

## ALEXANDRA PARK AND PALACE ACCOUNTS

### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 1997

|   | Resources<br>Arising<br>1996/97<br>£000's | Resources<br>Used<br>1996/97<br>£000's | Net Resources<br>Used<br>1996/97<br>£000's | Net Resources<br>Used<br>1995/96<br>£000's |
|---|---|--|--|--|
| <b>Direct Charitable Activities:</b>                            |   |  |  |  |
| <b>Trust Activities</b>   |   |  |  |  |
| Events  | (3,744)                                   | 3,526                                  | (218)                                      | 633  |
| Ice Rink  | (539)                                     | 737                                    | 198  | 129  |
| Phoenix Pub   | (472)                                     | 457                                    | (15)                                       | (75)                                       |
| Park and Concessions  | (106)                                     | 295                                    | 189  | 194  |
| <b>Sub Total</b>  | <b>(4,861)</b>                            | <b>5,015</b>                           | <b>154</b>                                 | <b>881</b>                                 |
| <b>Other Expenditure:</b>                                       |   |  |  |  |
| Management and Administration                                   |   | 572                                    | 572  | 363  |
| Interest  |   | 998                                    | 998  | 834  |
| <b>Net Movement in Funds</b>                                    | <b>(4,861)</b>                            | <b>6,585</b>                           | <b>1,724</b>                               | <b>2,078</b>                               |
| <b>Deficit Fund Balances Brought Forward at 1st April 1996</b>  |   |  | <b>10,060</b>                              | <b>7,982</b>                               |
| <b>Deficit Fund Balances Carried Forward at 31st March 1997</b> |   |  | <b>11,784</b>                              | <b>10,060</b>                              |

# ALEXANDRA PARK AND PALACE ACCOUNTS

## BALANCE SHEET AT 31ST MARCH 1997

|   |               | 31st March<br>1997<br>£000's | 31st March<br>1996<br>£000's |
|---|---------------|------------------------------|------------------------------|
| <b>Fixed Assets:</b>  | <b>Notes:</b> |                              |                              |
| Fixed Assets  | 3             | 0                            | 0                            |
| <b>Total Fixed Assets</b>   |               | <b>0</b>                     | <b>0</b>                     |
| <b>Current Assets:</b>  |               |                              |                              |
| Debtors   | 4             | 281                          | 337                          |
| Stock   | 5             | 161                          | 190                          |
| Cash at Bank and in Hand  | 6             | 5,135                        | 3,366                        |
| <b>Total Current Assets</b>                                       |               | <b>5,577</b>                 | <b>3,893</b>                 |
| <b>Liabilities:</b>   |               |                              |                              |
| Income in Advance   | 6             | (401)                        | (398)                        |
| Creditors   | 6             | (472)                        | (412)                        |
| London Borough of Haringey: Bank Account                          | 6             | (5,119)                      | (3,358)                      |
| <b>Total Liabilities:</b>   |               | <b>(5,992)</b>               | <b>(4,168)</b>               |
| <b>Net Current Assets</b>   |               | <b>(415)</b>                 | <b>(275)</b>                 |
| <b>Total Assets Less Current Liabilities</b>                      |               | <b>(415)</b>                 | <b>(275)</b>                 |
| <b>Liabilities: Amounts Falling Due After More Than One Year:</b> |               |                              |                              |
| London Borough of Haringey : Indemnification                      | 7             | (11,320)                     | (9,742)                      |
| Loan Account  | 8             | (49)                         | (43)                         |
| <b>Total Long Term Liabilities</b>                                |               | <b>(11,369)</b>              | <b>(9,785)</b>               |
| <b>Total Net Assets</b>   |               | <b>(11,784)</b>              | <b>(10,060)</b>              |

|  |   |                 |                 |
|--|---|-----------------|-----------------|
| <b>Accumulated Funds:</b>                  |   |                 |                 |
| Unrestricted Funds (Deficit)               | 9 | (11,784)        | (10,060)        |
| <b>TOTAL: Unrestricted Funds (Deficit)</b> |   | <b>(11,784)</b> | <b>(10,060)</b> |

