

Report Title: **Trust Financial Results for 12 months ended 31 March 2014**

Report of: **Nigel Watts, Finance and Resource Director, Alexandra Palace Charitable Trust**

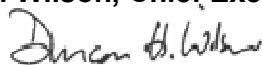
1. Purpose

1.1 This paper sets out the provisional results for the Trust for the year ended 31 March 2014

2. Recommendations

2.1 The Board is asked to note the performance of the Trust for the year ended 31 March 2014

Report Authorised by: **Duncan Wilson, Chief Executive Alexandra Place and Park Trust**



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3. Executive Summary

3.1 The provisional annual deficit of the Trust and Trading Company was £1,920k. This is £480k less than the budget deficit of £2,400k.

3.2 Lower expenditure on regeneration accounted for £372k of the £480k underspend against budget. The difference relates mainly to the timing of professional fee expenditure and a staff vacancy.

3.3 The deficit was £198k more than 2012/13 largely because of lower gift aid from the Trading Company, which had an exceptional year in 2012/13 as a result of the Heineken Holland House event during the Olympics.

3.4 Capital expenditure net of grants from third parties increased by 17% to £829k. Gross of grants from English Heritage and the Heritage Lottery Fund it increased 45% to £1,131k.

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 N/A

6 Results for the year – Trust and Trading combined

The provisional consolidated result of the Trust and Trading Company are shown in Table 1 below.

Sales and Grant Income

Trading sales were 17% higher than budget and 2% above 2012/13's exceptional result. Trust income other than grants was also up against budget and last year as a result of a number of factors including the 150th anniversary event and additional income following renegotiation of some of the telecoms contracts. Regen income was below budget as a result of the slippage of the HLF phase 1 work. The overall timetable for this project is unaffected but more of the activity will be taking place in 2014/15 than originally envisaged.

Table 1 – Provisional consolidated results for the year

2012/3	£'000		2013/14	
Actual		Budget	Actual	Variance
SALES & GRANT INCOME				
8,151	Trading Company	7,125	8,339	+1,214
380	Trust excluding Regen	393	534	+141
-	Trust - Regen	705	99	-606
8,531		8,222	8,972	+750
EXPENDITURE				
(8,150)	Trading Company	(6,325)	(7,383)	-1,059
(2,779)	Trust excluding Regen	(2,743)	(2,931)	-188
(586)	Trust - Regen	(1,555)	(577)	+978
(11,514)		(10,622)	(10,891)	-269
(DEFICIT)/SURPLUS				
1,262	Trading Company	800	956	+156
(2,399)	Trust excluding Regen	(2,350)	(2,397)	-47
(1,137)		(1,550)	(1,441)	+108
(586)	Trust - Regen	(850)	(478)	+372
(1,722)		(2,400)	(1,920)	+480
CAPITAL EXPENDITURE				
199	Trading Company		152	
507	Trust - net of grants		677	
706			829	

Expenditure

Trading Company expenditure includes both cost of sales and overheads. Cost of sales were proportionately higher than budget and 2012/13 because of the different sales mix. Trading Company overheads were also above budget largely as a consequence of unallocated stock movements, the investment in the new website and the recruitment of new staff to strengthen the Events team. Overall, however, the Trading Company delivered a profit nearly 30% higher than budget. The stock issue is currently being addressed with the installation of an EPOS and stock control system.

Trust expenditure other than Regen was £188k more than budgeted, largely on additional backlog maintenance on the Palace, but 75% of this was covered by additional income. Regen costs were lower than budgeted for the reasons given above.

Deficit/Surplus

Before Regeneration costs the deficit was £108k lower than budget. After Regen it was £480k lower than budget. More details of the Trust's income and expenditure by its main areas of activity is given in Table 2.

