



# ALEXANDRA PARK AND PALACE CHARITABLE TRUST

## BOARD MEETING

29 MARCH 2021

**Report Title:** Financial Position of the Trust

**Report of:** Dorota Dominiczak, Director of Finance & Resources

**Purpose:** To provide an update on the Trusts financial position for 2020/21 financial year.

### 1. Recommendations

To consider and note the report.

### 2. Executive Summary

- 2.1 This report provides the expenditure for the Trust for the 8 months to 30 November 2020 previously circulated to the trust for information in January 2021. It also provides the annual forecast and cash flow for the current financial year. The current financial forecast for the year ending 31 March 2021 (based on February 2021 actuals) is not materially different to this report (based on the November closed position).
- 2.2 The Trust reports a projected P&L surplus in unrestricted funds of £1m (Table 1) and a positive cash flow of £1m at the year-end (Tables 4 & 5). This shows a positive move towards recovery from the budgeted position of £1.6m P&L deficit and a cash flow deficit of £1.3m following additional funding secured for the Trust during the Covid pandemic
- 2.2 The total amount raised by the Trust year to date is £4.8m. Table 3 below provides a breakdown of public donations (£281k), including through tap-to-donate car parking (£131k), for specific programmes (£151k) and a grant of £250k from the National Lottery Heritage Fund (NLHF). These have helped to cover the unbudgeted but essential additional costs of estate security, increased cleaning and waste collection and car park management.
- 2.3 On 11 December 2020 the group was awarded a £2.9m grant from the Culture Recovery Fund (CRF), via NLHF. The grant will cover overheads and delivery costs from 1 October to 31 March 2021 and has enabled the Trust to reinstate the frozen expenditure, mainly repairs and maintenance. The CRF will also fund specific projects and additional expenditure that will support recovery and future resilience. More detail is provided in the Trustee's information pack.
- 2.4 The group is now in a better financial position to complete the current year and performance indicates that there is sufficient financial resource in both entities to fund operations until the end of 2021/22.
- 2.5 However, APTL's recovery depends on the length and severity of the pandemic, the extent of government restrictions in the coming months and the overall impact of the pandemic on public confidence.

### 3. APPCT Unrestricted Funds

#### 3.1 Table 1 – APPCT Forecast of Unrestricted Funds

APPCT At Month Ending 30th November 2020	2019/20 Audited £	Year 2020/21 Budget £	Year 2020/21 Forecast £	Year 2020/21 Diff £
<b>Income</b>				
Unrestricted	3,805,965	1,847,834	4,790,244	2,942,410
<b>Total Income</b>	<b>3,805,965</b>	<b>1,847,834</b>	<b>4,790,244</b>	<b>2,942,410</b>
<b>Expenses</b>				
Running and maintaining the Park	(596,942)	(467,348)	(472,418)	(5,070)
Running and maintaining the Palace	(1,708,870)	(2,311,291)	(2,472,263)	(160,972)
Creative Learning	(47,277)	(17,984)	(13,696)	4,288
Strategic Projects	(171,214)	(150,080)	(154,475)	(4,395)
Fundraising	(116,174)	(119,142)	(121,327)	(2,185)
Strategic Leadership	(384,501)	(249,532)	(276,326)	(26,794)
Support Costs	(225,261)	(209,362)	(220,318)	(10,956)
<b>Total Expenses</b>	<b>(3,250,239)</b>	<b>(3,524,739)</b>	<b>(3,730,823)</b>	<b>(206,084)</b>
<b>Net Movement in Unrestricted Trust Funds</b>	<b>555,725</b>	<b>(1,676,905)</b>	<b>1,059,421</b>	<b>2,736,326</b>
<b>Unrestricted Funds Brought Forward 1st April x</b>	<b>23,647,275</b>	<b>24,203,000</b>	<b>24,203,000</b>	
Movement	555,725	(1,676,905)	1,059,421	
<b>Unrestricted Funds Brought Carried Forward 31st March x</b>	<b>24,203,000</b>	<b>22,526,095</b>	<b>25,262,421</b>	

3.2 The current projection of unrestricted income shows a recovered position from a total budgeted income of £1.8m to £4.8m forecast. This has been achieved by additional sources of income secured during the pandemic. Table 2 below gives more details of this funding.

