there are a significant number of transactions between the two parties. The extent of this relationship is detailed in Note 21 to the financial statements.

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.

Pension contributions

The Group operates a defined benefit pension scheme on behalf of certain employees of Alexandra Palace Trading Limited ('APTL'). The scheme is administered by Haringey Council, although the pension funds relating to the APTL employees are held in a separately managed pool within the overall Haringey scheme. The deficit on the scheme is included within the balance sheet at 31 March 2011.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension scheme asset or liability as appropriate.

Changes in the defined benefit pension scheme assets or liabilities arising from other factors than cash contributions by the Group are charged to the Statement of Financial Activities in accordance with FRS17.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

2. Accounting policies (continued)

Pension contributions (continued)

The Group also operates a defined benefit pension scheme on behalf of certain employees of Alexandra Park and Palace Charitable Trust, also administered by Haringey. However, the pension funds relating to the APPCT employees are not included in a separate pool and as such, it is not practical for a full FRS 17 valuation for the Trust staff to be disaggregated from the London Borough of Haringey pension fund. Furthermore, a separate valuation would not be relevant as the Trust staff are treated as Council employees for pension fund purposes. For this reason, the scheme has been treated as a defined contribution scheme for the purpose of the financial statements.

The Group also operates a defined contribution pension scheme on behalf of certain employees. For defined contribution schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3. Voluntary income

Voluntary income represents unrestricted and restricted donations to the Trust and includes a £441,022 (2010: £311,542) restricted grant from London Borough of Haringey for priority works to the building.

4. Activities for generating funds

	2011 £	2010 £
Group		
Income from trading activities	4,746,649	5,323,348
Trust only		
Gift aid payment from subsidiary	72,150	399,928
Licence fee	100,000	150,000
	<u>172,150</u>	<u>549,928</u>

The ice rink was closed for refurbishment between May 2010 and January 2011. The Trust invested £2.3m to replace the ice pad, purchase new chiller equipment and refurbish the changing rooms, toilets and reception area. Whilst the refurbishment was critical to sustain this important facility for the future, it had a significant impact on the profit of the trading company, as evidenced by the reduced gift aid payment for the year. The reduction in the licence fee reflects the fact that the trading company was unable to trade in the ice rink and ice rink café for nine months of the financial year.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued)
Year ended 31 March 2011

5. Incoming resources from charitable activities

	2011 £	2010 £
Group and Trust		
Community events	32,554	68,803
Leases and concessions	177,885	169,478
	<u>210,439</u>	<u>238,281</u>

6. Investment income

	2011 £	2010 £
Group		
Bank interest	1,894	3,013
	<u>1,894</u>	<u>3,013</u>

7. Analysis of total resources expended

Group	Direct costs £	Support costs £	2011 Total £	2010 Total £
Costs of generating funds				
Expenditure of trading subsidiary	4,572,005	-	4,572,005	4,757,433
Charitable expenditure				
Community events	6,671	1,564	8,235	153,944
Leases and concessions	-	12,589	12,589	12,218
Park and Palace running costs	1,682,371	253,220	1,935,591	1,954,673
Security of building/park	449,345	246,489	695,834	873,879
	<u>2,138,387</u>	<u>513,862</u>	<u>2,652,249</u>	<u>2,994,714</u>
Governance costs				
Wages and salaries	-	32,641	32,641	37,838
Professional fees	-	40,000	40,000	110,437
Audit fees	50,616	-	50,616	29,500
	<u>50,616</u>	<u>72,641</u>	<u>123,257</u>	<u>177,775</u>
Total for Group	<u>6,761,008</u>	<u>586,503</u>	<u>7,347,511</u>	<u>7,929,922</u>

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued)
Year ended 31 March 2011

7. Analysis of total resources expended (continued)

Trust Only

	Direct costs £	Support costs £	2011 Total £	2010 Total £
Charitable expenditure				
Community events	6,671	1,564	8,235	153,944
Leases and concessions	-	12,589	12,589	12,218
Park and Palace running costs	1,682,371	253,220	1,935,591	1,954,673
Security of building/park	449,345	246,489	695,834	873,879
	<u>2,138,387</u>	<u>513,862</u>	<u>2,652,249</u>	<u>2,994,714</u>
Governance Costs				
Wages and salaries	-	32,641	32,641	37,838
Professional fees	-	40,000	40,000	105,937
Audit fees	23,431	-	23,431	15,000
	<u>23,431</u>	<u>72,641</u>	<u>96,072</u>	<u>158,775</u>
Total for Trust	<u>2,161,818</u>	<u>586,503</u>	<u>2,748,321</u>	<u>3,153,489</u>

8. Support costs

	2011 £	2010 £
Group and Trust		
Wages and salaries	215,080	252,257
Overheads	371,423	264,745
	<u>586,503</u>	<u>517,002</u>

Alexandra Park and Palace Charitable Trust**Notes to the accounts (continued)**
Year ended 31 March 2011**9. Net outgoing resources**

Net outgoing resources is stated after charging:

	Group 2011 £	Group 2010 £
Operating deficit is stated after charging:		
Auditor's remuneration: audit fee	29,661	29,500
Auditor's remuneration: taxation	3,000	2,250
Operating lease rentals - land and buildings	26,922	26,922
Operating lease rentals - plant & machinery	14,849	8,650
Depreciation	<u>167,525</u>	<u>119,865</u>

The trustees received no remuneration from the charity (2010: £Nil) and were not reimbursed for any of their expenses by the charity during the year (2010: £Nil).

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

10. Analysis of costs by activity Group

Costs directly allocated to activities	Basis of allocation	Cost of generating funds £	Security of building and park £	Community events £	Leases and concessions £	Park & Palace running costs £	Governance £	Total 2011 £	Total 2010 £
Expenditure of trading subsidiary	Direct	4,572,005	-	-	-	-	-	4,572,005	4,757,433
Salaries	Direct	-	449,345	-	-	653,848	-	1,103,193	1,414,645
Professional fees	Direct	-	-	-	-	71,677	-	71,677	44,918
Audit fees	Direct	-	-	-	-	-	50,616	50,616	34,000
Direct costs	Direct	-	-	6,671	-	956,846	-	963,517	1,161,924
Total direct costs		<u>4,572,005</u>	<u>449,345</u>	<u>6,671</u>	<u>-</u>	<u>1,682,371</u>	<u>50,616</u>	<u>6,761,008</u>	<u>7,412,920</u>
Support costs allocated to activities									
General office and finance support staff	Staff time & area average	-	87,521	592	4,572	89,753	32,641	215,079	282,461
Apportioned overhead cost	Staff time & area average	-	143,692	972	7,507	147,357	40,000	339,528	102,113
Apportioned support cost	Staff time & area average	-	15,276	-	510	16,110	-	31,896	132,428
Total support cost		<u>-</u>	<u>246,489</u>	<u>1,564</u>	<u>12,589</u>	<u>253,220</u>	<u>72,641</u>	<u>586,503</u>	<u>517,002</u>
Total for Group		<u>4,572,005</u>	<u>695,834</u>	<u>8,235</u>	<u>12,589</u>	<u>1,935,591</u>	<u>123,257</u>	<u>7,347,511</u>	<u>7,929,922</u>