# ALEXANDRA PARK AND PALACE ACCOUNTS

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1997

|  | 1996/97<br>£000's |
|--|-------------------|
| <b>Reconciliation of Changes in Resources<br/>to Net Cash Inflow from Operating Activities:-</b> |                   |
| Change in Resources  | (1,724)           |
| Decrease in Stocks   | 29                |
| Decrease in Debtors  | 56                |
| Increase in Creditors  | 1,824             |
| Increase in Long Term Creditors  | 1,578             |
| Other Balances   | 6                 |
| <b>Net Cash Inflow from Operating Activities</b>   | <b>1,769</b>      |
| <b>Cashflow Statement:</b>   |                   |
| Net Cash Inflow from Operating Activities  | 1,769             |
| <b>Increase in cash</b>  | <b>1,769</b>      |
| <b>Cash at 1st April 1996</b>  | <b>3,366</b>      |
| <b>Cash at 31st March 1997</b>   | <b>5,135</b>      |

## NOTES TO CASHFLOW STATEMENT

### 1. ANALYSIS OF CHANGES IN CASH

|                          | 31st March 1997<br>£000's | 31st March 1996<br>£000's | Change in Year<br>£000's |
|--------------------------|---------------------------|---------------------------|--------------------------|
| Cash in bank and in hand | 5,135                     | 3,366                     | 1,769                    |
| <b>TOTAL</b>             | <b>5,135</b>              | <b>3,366</b>              | <b>1,769</b>             |

# ALEXANDRA PARK AND PALACE

## ACCOUNTING POLICIES

### 1. BASIS OF ACCOUNTING

These accounts incorporating a Statement of Financial Activities, have been prepared in accordance with the Statement of Recommended Practice (SORP) on 'Accounting by Charities' and applicable accounting standards.

### 2. ACCRUALS OF INCOME AND EXPENDITURE (SSAP2)

The revenue account is prepared on an income and expenditure basis. The accounts reflect income due to the Trust at the 31st March 1997, not received, and expenditure owed by the Trust not paid.

### 3. GOING CONCERN

Alexandra Park and Palace is a going concern in so far that the London Borough of Haringey has provided support for previous years deficits. It is the current policy of the London Borough of Haringey to continue providing this support, until such time as responsibility for the assets has been passed to a private developer and the support of the Council is no longer required.

All the revenue deficits incurred fall due to the London Borough of Haringey and are included in the creditor shown on the balance sheet.

### 4. ALLOCATION OF EXPENDITURE

Charitable expenditure and administration costs comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources.

Management and administration costs are those incurred in connection with the management of the Charities assets, organisational administration and compliance with constitutional and statutory requirements.

### 5. SEGMENTAL REPORTING (SSAP25)

In accordance with accounting practices this year's Statement of Financial Activities reflects the different types of services the Trust provides, and allocates the costs of those activities on a fair and equitable basis to arrive at the net movement in resources for each segment.

The purpose of this format is to enable the reader of these accounts to understand more fully the type of activities carried out by the Trust and the resources generated and utilised in pursuance of those activities.

### 6. MAJOR EVENTS

Two major changes are reflected in this years accounts. These changes are due to significant amendments taking place to prior years accounts, which are still subject to audit, namely the 1994/95 and 1995/96 accounts.

There has been a clarification of the relationship between the Trust and the London Borough of Haringey in terms of amounts due between the two parties, which have been subject to a decision by the Attorney General. This is reflected by the writing down of the amount due to the London Borough of Haringey, in the 1994/95 accounts, therefore affecting the balance carried forward, and the creation of a liability in respect of amounts due in accordance with the decision of the Attorney General.

The amount due is a reflection of the operational deficits that the Park and Palace incurred in the years 1991/92 to 1996/97 with interest. Additionally, a provision in respect of the revenue deficits for 1988/89 to 1990/91 has also been provided for with interest, as the London Borough of Haringey continues to pursue these amounts.

