

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 31<sup>st</sup> March 2011.
- 1.2 To advise the Board of the results for the two month period ended 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2011**

6.1 The draft results for the 2010/11 financial year were presented to the Board at their meeting of 21<sup>st</sup> 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 31<sup>st</sup> March 2011 were approved by the Directors of the trading company at their meeting of 15<sup>th</sup> 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 31<sup>st</sup> May 2011**

- 7.1 The results for the two months ended 31<sup>st</sup> 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 31<sup>st</sup> March 2011
- 10.2 Appendix 2 – Letter of representations relating to the audit for the year ended 31<sup>st</sup> March 2011
- 10.3 Appendix 3 – Report of the Auditors
- 10.4 Appendix 4 – Results for the two months ended 31<sup>st</sup> May 2011