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

10. Analysis of costs by activity (continued)

Trust only

Costs directly allocated to activities	Basis of allocation	Security of building and park £	Community events £	Leases and concessions £	Park & Palace running costs £	Governance £	Total 2011 £	Total 2010 £
Salaries	Direct	449,345	-	-	653,848	-	1,103,193	1,414,645
Professional fees	Direct	-	-	-	71,677	-	71,677	44,918
Audit fees	Direct	-	-	-	-	23,431	23,431	15,000
Direct costs	Direct	-	6,671	-	956,846	-	963,517	1,161,924
Total direct costs		449,345	6,671	-	1,682,371	23,431	2,161,818	2,636,487
Support costs allocated to activities								
General office and finance support staff	Staff time & area average	87,522	592	4,572	89,753	32,641	215,080	282,461
Apportioned overhead cost	Staff time & area average	143,692	972	7,507	147,357	40,000	339,528	102,113
Apportioned support cost	Staff time & area average	15,275	-	510	16,110	-	31,895	132,428
Total support cost		246,489	1,564	12,589	253,220	72,641	586,503	517,002
Total for Trust		695,834	8,235	12,589	1,935,591	96,072	2,748,321	3,153,489

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

Notes to the accounts (continued) Year ended 31 March 2011

11. Staff costs

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Wages and salaries	1,585,356	1,588,619	234,900	234,897
Social security costs	137,542	134,045	20,958	18,349
Pension costs	123,945	132,393	46,540	39,806
Agency staff costs	316,883	674,987	40,718	134,185
	<u>2,163,726</u>	<u>2,530,044</u>	<u>343,116</u>	<u>427,237</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 were:

	2011 Number	2010 Number
£60,000 - £70,000	-	1
£70,000 - £80,000	1	-
£80,000 - £90,000	1	1
	<u>1</u>	<u>1</u>

Employer contributions to the defined contribution pension scheme for employees earning over £60,000 in the year were £9,000 (2010: £9,000) relating to one (2010: one) employee. The number of employees earning over £60,000 to whom retirement benefits are accruing under defined benefit schemes is one (2010: one).

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 2011 Number	Group 2010 Number	Trust 2011 Number	Trust 2010 Number
Ice rink	10 (4)	13 (5)	-	-
Repairs and maintenance including park	2 (2)	2 (2)	2 (2)	2 (2)
Cost of generating funds	37 (19)	34 (21)	-	-
Support costs	1 (1)	1 (1)	1 (1)	1 (1)
Management and administration	10 (10)	9 (9)	1 (1)	1 (1)
	<u>60 (36)</u>	<u>59 (38)</u>	<u>4 (4)</u>	<u>4 (4)</u>

The 2010 comparative number of persons employed has been restated

Of the 10 full-time equivalent staff working in the ice rink in 2011, 2 permanent and 1 casual staff were employed by the Trust but seconded to the trading company.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

12. Taxation

Alexandra Park and Palace Charitable Trust is a registered charity. As such its sources of income and gains, received under chapters 2 and 3 of Part 11 to the Corporation Tax Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. The trading subsidiary donates the bulk of its taxable profits to the Trust under Gift Aid. No tax charge has arisen in the year.

13. Tangible fixed assets

Group	Improvements to Palace and Park £	Plant and machinery £	Office equipment, furniture and fittings £	Total £
Cost				
At 1 April 2010	230,851	679,995	526,079	1,436,925
Additions	2,497,414	190,290	44,424	2,732,128
At 31 March 2011	<u>2,728,265</u>	<u>870,285</u>	<u>570,503</u>	<u>4,169,053</u>
Depreciation				
At 1 April 2010	118,408	348,845	346,682	813,935
Charge for the year	44,975	73,934	48,616	167,525
At 31 March 2011	<u>163,383</u>	<u>422,779</u>	<u>395,298</u>	<u>981,460</u>
Net book value				
At 31 March 2011	<u>2,564,882</u>	<u>447,506</u>	<u>175,205</u>	<u>3,187,593</u>
At 31 March 2010	<u>112,443</u>	<u>331,150</u>	<u>179,397</u>	<u>622,990</u>

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

13. Tangible fixed assets (continued)

Trust only	Improvements to Palace and Park £	Plant and machinery £	Office equipment, furniture and fittings £	Total £
Cost				
At 1 April 2010	230,851	679,995	490,509	1,401,355
Additions	2,497,414	190,290	32,207	2,719,911
At 31 March 2011	<u>2,728,265</u>	<u>870,285</u>	<u>522,716</u>	<u>4,121,266</u>
Depreciation				
At 1 April 2010	118,407	348,844	315,875	783,126
Charge for the year	44,976	73,935	46,424	165,335
At 31 March 2011	<u>163,383</u>	<u>422,779</u>	<u>362,299</u>	<u>948,461</u>
Net book value				
At 31 March 2011	<u>2,564,882</u>	<u>447,506</u>	<u>160,417</u>	<u>3,172,805</u>
At 31 March 2010	<u>112,444</u>	<u>331,151</u>	<u>174,634</u>	<u>618,229</u>

14. Fixed asset investments

Trust only	2011 £	2010 £
Shares in trading subsidiary		
At 1 April and 31 March	<u>2</u>	<u>2</u>

The Trust owns the entire share capital of its trading subsidiary Alexandra Palace Trading Limited, a company registered in England and Wales. 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 Bar & Kitchen Public House and the ice rink.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

14. Fixed asset investments (continued)

Alexandra Palace Trading Limited paid £72,150 (2010: £399,928) 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:

	2011 £	2010 £
Turnover	4,746,649	5,323,348
Interest income	1,894	3,013
	<u>4,748,543</u>	<u>5,326,361</u>
Cost of sales	(3,967,629)	(4,120,364)
Administrative expenses	(731,561)	(806,069)
	<u>(4,699,190)</u>	<u>(4,926,433)</u>
Net income to the group	49,353	399,928
Gift Aid to the Trust	(72,150)	(399,928)
Retained loss	<u>(22,797)</u>	<u>-</u>
Retained deficit brought forward	(1,183,534)	(514,534)
Actuarial loss on pension fund	654,000	(669,000)
Retained deficit carried forward	<u>(552,331)</u>	<u>(1,183,534)</u>