#### 4. APPCT Restricted Funds

##### 4.1 Table 2 - APPCT Unrestricted Income – breakdown

Unrestricted	2019/20	Year 2020/21		
	Audited £	Budget £	Forecast £	Diff £
	Unrestricted	Unrestricted		
Unrestricted Grants	1,950,000	1,755,000	2,255,000	500,000
Palace APTL Licence	300,000	-	-	-
NHLF grant			1,557,357	1,557,357
Gift Aid	1,194,654	-	614,413	614,413
Park Leases and Recharges	245,081	1,027	193,326	192,299
Palace Leases and Recharges	89,430	76,376	159,832	83,456
Creative Learning	26,800	15,431	10,316	(5,115)
	3,805,965	1,847,834	4,790,244	2,942,410

4.2 Additional income of £2,972k includes: £500k emergency grant funding from the Corporate Trustee, £1,557k from NHLG grant (Trust allocation from £2.9m) and Gift Aid from APTL of £614,000 (no Gift Aid was anticipated in the current year budget). The park tenants' income shows a good recovery after the initial difficult period at the beginning of pandemic including turnover related rental income for the previous year received in June 2020.

##### 4.3 Table 3 - APPCT Restricted and Designated Funds – Summary

	Designated	Designated	Restricted	Restricted	Restricted	Restricted	
APPCT Designated and Restricted Funds	Car Parking donations	NHLF Emergency Grant	Creative Learning - Activity Plan supported by NHLF grant	Creative Learning - other funding	Donations for programmes and park and palace	Other restricted funding including NHLF grant supporting restricted posts	Total
	£	£	£	£	£	£	£
Restricted Funds b/f at 1.04.2020	-	0	411,894	100,287	6,342	223,359	741,882
Incoming during this year	130,175	250,000	0	53,496	151,195	17,465	602,331
Outgoing during this year	(130,175)	(250,000)	(129,037)	(45,617)	(151,195)	(209,251)	(915,275)
Restricted Funds c/f 31.3.2021	£ -	£ -	£ 282,857	£ 108,166	£ 6,342	£ 31,573	£ 428,938

4.4 Car Parking donations have been a new source of income to pay for the East car park security and other maintenance programmes.

4.5 The NHLF emergency grant was received in the early summer and this money paid for security, cleaning and waste removal costs. Cleaning and waste removal costs were incurred in addition

to our usual budgeted expenditure as the number of visits to the park increased rapidly during pandemic.

- 4.6 Creative Learning restricted funding is being spent on delivering the Activity programme funded mainly by NHLF but also by other restricted funding – this year we are in receipt of the second instalment of £50k (£150k in total) from the Matchroom Foundation. These funds cover the costs of the Creative Learning staff excluding salaries.
- 4.7 Donations for programmes and the park and palace are a new source of income this year received from the public in response to our specific fundraising campaigns.
- 4.8 Other restricted funding included a grant from Historic England to part-fund surveys of the North East Tower and the balance of funding remaining from NHLF Restoration Grant funds which will be used for the salaries of the Creative Learning Department until end March 2022.