Table 2 – Provisional Trust results for the year ended 31/3/14

2012/13	£'000		2013/14	
Actual		Budget	Actual	Variance
	INCOME			
56	Palace	262	320	+58
144	Park	131	209	+78
(0)	Learning, Theatre & BBC Studios	-	6	+6
380	Total Before Regen	393	534	+141
-	Regen - Project team	-	4	+4
-	Regen - HLF Phase 1	705	95	-610
380	TOTAL INCOME	1,097	633	+145
	EXPENDITURE			
(1,383)	Palace	(1,573)	(1,735)	-162
(201)	Ice Rink Dep'n and Interest	(200)	(201)	-1
(503)	Park	(476)	(535)	-59
(1)	Learning, Theatre & BBC Studios	(21)	(21)	+0
(0)	Office Management	(101)	(105)	-4
(690)	CEO's Office	(372)	(335)	+37
(2,779)	Total Before Regen	(2,743)	(2,931)	-188
(491)	Regen - Project team	(356)	(360)	-4
(74)	Regen - HLF Phase 1	(943)	(152)	+792
(20)	Regen - Hotel/Market Testing	(255)	(65)	+190
(3,364)	TOTAL EXPENDITURE	(4,297)	(3,508)	-192
	DEFICIT			
(1,327)	Palace	(1,311)	(1,415)	-104
(201)	Ice Rink Dep'n and Interest	(200)	(201)	-1
(360)	Park	(345)	(327)	+19
(1)	Learning, Theatre & BBC Studios	(21)	(15)	+5
(0)	Office Management	(101)	(105)	-4
(509)	CEO's Office	(372)	(335)	+37
(2,399)	Total Before Regen & gift aid	(2,350)	(2,397)	-48
(491)	Regen - Project team	(356)	(356)	-0
(74)	Regen - HLF Phase 1	(239)	(57)	+182
(20)	Regen - Hotel/Market Testing	(255)	(65)	+190
(2,985)	TOTAL DEFICIT before gift aid	(3,200)	(2,876)	-48
580	Capital Expenditure		979	
(73)	less EH and HLF Grants		(302)	
507	Total		677	

The Trust's capital expenditure by major project is summarised in Table 3.

Table 3 – Trust Capital Expenditure for the year

<i>£'000</i>	<i>External Grant Income</i>	<i>Expenditure</i>	<i>Net</i>
Colonnade Project	236	416	180
Prop Purchase	-	63	63
Theatre works	-	52	52
SE Pavillion Project	37	98	61
West Hall Floor	-	44	44
Security Room	-	39	39
North Wall	-	32	32
Road Resurfacing	-	31	31
Park Lighting	-	29	29
Lifts	-	25	25
Transmitter Hall	30	48	19
Other <£20k	-	102	102
	302	979	677

7 Funding from Haringey

The Trust's revenue deficit is supported by a revenue allocation from Haringey. In recent years this has been set at £2,150k on the understanding that the Trust will make an operating cash deficit after loan repayments of no more than £1,650k, thus creating headroom of £500k per year to spend on regeneration, and that any unspent headroom could be retained carried forward to use against future regeneration costs.

At the start for 2013/14 the Trust brought forward £870k of unspent revenue allocation. The provisional result shows that the carry forward into 2014/14 will be £1,069. In February 2014 the Trust Board was presented with a plan for how this underspend will be used up over the next few years. These results are in line with that plan and we remain on track.

Table 4 – Haringey funding summary

£'000		2013/14	2013/14	
		Budget	Provisional	Variance
REVENUE				
	Revenue underspend b/f	870	870	-
	LBH Revenue Allocation	2,150	2,150	-
	Resources available	3,020	3,020	-
	Trust cash deficit excl Regen	(1,631)	(1,472)	+159
	Gift Aid	800	956	+156
	Trust excl Regen	(2,400)	(2,397)	+3
	Add back depreciation	122	122	-
	Ice Rink loan repayments	(140)	(140)	-
	SIF repayments	(13)	(13)	-
	Regen	(850)	(478)	+372
	Revenue underspend c/f	539	1,069	+530
CAPITAL				
	Trust capital underspend b/f	314	314	-
	LBH Capital Allocation	500	500	-
	Vire from Revenue		-	-
	Resources available	814	814	-
	Trust Capital expenditure	(814)	(677)	+137
	Trust capital underspend c/f	-	137	+137
	APTL Capital	170	152	-18

The Trust's capital costs are supported in a different way. The Trust receives an annual grant to cover its basic maintenance of £500k per year. If the Trust spends less than this the grant is reduced but the underspend is carried forward.

7 Legal Implications

- 7.1 The Council's Assistant Director, Corporate Governance has been consulted in the preparation of this report, and has no comments.

8 Financial Implications

- 8.1 The Council's Chief Financial Officer notes the positive financial position reported and has no additional comments to make.