15. Stocks

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Food and beverages	78,543	90,627	-	-
Disposables	15,530	5,148	-	-
Other	2,470	4,552	-	-
	<u>96,543</u>	<u>100,327</u>	<u>-</u>	<u>-</u>

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

16. Debtors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Trade debtors	1,061,928	535,899	75,597	64,248
Other amounts due from subsidiary undertaking	-	-	-	340,450
Gift aid due from subsidiary undertaking	-	-	72,150	399,928
Other debtors	38,329	15,315	-	158
Prepayments and accrued income < one year	117,094	328,625	57,221	296,309
	<u>1,217,351</u>	<u>879,839</u>	<u>204,968</u>	<u>1,101,093</u>

17. Debtors: amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Prepayments and accrued income > one year	15,000	-	-	-
Amount due from subsidiary undertaking	-	-	294,831	-
	<u>15,000</u>	<u>-</u>	<u>294,831</u>	<u>-</u>

18. Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Trade creditors	864,849	794,997	587,743	557,232
Other taxes and social security cost	237,518	124,452	-	-
Other creditors	20,019	-	-	-
Accruals	502,313	195,442	286,955	82,837
Deferred income	1,029,650	540,139	44,286	48,989
Ice rink refurbishment loan	32,818	-	32,818	-
	<u>2,687,167</u>	<u>1,655,030</u>	<u>951,802</u>	<u>689,058</u>

Deferred income represents payments received for events that will take place in future years and lease rental payments received in advance.

The ice rink refurbishment loan is a long term loan from London Borough of Haringey to refurbish the ice rink facility, of which £32,818 is repayable within one year. The remainder of the loan is repayable over a twelve year period.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

19. Creditors: amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Ice rink refurbishment loan	2,070,460	-	2,070,460	-
Deferred income	220,405	-	-	-
	<u>2,290,865</u>	<u>-</u>	<u>2,070,460</u>	<u>-</u>

20. Deferred income

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Reconciliation of movement:				
Balance brought forward	540,139	635,892	48,989	28,297
Amount released to SOFA during the year	(540,139)	(635,892)	(48,989)	(28,297)
Amount deferred during the year	1,250,055	540,139	44,286	48,989
Balance carried forward	<u>1,250,055</u>	<u>540,139</u>	<u>44,286</u>	<u>48,989</u>

21. Provisions for liabilities

	Group &Trust 2011 £	Group &Trust 2010 £
Haringey Council: Indemnification	42,865,557	41,322,722
Reconciliation of movement:		
Balance brought forward	41,322,772	39,117,649
Amount charged to SOFA	356,555	430,490
Transfers to bank less VAT debtor	1,186,230	1,774,633
Balance carried forward	<u>42,865,557</u>	<u>41,322,772</u>

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.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

21. Provisions for liabilities (continued)

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: general rates of £52,080 (2010: £48,500); entertainment licences of £47,850 (2010: £47,850); other licence fees £7,425 (2010: £1,350) public liability insurance £37,954 (2010: £37,954); APTL liability insurance of £18,977 (2010: £18,977); legal and professional fees £50,208 (2010: £25,823); road repairs £7,500 (2010: £nil); printing and other sundry items of £5,144 (2010: £2,406). These amounts are all payable by the Trust/APTL to the Council.

Alexandra Park and Palace Charitable Trust is a going concern due to the ongoing support of the corporate Trustee, London Borough of Haringey. It is the Council's current policy to continue providing this support until such time as it 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 £'000	Interest £'000	Total £'000
Indemnification 1991/92 to 1994/95 (1)	5,005	9,881	14,886
Indemnification 1995/96 to 2010/11(2)	19,730	4,854	24,584
Provision: 1988/89 to 1990/91 (3)	755	2,641	3,396
	<u>25,490</u>	<u>17,376</u>	<u>42,866</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 2010/11 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, the increase in working capital in the year and the capital spend 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.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

22. Accumulated unrestricted funds

	Balance 1 April 2010 £	Incoming resources £	Resources expended £	Transfers £	Actuarial gain/loss £	Balance 31 March 2011 £
Trust deficit funds	40,441,600	(4,963,336)	7,269,146	239,724	-	42,987,134
Pension deficit funds	978,000	-	25,000	-	(654,000)	349,000
Designated capital funds	-	-	51,744	(701,704)	-	(649,960)
	<u>41,419,600</u>	<u>(4,963,336)</u>	<u>7,345,890</u>	<u>(461,980)</u>	<u>(654,000)</u>	<u>42,686,174</u>

The above amounts represent the deficit equity of the Group and include £552,329 (2010: £1,183,534) of the trading subsidiary retained losses carried forward.

23. Restricted funds

	Balance 1 April 2010	Incoming resources	Expenditure & transfers	Balance 31 March 2011
Environment Agency Grant	1,158	-	-	1,158
Organ Appeal Fund	6,154	-	(1,621)	4,533
Theatre Fund	232	-	-	232
English Heritage	3,053	20,958	(20,958)	3,053
Restricted Capital Fund	-	441,022	(441,022)	-
	<u>10,597</u>	<u>461,980</u>	<u>(463,601)</u>	<u>8,976</u>

The restricted fund balance at 31 March 2011 is represented by cash at bank of £8,976.

The Organ Appeal Fund relates to monies raised for restoration of the organ.

The Theatre Fund and English Heritage Fund are monies raised for restoration work to the theatre.

The Environment Agency grant is for works to the boating lake.

The Restricted Capital Fund is a grant from London Borough of Haringey for priority capital works to the building. The restriction was satisfied on acquisition of the assets and therefore, a transfer has been made between restricted and designated funds.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

24. Total funds

	Group 2011 £	Group 2010 £	Trust 2011 £	Trust 2010 £
Opening deficit fund balance	41,409,003	38,707,860	40,225,467	38,193,325
Deficit in year	1,922,195	2,032,143	1,899,398	2,032,142
Actuarial (gain)/loss	(654,000)	669,000	-	-
Closing deficit fund balance	<u>42,677,198</u>	<u>41,409,003</u>	<u>42,124,865</u>	<u>40,225,467</u>

25. 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 £29,661 (2010: £29,500).

The Local Authority external auditor, 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 this external auditor.