## 5. Cash flow position at 31 March 2021

### 5.1 Table 4 APPCT Cash flow – current projection

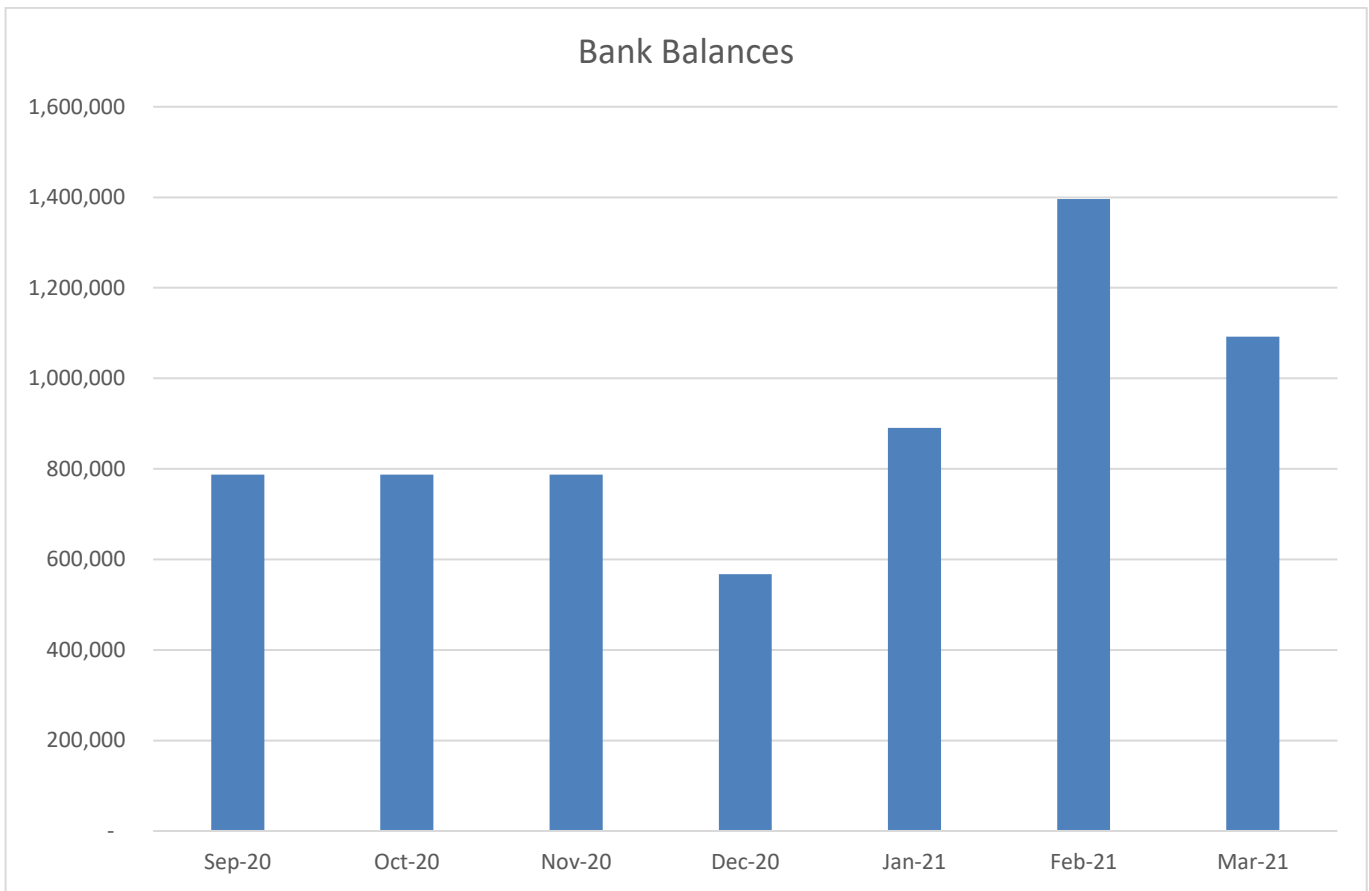
	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
	£	£	£	£	£	£	£
<b>Balance at start of month</b>	787,114	787,114	567,233	890,783	1,396,214	1,092,031	766,484
Grants & Sundries	-	-	783,359	674,143	1,080	174,216	-
Amounts Receivable	-	39,239	27,797	-	(14,293)	-	-
Income in advance	-	-	-	-	-	-	-
Grants to Capital Account	-	-	-	-	-	-	-
Payments to/from LBH	-	22,969	18,129	841	-	-	-
Loans repayments now overdue	-	-	-	-	-	-	-
Loans repayments to be made within 1 yr	-	-	-	-	-	-	-
Vat Payable / reedemable	-	-	(12,000)	63,493	51,426	45,927	73,712
Additional Insurance	-	-	-	-	-	-	-
Amounts currently payable	-	(238,569)	(88,348)	(2,500)	-	-	-
Forecast Monthly Expenditure	-	-	(399,388)	(388,887)	(342,395)	(535,805)	-
Prepayments offset	-	-	-	5,221	-	-	368
Deferred Income	-	-	-	-	-	(9,885)	-
Accruals paid	-	(43,520)	(6,000)	-	-	-	-
Transfers from Capital	-	-	-	-	-	-	-
Transfers from Other funds	-	-	-	153,121	-	-	-
<b>Closing Balance at End of Month</b>	787,114	567,233	890,783	1,396,214	1,092,031	766,484	840,565