26. Commitments under operating leases

	2011 £	2010 £
Payments due within one year on leases expiring:		
Within one year (Land & Buildings)	26,922	33,334
Within two to five years (Plant & Machinery)	14,849	6,300
	<u>41,771</u>	<u>39,634</u>

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

27. Pension scheme

Trust:

(a) Defined benefit scheme

The Trust operates a defined benefit pension scheme for the benefit of its 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 of 12 June 2000. The pension fund assets and liabilities relating to the employees of the Trust are included within the overall Haringey fund and as such, it is not practical or relevant to produce a full FRS17 valuation at the balance sheet date. For this reason, the scheme is treated as a defined contribution scheme for the purposes of the Trust financial statements. This treatment is consistent with previous years.

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 31 March 2010. The valuation was carried out in accordance with Guidelines GN9: Funding Defined Benefits – Presentation of Actuarial Advice published by the Board for Actuarial Standards. The 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	6.1% per annum compound
Rate of investment – bonds	4.5% per annum compound
Rate of pensionable salary increases (excl. increments)	1% for 2010 – 2012 reverting to 5.3% thereafter
Rate of price inflation/pensions increases	3.3% per annum compound
Discount rate	6.1% per annum compound

Following this valuation, the Actuary agreed that the Trust's contribution would be 22.9% for the three years of the triennial period.

Trading company:

(b) Defined benefit scheme

The trading company operates a defined benefit pension scheme for the benefit of scheme members who transferred to the trading company, from Alexandra Park and Palace Charitable Trust, on 1 November 1999. There are 4 (2010: 6) scheme members still in the employment of the trading company as at 31 March 2011. 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 Scheme is accounted for in accordance with FRS 17.

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

27. Pension scheme (continued)

The Fund is independently valued on a regular basis by a firm of actuaries. The purpose is to assess the adequacy of the Fund's investments and contributions to meet its liability. The last actuarial valuation took place as at 31st March 2010. The valuation was carried out in accordance with the Guidelines GN9: Funding Defined Benefits – Presentation of Actuarial Advice published by the Board for Actuarial Standards. The 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	6.1% per annum compound
Rate of investment – bonds	4.5% per annum compound
Rate of pensionable salary increases (excl. increments)	1% for 2010 – 2012 reverting to 5.3% thereafter
Rate of price inflation/pensions increases	3.3% per annum compound
Discount rate	6.1% per annum compound

Alexandra Palace Trading Limited employer's contribution is 18.7% of salary. The pension contribution for the year was £32,000 (2010: £35,223).

The actuarial valuation described above has been updated at 31 March 2011 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 using the current bid price.

The major assumptions used for the actuarial valuation were:

	Nominal % per annum compound	
	2011	2010
	%	%
Rate of pensionable salary increases (excluding increments)	5.10	5.30
Rate of price inflation/pensions increases	2.80	3.80
Discount rate	5.50	5.50
Expected rate of return on assets	6.90	7.00

The expected rate of return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

Assumptions relating to the average future life expectancy of members at age 65 were as follows;

	Males	Females
Current pensioners	21.9 years	24.7 years
Future pensioners	23.3 years	26.1 years

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

27. Pension scheme (continued)

For the year ended 31 March 2011, the expected return on the above assets was £124,000 (2010: £81,000) less the interest on pension scheme liabilities of £139,000 (2010: £113,000) gives a net return of £15,000 (2010: £32,000) as the amount debited to other finance income. Therefore overall the net cost to the profit and loss account for the year ended 31 March 2011 is £57,000 (2010: £58,000) after deduction of the current service cost.

	2011	2010
	£'000	£'000
Recognition in the profit and loss account		
Current service cost	42	26
Interest cost	139	113
Expected Return on employer assets	(124)	(81)
	<u>57</u>	<u>58</u>

The actual return on plan assets was £131,000 (2010: £455,000).

	2011	2010
	£'000	£'000
Reconciliation of defined benefit obligation		
Opening Defined Benefit Obligation	2,783	1,658
Current service cost	42	26
Interest cost	139	113
Contributions by members	11	15
Actuarial (gains)/losses	(598)	1,041
Estimated benefits paid	(103)	(70)
	<u>2,274</u>	<u>2,783</u>

	2011	2010
	£'000	£'000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	1,805	1,259
Expected return on assets	124	81
Contributions by members	11	15
Contributions by the employer	32	148
Actuarial gains	56	372
Benefits paid	(103)	(70)
	<u>1,925</u>	<u>1,805</u>

Alexandra Park and Palace Charitable Trust

Notes to the accounts (continued) Year ended 31 March 2011

27. Pension scheme (continued)

Amounts for the current and four previous accounting periods are as follows:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Fair value of employer assets	1,925	1,805	1,259	1,602	1,737
Present value of defined benefit obligation	(2,274)	(2,783)	(1,658)	(1,694)	(2,039)
Deficit	(349)	(978)	(399)	(92)	(302)
Experience gains/(losses) on assets	56	372	(450)	(395)	(5)
Experience (losses)/gains on liabilities	(25)	-	-	122	(1)
	<u>1,925</u>	<u>1,805</u>	<u>1,259</u>	<u>1,602</u>	<u>1,737</u>

None of the above liabilities derive from schemes that are wholly unfunded.

Fair value of employer assets	2011 £	2010 £
Equities	1,444	1,246
Bonds	346	397
Property	135	126
Cash	-	36
Total	<u>1,925</u>	<u>1,805</u>

Analysis of amount recognised within net movement in funds in the SOFA:

	2011 £	2010 £
Actuarial gain/(loss)	654,000	(669,000)
	<u>654,000</u>	<u>(669,000)</u>

The cumulative amount of actuarial gains and losses recognised in the STRGL is (£138,000). The change in the measure used to calculate pension increases from RPI to CPI has reduced the overall deficit on the pension scheme by £300,000.

Alexandra Park and Palace Charitable Trust**Notes to the accounts (continued)
Year ended 31 March 2011****27. Pension scheme (continued)**

Contributions of £78,000 are expected to be paid into the scheme during the year to 31 March 2012.

	31 March 2011	
	£'000	% of pay
Projected current service cost	37	22.9%
Interest on obligation	125	77.2%
Expected return on plan assets	(134)	(82.7%)
	28	17.4%
	28	17.4%

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 £40,406 (2010: £45,050).

28. Contingent Liability

On 25 March 2009, a pre-action protocol letter of claim was submitted by solicitors acting for Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd ("Firoka") against the Council as trustee of Alexandra Park and Palace Charitable Trust. The letter asserted that the trustee was in breach of contract and intimated Firoka's intention to claim damages for breach of contract, specified as the failure of the trustee to complete the grant of a long lease of the Palace to Firoka and to enter into other related commercial agreements with Firoka. The value of this claim is £6.234 million.

On 26 May 2009, a detailed response was sent by solicitors acting for the Council as trustee denying any liability. No legal proceedings have yet been commenced by either party. No provision has been made in the Trust's accounts for this claim. The information normally required under FRS12 is not disclosed on the basis that it can be expected to seriously prejudice the outcome of this matter.

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Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Your Ref: SJB/SER

21st July 2011

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Alexandra Park and Palace Charitable Trust and its consolidated financial statements for the year ended 31 March 2011 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Alexandra Park and Palace Charitable Trust as of 31 March 2011 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable accounting framework and the Charities Act 1993.

We acknowledge as trustees our responsibilities for preparing financial statements for the Alexandra Park and Palace Charitable Trust and its consolidated financial statements which give a true and fair view and for making accurate representations to you.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework and the Charities Act 1993 which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of FRS8 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole.
6. We confirm that the financial statements have been prepared on the going concern basis. We do not intend to liquidate the company or cease trading as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

7. Having considered our income streams and based on management's close monitoring of donations, response rates and appeals for funds we are satisfied that the total value of income as reported is not materially misstated.
8. All grants, donations and other incoming resources, the receipt of which is subject to specific restrictions, terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
9. All constructive obligations for grants meeting the conditions set out in FRS 12 "Provisions, Contingent Liabilities and Contingent Assets" and the Charities SORP have been recognised in the financial statements.
10. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.
11. We confirm that:
 - all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the directors' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.
12. We confirm that negotiations are ongoing with the principal contractor for the ice rink refurbishment regarding the final account and any compensation due to the Trust for delays in completion. We have reason to believe that the ultimate settlement will be in our favour. As a result we have not made a provision or recognised a contingent liability in relation to any amounts owed to them beyond the contracted retention which we have not yet paid.
13. *Information provided*
14. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
15. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
16. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We are not aware of any fraud or suspected fraud that affects the entity or group and involves:
 - (i). management;
 - (ii). employees who have significant roles in internal control; or
 - (iii). others where the fraud could have a material effect on the financial statements.
19. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
20. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements
21. We have disclosed to you the identity of the group's related parties and all the related party relationships and transactions of which we are aware.
22. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. No other claims in connection with litigation have been or are expected to be received.

On 25 March 2009, a pre action protocol letter of claim was submitted by solicitors acting for Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd (Firoka) against the Council as trustee of Alexandra Park and Palace Charitable Trust. The letter asserted that the trustee was in breach of contract and intimated Firoka's intention to claim damages for breach of contract, specified as the failure of the trustee to complete the grant of a long lease of the Palace to Firoka and to enter into other related commercial agreements with Firoka. The value of this claim is £6.234 million.

On 26 May 2009, a detailed response was sent by solicitors acting for the Council as trustee denying any liability. The matter remains the subject of ongoing correspondence. No legal proceedings have been commenced and no provision has been made in the Trust's accounts for this claim as we consider it only possible, and not probable, that there will be an outflow of economic benefit. The information normally required by FRS 12 is not disclosed in the financial statements on the basis that it can be expected to seriously prejudice the outcome of this matter.

23. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
24. We have drawn to your attention all correspondence and notes of meetings with regulators including, any serious incident reports.
25. All minutes of trustees' meetings during and since the financial year have been made available to you.
26. As at 31 March 2011 there were no significant capital commitments contracted for by the group.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of the trustees

Alexandra Park and Palace
Charitable Trust (“APPCT”)

**Report to the Board on the 2011
Audit**

Final Report

Contents

Introduction	1
1. Key audit risks	3
2. Other matters	6
3. Accounting and internal control systems	7
4. Independence	8
5. Responsibility statement	9
Appendix 1: Briefing on audit matters	10

Introduction

Key findings on audit risks and other matters

Our findings on the key audit risks and other matters are as follows:

- **Revenue recognition** – we identified a risk in relation to the cut off of income in APPCT and completeness in APTL. The results of our testing proved satisfactory, with no issues to note.
- **Legal matters** – On 25 March 2009, a pre-action protocol letter of claim was submitted by solicitors acting for Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd (“Firoka”) against Haringey Council as trustee of APPCT. The letter asserted that the trustee was in breach of contract and intimated Firoka’s intention to claim damages for breach of contract, specified as the failure of the trustee to complete the grant of a long lease of the Palace to Firoka and to enter into other related commercial agreements with Firoka. No legal claims have been made by either party. Therefore, management have concluded that this should continue to be disclosed as a contingent liability. We concur with their conclusion.
- **Accounting for the ice rink** – APPCT undertook a project to refurbish the ice rink during 2010/11. The total additions to tangible fixed assets were £2.3 million, which were included within the ‘improvements to palace and park’ category. We have considered the accounting treatment for these additions and the useful economic lives selected by management and concur with their conclusions. Negotiations are ongoing with the contractor over the final account. No additional liability, nor reduction in the contract value, has been recognised by management and we agree with this accounting treatment.
- **Contract with Heineken** – APTL entered into a significant contract with Heineken during the year which will allow Heineken to locate the Dutch Olympic delegations headquarters outside the Olympic Village (called ‘Heineken House’) at Alexandra Palace during London 2012. We reviewed the contract and considered the accounting treatment adopted by management in respect of the transactions arising during the year. We concur with the treatment adopted.
- **Defined benefit pension scheme** – APTL operates a defined benefit pension scheme for the benefit of 4 employees. The net pension liability recognised at 31 March 2011 was £349,000. We reviewed the actuarial assumptions adopted by management and concluded that they are reasonable. We considered the accounting treatment of the change in the assumption for future pension increases from RPI to CPI. We concur with the treatment adopted.
- **Provision to Haringey Council** – At 31 March 2011 the total provision for Haringey Council indemnification was £42.9 million (2010: £41.3 million). The increase on the prior year relates to the ongoing operational deficits, movements in working capital and capital spend of APPCT. We concur with the accounting treatment adopted by management.
- **Going concern** – the financial statements have been prepared on a going concern basis. We have considered the basis on which management have reached this conclusion and the disclosures made in the financial statements. We have concluded that the approach taken is reasonable.

Identified misstatements and disclosure deficiencies

Audit materiality was £116,000 (2010: £122,000). There are no identified uncorrected misstatements or disclosure deficiencies.