This cash flow assumes a receipt of CRF grant as follows:

- 50% in January 2021
- 40% in February 2021
- 10% in April 2021

The Cash Flow above accounts for our internal allocation of the grant for the Trust of £1,557k (total grant £2.9m, the remaining funds accounted for in APTL)

5.2 Table 5 APPCT Cash Flow projection as at 31 March 2021 (unrestricted)



The above table gives the projected cash position for the unrestricted funds to the end of March 2021 – our current projection is to have a positive cash balance of £1,092k but in April this balance will pay off the March expenditure supported by CRF and account for the remaining 10% of CRF grant – therefore a ‘clear’ cash balance carried forward to 2021/22 is c£840k.

5.3 Table 6 APPCT Balance Sheet at end of November 2020

BALANCE SHEET AS AT 30 NOVEMBER 2020		FIXED ASSETS	CASH	DEBTORS AND PREPAY	SHORT TERM CREDITORS	LONG TERM CREDITORS
	£					
Park	142,463					
Building	6,070,756					
Restoration Project	20,727,804					
Plant	672,437					
Ice Rink	1,099,921					
Heritage	2,947					
Office	1,999					
IT	174,946					
Theatre Assets	508,566					
Investments	2					
	<b>29,401,841</b>	<b>29,401,841</b>				
<b>Bank Balances</b>						
Unrestricted	787,114					
Restricted	804,229		<b>1,591,343</b>			
<b>Debtors</b>						
LBH	18,970					
Intercompany	55,487					
Unrestricted	3,459					
Bad debts	25,367					
Restricted	190,798					
<b>Prepayments</b>				<b>299,669</b>		
<b>Creditors</b>						
Intercompany	(177,057)					
Payroll - LBH	22,969					
Suppliers - Restricted	(76,766)					
Supplier - Unrestricted	(149,859)					
Retentions - Restricted	(60,000)					
Retentions - Unrestricted	(2,500)					
Overpaid Historic Gift Aid	0					
<b>Accruals &amp; Provisions</b>						
Accruals - Unrestricted	(49,520)					
Accruals - Restricted	(66,289)					
Deferred Income	(9,885)					
Provision - Pensions	(37,300)				<b>(606,207)</b>	
<b>Loan Payments and Interest</b>						
LBH - Loans due by August 20	(330,417)					
Ice Rink Interest	(24,515)					
West Yard	(58,139)					
<b>Loans</b>						<b>(5,627,464)</b>
<b>Reserves</b>	<b>25,059,182</b>	<b>29,401,841</b>	<b>1,591,343</b>	<b>299,669</b>	<b>(606,207)</b>	<b>(5,627,464)</b>

To note from the balance sheet summary:

APPCT's reserves are represented mainly by the capitalised cost of the East Wing Project and West Yard Project reduced by the remaining long term loans taken to support capital works.

Loan repayments due in 2020/21 are deferred and added to Long term loan liabilities (agreement with Corporate Trustee).

## **6. Legal Implications**

- 6.1 Due to the late preparation of this report the Council's Head of Legal & Governance (interim) was consulted after the agenda publication date and, therefore, any comments will be tabled or circulated in advance of the meeting.

## **7. Financial Implications**

- 7.1 Due to the late preparation of this report the Council's Chief Financial Officer was consulted after the agenda publication date and, therefore, any comments will be tabled or circulated in advance of the meeting.

## **8. Use of Appendices**

None

## **9. Background Papers**

15 March 2021 APPCT Special Panel meeting documents.