Introduction (continued)

Completion of the audit and the auditor's report

The status of the audit is as expected at this stage of the timetable. On satisfactory completion of the outstanding matters listed below, we anticipate issuing an unmodified audit opinion on the truth and fairness of the consolidated financial statements. We will report to you orally in respect of any modifications to the findings or opinions contained in this report that arise on completion of these matters.

- Receipt of signed letter of representation; and
- Updating our work on the going concern review and post balance sheet events to the date of approval of the financial statements.

1. Key audit risks

The results of our audit work on key audit risks are set out below:

1. Revenue recognition	Deloitte response
<p>International Standards on Auditing (UK and Ireland) require us to presume that there is an increased risk of fraud and / or error in relation to revenue recognition.</p>	<p>We identified that for APPCT there is an increased risk that revenue may be misstated through incorrect cut-off of rental income between different accounting periods and that for APTL there is an increased risk that revenue from cash-based sales may be incomplete.</p> <p>We performed detailed sample testing on rental income invoiced around the year end, and on income from the ice rink, food and beverage sales made in the Bar and Kitchen. No misstatements were identified.</p>

2. Legal matters	Deloitte response
<p>On 25 March 2009, a pre-action protocol letter of claim was submitted by solicitors acting for Firoka (Alexandra Palace) Ltd and Firoka (Kings Cross) Ltd ("Firoka") against Haringey Council as trustee of APPCT. The letter asserted that the trustee was in breach of contract and intimated Firoka's intention to claim damages for breach of contract, specified as the failure of the trustee to complete the grant of a long lease of the Palace to Firoka and to enter into other related commercial agreements with Firoka. The value of this claim is £6.2 million.</p> <p>On 26 May 2009, a detailed response was sent by solicitors acting for Haringey Council as trustee denying any liability.</p> <p>No legal proceedings have yet been commenced by either party. No provision has been made in the APPCT's financial statements for either claim.</p> <p>FRS 12 'Provisions, contingent liabilities and contingent assets' sets out three ways of reflecting the claim in the financial statements depending upon whether it is considered to be: probable, possible or remote.</p> <p>Management have concluded that it is 'possible' that there could be an outflow of economic benefit as a result of a past event. Accordingly, they have disclosed the claim in note 26 to the financial statements.</p>	<p>We wrote to APPCT's legal advisors as part of our normal audit procedures. They have confirmed that there has not been any further substantive action in respect of this matter during the current year. We have reviewed the disclosures made in the financial statements and concur that they meet the requirements of FRS 12.</p>

1. Key audit risks (continued)

3. Accounting for the ice rink	Deloitte response
<p>APPCT undertook a project to refurbish the ice rink during 2010/11. The total additions to tangible fixed assets were £2.3 million, which were included within the 'improvements to palace and park' category. Management have selected useful economic lives as follows:</p> <ul style="list-style-type: none"> • 10 years for the refurbishment of the ticket office, entrance foyer, changing rooms and skate hire facilities • 20 years for the remainder of the ice rink infrastructure and equipment <p>The average life expectancy of ice arenas quoted by the Canadian Recreation Facilities Council is 32 years. Management consider that the life of the ice rink at Alexandra Palace will be shorter as the rink has been installed into a historic building. The life of the old ice rink was 22 years.</p> <p>Negotiations are ongoing with the contractor over the final account. No additional liability, nor reduction in the contract value, has been recognised by management at 31 March 2011.</p>	<p>We concur with the accounting treatment adopted by management.</p>
4. Contract with Heineken	Deloitte response
<p>APTL entered into a large contract with Heineken Nederland BV ("Heineken") during the year ended 31 March 2011 which will allow Heineken to locate the Dutch Olympic delegations headquarters outside the Olympic Village (called 'Heineken House') at Alexandra Palace during London 2012. An element of the hire charges payable by Heineken was due on the date of the agreement and was settled before 31 March 2011. This payment on account has been recorded as deferred income at 31 March 2011.</p> <p>APTL incurred legal fees during the year in respect of entering into the contract. These fees have been recorded as a prepayment at 31 March 2011.</p>	<p>We concur with the accounting treatment adopted by management.</p>

1. Key audit risks (continued)

5. Defined benefit pension scheme	Deloitte response
<p>APTL operates a defined benefit pension scheme for the benefit of 22 scheme members who transferred to the company on 22 November 1999. There are 4 scheme members still in the employment of APTL. The assets of the scheme are administered by Haringey Council under the provisions of the Local Government Superannuation Act.</p> <p>In accordance with FRS 17 'Retirement Benefits', APTL is required to account for its share of the underlying assets and liabilities of the scheme.</p> <p>At 31 March 2011 the net pension liability recognised by APTL was £349,000 (2010: £978,000). The reduction in the liability was principally due to an actuarial gain of £654,000, of which £300,000 arose as a result of the announcements made by the UK Government in 2010 that statutory pension increases will now be linked to the Consumer Price Index ("CPI") rather than the Retail Price Index ("RPI").</p> <p>The move from RPI to CPI has been treated by management as a change in assumptions rather than a change in benefits and, as a result, has been recorded in the Statement of Total Recognised Gains and Losses rather than the Profit and Loss Account.</p>	<p>We have utilised our own in-house actuaries to review the assumptions used in the calculation of the FRS 17 deficit to ensure that they are within a reasonable range and in line with those used by other entities. These assumptions have been selected by management based on advice from the scheme actuary.</p> <p>The assumptions selected by APTL are within the typical range of assumptions that are commonly used. Selecting appropriate assumptions is not an exact science; however it is important that the trustees satisfy themselves that the assumptions used are reasonable and appropriate to the specific circumstances of the scheme. Due to the sensitivity of the assumptions, small changes can have a significant effect on the deficit.</p> <p>We have discussed this with management in previous years and they believe that it is appropriate to use assumptions that are consistent with those used by Haringey Council. We will request a specific representation from the trustees that they have considered these assumptions and believe that they are appropriate.</p> <p>We concur with the accounting treatment adopted by management for the change in the basis of statutory pension increases from RPI to CPI.</p>

2. Other matters

1. Provision to the Council

Background At 31 March 2011 the total provision for Haringey Council indemnification was £42.9 million (2010: £41.3 million).

	Accumulated balance	Interest	Total
Indemnification 1991/92 to 1994/95	5,005	9,881	14,886
Indemnification 1995/96 to 2010/11	19,730	4,854	24,584
Provision: 1988/99 to 1990/91	755	2,641	3,396
	25,490	17,376	42,866

The increase on the prior year relates to the ongoing operational deficits, movements in working capital and capital spend of APPCT. No interest charges were levied by Haringey Council in the current year. Although Haringey Council have provided for this debt in full in their own financial statements, they have not discharged the debt and therefore retain their right to repayment. On this basis management have concluded that it remains appropriate to retain the provision.

FRS 12 sets out three criteria for the recognition of a provision. If these criteria are met, a provision must be made. The criteria are that:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that a transfer of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

In addition to this provision for Haringey Council indemnification, APPCT has recognised a loan creditor of £2.1 million relating to Haringey's 12 year loan to fund the ice rink refurbishment. This is in addition to the provision discussed above, and is interest-bearing.

Deloitte response We have considered the accounting treatment against these criteria and concur that it is appropriate to retain the provision.

2. Going concern

Background Management have undertaken and documented their assessment of whether APPCT is a going concern. They have concluded that the entity will remain a going concern due to the ongoing financial support which Haringey Council ("the Council") is legally obliged to provide. The Council's current policy is to ensure that funds are provided to APPCT to maintain its bank balance at a pre-agreed level. This mechanism funds operational deficits, working capital movements and capital spend and ensures that APPCT is in a position to settle its third party liabilities as they fall due.

Deloitte response We have reviewed the assessment performed by management. We concluded that it meets the requirements of the FRC guidance. We concur with management's conclusion.

3. Accounting and internal control systems

Control observations

During the course of our audit we identified the following control observations:

Contract signing

Description	We identified one contract that was signed but no date had been included to evidence the point at which both parties were bound by the contract terms.
Recommendation	All contracts entered into should document the date on which they were signed by both parties.
Management response	Agreed. This will be implemented going forwards.
Timeframe:	Immediate
Owner:	Senior management team

Tangible fixed assets - additions

Description	We noted that the fixed asset additions relating to the ice rink have been recorded in the fixed asset register based on the purchase invoices received. This will make it difficult to account for future disposals or replacements of components of the asset.
Recommendation	The assets purchased should be disaggregated on the fixed asset register to enable future disposals or replacements to be reflected accurately.
Management response	Agreed. This will be done once the final account has been settled with the main contractor and the final cost can be properly disaggregated.
Timeframe:	Upon completion of the final account
Owner:	Head of Finance

Tangible fixed assets - disposals

Description	We identified that some fixed assets were disposed of during the year but not removed from the fixed asset register. Finance had not been informed of the disposals by the relevant departments.
Recommendation	Management should ensure that there is an effective process for departments to notify finance of any fixed asset disposals.
Management response	A formal policy and procedure for fixed asset disposals was introduced in May 2010 and communicated to all staff via email and the monthly staff meeting. Unfortunately, some staff had not complied with the stated policy during the year. The policy and correct procedures for disposing of fixed assets have since been reiterated to all staff.
Timeframe:	Completed
Owner:	General Manager

4. Independence

As part of our obligations under International Standards on Auditing (UK & Ireland) we are required to report to you on the matters listed below.

Confirmation	We confirm that we comply with APB Revised Ethical Standards for Auditors and that, in our professional judgement, we are independent and our objectivity is not compromised.
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Non-audit services	In our opinion there have not been any breaches of APB Revised Ethical Standards for Auditors in respect of the supply of non audit services.
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Fees	Details of the non audit services provided by Deloitte and the fees charged in relation thereto in the period from 1 April 2010 to 31 March 2011 are presented below.		
		2011 £	2010 £
	Fees payable to the Trust's auditors for the audit of the Trust's annual accounts	15,340	14,750
	Fees payable to the Trust's auditors for the audit of the Trust's subsidiary pursuant to legislation	15,340	14,750
	Audit services provided to all group entities	<u>30,680</u>	<u>29,500</u>
	Taxation services	3,250	3,250
	All other services	<u>3,250</u>	<u>3,250</u>
	Total	<u>33,930</u>	<u>32,750</u>

In addition to this, in June 2011 a further fee of £1,500 was agreed for the preparation of a new template for the financial statements.

5. Responsibility statement

This report should be read in conjunction with the "Briefing on audit matters" attached as Appendix 1 and sets out those audit matters of governance interest which came to our attention during the audit. Our audit was not designed to identify all matters that may be relevant to the board and this report is not necessarily a comprehensive statement of all deficiencies which may exist in internal control or of all improvements which may be made.

This report has been prepared for the Board of Trustees, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

Deloitte LLP

Chartered Accountants

Reading

14 July 2011

Appendix 1: Briefing on audit matters

Published for those charged with governance



This document is intended to assist those charged with governance to understand the major aspects of our audit approach, including explaining the key concepts behind the Deloitte Audit methodology including audit objectives and materiality.

Further, it describes the safeguards developed by Deloitte to counter threats to our independence and objectivity.

This document will only be reissued if significant changes to any of those matters highlighted above occur.

We will usually communicate our audit planning information and the findings from the audit separately. Where we issue separate reports these should be read in conjunction with this "Briefing on audit matters".

Approach and scope of the audit

Primary audit objectives We conduct our audit in accordance with International Standards on Auditing (UK & Ireland) as adopted by the UK Auditing Practices Board ("APB"). Our statutory audit objectives are:

- to express an opinion in true and fair view terms to the trustees on the financial statements;
- to express an opinion as to whether the accounts have been properly prepared in accordance with UK GAAP;
- to express an opinion as to whether the accounts have been prepared in accordance with the Charities Act; and
- to form an opinion on whether adequate accounting records have been kept by the charity.

Other reporting objectives

Our reporting objectives are to:

- present significant reporting findings to those charged with governance. This will highlight key judgements, important accounting policies and estimates and the application of new reporting requirements, as well as significant control observations; and
- provide timely and constructive letters of recommendation to management. This will include key business process improvements and significant controls weaknesses identified during our audit.

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

"Materiality" is defined in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements" in the following terms:

Materiality (cont'd)

"Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful."

We determine materiality based on professional judgment in the context of our knowledge of the audited entity, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.

We determine materiality to:

- determine the nature, timing and extent of audit procedures; and
- evaluate the effect of misstatements.

The extent of our procedures is not based on materiality alone but also local considerations of subsidiaries and divisions of the group, the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.

For local statutory reporting purposes, individual materiality levels will be set for each of the subsidiary companies.

Uncorrected misstatements

In accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)") we will communicate to you all uncorrected misstatements (including disclosure deficiencies) identified during our audit, other than those which we believe are clearly trivial.

ISAs (UK and Ireland) do not place numeric limits on the meaning of 'clearly trivial'. The Audit Engagement Partner, management and those charged with governance will agree an appropriate limit for 'clearly trivial'. In our report we will report all individual identified uncorrected misstatements in excess of this limit and other identified errors in aggregate.

We will consider identified misstatements in qualitative as well as quantitative terms.

Audit methodology

Our audit methodology takes into account the changing requirements of auditing standards and adopts a risk based approach. We utilise technology in an efficient way to provide maximum value to trustees and create value for management and the Board whilst minimising a "box ticking" approach.

Our audit methodology is designed to give trustees the confidence that they deserve.

For controls considered to be 'relevant to the audit' we evaluate the design of the controls and determine whether they have been implemented ("D & I"). The controls that are determined to be relevant to the audit will include those:

- where we plan to obtain assurance through the testing of operating effectiveness;
- relating to identified risks (including the risk of fraud in revenue recognition, unless rebutted and the risk of management override of controls);
- where we consider we are unable to obtain sufficient audit assurance through substantive procedures alone; and
- to enable us to identify and assess the risks of material misstatement of the financial statements and design and perform further audit procedures.

Other requirements of International Standards on Auditing (UK and Ireland)

ISAs (UK and Ireland) require we communicate the following additional matters:

ISA (UK & Ireland)	Matter
ISQC 1	Quality control for firms that perform audits and review of financial statements, and other assurance and related services engagements
240	The auditor's responsibilities relating to fraud in an audit of financial statements
250	Consideration of laws and regulations in an audit of financial statements
265	Communicating deficiencies in internal control to those charged with governance and management
450	Evaluation of misstatements identified during the audit
505	External confirmations
510	Initial audit engagements – opening balances
550	Related parties
560	Subsequent events
570	Going concern
600	Special considerations – audits of group financial statements (including the work of component auditors)
705	Modifications to the opinion in the independent auditor's report
706	Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report
710	Comparative information – corresponding figures and comparative financial statements
720	Section A: The auditor's responsibilities relating to other information in documents containing audited financial statements

Independence policies and procedures

Important safeguards and procedures have been developed by Deloitte to counter threats or perceived threats to our objectivity, which include the items set out below.

Safeguards and procedures

- Every opinion (not just statutory audit opinions) issued by Deloitte is subject to technical review by a member of our independent Professional Standards Review unit.
- Where appropriate, review and challenge takes place of key decisions by the Second Partner and by the Independent Review Partner, which goes beyond ISAs (UK and Ireland), and ensures the objectivity of our judgement is maintained.
- We report annually to those charged with governance our assessment of objectivity and independence. This report includes a summary of non-audit services provided together with fees receivable.
- There is formal consideration and review of the appropriateness of continuing the audit engagement before accepting reappointment.
- Periodic rotation takes place of the audit engagement partner, the independent review partner and key partners involved in the audit in accordance with our policies and professional and regulatory requirements.
- In accordance with the Revised Ethical Standards issued by the APB, there is an assessment of the level of threat to objectivity and potential safeguards to combat these threats prior to acceptance of any non-audit engagement. This would include particular focus on threats arising from self-interest, self-review, management, advocacy, over-familiarity and intimidation.

Safeguards and procedures (cont'd)

- In the UK, statutory oversight and regulation of auditors is carried out by the Professional Oversight Board (POB) which is an operating body of the Financial Reporting Council. The Firm's policies and procedures are subject to external monitoring by both the Audit Inspection Unit (AIU), which is a division of POB, and the ICAEW's Quality Assurance Directorate (QAD). The AIU is charged with monitoring the quality of audits of economically significant entities and the QAD with monitoring statutory compliance of audits for all other entities. Both report to the ICAEW's Audit Registration Committee. The AIU also reports to POB and can inform the Financial Reporting Review Panel of concerns it has with the accounts of individual companies.

Independence policies

Our detailed ethical policies' standards and independence policies are issued to all partners and employees who are required to confirm their compliance annually. We are also required to comply with the policies of other relevant professional and regulatory bodies.

Amongst other things, these policies:

- state that no Deloitte partner (or any immediate family member) is allowed to hold a financial interest in any of our UK audited entities;
- require that professional staff may not work on assignments if they (or any immediate family member) have a financial interest in the audited entity or a party to the transaction or if they have a beneficial interest in a trust holding a financial position in the audited entity;
- state that no person in a position to influence the conduct and outcome of the audit (or any immediate family member) should enter into business relationships with UK audited entities or their affiliates;
- prohibit any professional employee from obtaining gifts from audited entities unless the value is clearly insignificant; and
- provide safeguards against potential conflicts of interest.

Remuneration and evaluation policies

Partners are evaluated on roles and responsibilities they take within the firm including their technical ability and their ability to manage risk.

APB Revised Ethical Standards

The Auditing Practices Board (APB) has issued five ethical standards for auditors that apply a 'threats' and 'safeguards' approach.

The five standards cover:

- maintaining integrity, objectivity and independence;
- financial, business, employment and personal relationships between auditors and their audited entities;
- long association of audit partners and other audit team members with audit engagements;
- audit fees, remuneration and evaluation of the audit team, litigation between auditors and their audited entities, and gifts and hospitality received from audited entities; and
- non-audit services provided to audited entities.

Our policies and procedures comply with these standards.

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Member of Deloitte Touche Tohmatsu Limited

Appendix 4

ALEXANDRA PALACE AND PARK CHARITABLE TRUST

ACTUAL VERSUS BUDGET FOR THE TWO MONTHS ENDED 31ST MAY 2011

	TOTAL TRUST FUNDS		Budget	UNRESTRICTED		Variance %
	Unrestricted	Restricted/ Designated		Actuals	Variance	
	£	£	£	£	£	
Concessions/Leases	52,536	0	53,568	52,536	(1,032)	-2%
Community Events	20,777	0	15,002	20,777	5,775	38%
Sundry Sales	30	0	0	30	30	0%
Service Charges	0	0	0	0	0	0%
Restricted grant income	0	12,825	0	0	0	0%
TOTAL INCOME	73,343	12,825	68,570	73,343	4,773	7%
EXPENDITURE						
Salaries	54,214	0	55,194	54,214	980	2%
Contracted Services	164,427	0	173,277	164,427	8,850	5%
TOTAL PRIME COSTS	218,641	0	228,471	218,641	9,830	4%
Fixed overheads	54,556	0	55,266	54,556	710	1%
Variable overheads	185,814	14,974	193,693	185,814	7,879	4%
TRUST BEFORE GOVERNANCE COSTS	(385,668)	(2,149)	(408,860)	(385,668)	23,192	-6%
Governance and regeneration	0	0	0	0	0	0%
TOTAL TRUST OPERATION	(385,668)	(2,149)	(408,860)	(385,668)	23,192	1%

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