The accounts have also been amended to reflect the writing out of the historical costs of the asset including the permanent endowment and subsequent capital costs, to one that reflects the inalienable nature of the asset.

# ALEXANDRA PARK AND PALACE

## ACCOUNTING POLICIES

Due to the significant nature of both these transactions it has been necessary to change the accounts of those prior years which have yet to receive an audit opinion.

### 7. BASIS OF CONSOLIDATION

The accounts of Alexandra Park and Palace reflect the only activities of the Trust, which are entirely of an unrestricted nature.

### 8. THE RELATIONSHIP BETWEEN THE TRUST AND THE LONDON BOROUGH OF HARINGEY

The relationship between Alexandra Park and Palace and the London Borough of Haringey is as set out in the Alexandra Park and Palace Act 1985 in that it 'confers powers on the Council of the London Borough of Haringey to act as Trustees with respect to the Alexandra Park and Palace'.

The day to day management of the Trust is undertaken by a board of 12 Councillors nominated by the London Borough of Haringey. These Councillors have responsibilities as Trustees for Alexandra Park and Palace.

All of the employees of the Trust are formally employees of the London Borough of Haringey and are included within the Council's pension arrangements.

In view of uncertainty created by the complex legislative position, the Council has resolved to seek the Directions of the Court regarding the precise duties of the Council as Trustees of Alexandra Palace and Park. The Directions are not expected to be received until 1999.

### 9. PERMANENT ENDOWMENT

The freehold and fixed assets of the Trust cannot under the terms of the Alexandra Park and Palace Act be disposed of. Under the terms of the Charities Act 1993 and the SORP these are inalienable assets and may be considered a permanent endowment. These assets have been included in the accounts at a nil value.

### 10. VALUATION OF FIXED ASSETS

The Act which establishes the Trust and set down the framework within which it should operate was found to be restrictive and it has been accepted that a Parliamentary Scheme is necessary before any redevelopment can take place.

The terms of the Alexandra Park and Palace Act are such that the asset cannot be disposed of and the value at which it is shown in the accounts is nil.

### 11. VALUATION OF STOCK

Stock is valued at the lower of cost or net realisable value.

### 12. BANK ACCOUNT

The Alexandra Park and Palace bank account is included within the arrangements for the London Borough of Haringey's pooled account. This amount is included in the balance sheet both as an asset and as a creditor due to the London Borough of Haringey.

### 13. CURRENT LIABILITIES

Income in advance is comprised of those payments which have been received in respect of events which will be taking place in future years.

The bank account for the Trust is part of the London Borough of Haringey's pooled bank account and reflects income received in respect of current and prior years.

### 14. CURRENT LIABILITIES - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

These accounts reflect the decision of the Attorney General committing indemnification for the sums 1991/92 to 1996/97. The London Borough of Haringey may also be entitled to indemnification in respect of the years 1988/89 to 1990/91 and this amount has also been provided for in the accounts.

Both these amounts include interest charged

for the outstanding revenue deficits at the Council's Loan Pool Rate, which in 1996/97 was 9.944%

## **15. TRUSTEES' FUNDS**

The unrestricted fund equity represents the accumulated surpluses and deficits of the Trust.

## **16. RELATED PARTY TRANSACTIONS**

Due to the close and unique relationship between the London Borough of Haringey and Alexandra Park and Palace there are a significant number of transactions between the two parties. The extent of this relationship is detailed in a note to the accounts.

## **17. LEASES**

Parts of the Trusts assets are subject to leasing arrangements some of which are currently in the process of being negotiated.

## **18. PRIVATE DEVELOPER**

In 1996/97 the Trust carried out a development competition for a private developer to take over the running of Alexandra Park and Palace. The preferred developer from that process offered a sum of £11.775 million plus a potential share of profits. Subsequent negotiations between the Trust and its preferred developers have however identified that a reduced capital sum is likely to be receivable as a smaller scheme is being discussed.

# ALEXANDRA PARK AND PALACE

## NOTES TO THE ACCOUNTS

### 1. BREAKDOWN OF EXPENDITURE AND INCOME

The Trust undertakes various activities in the furtherance of its charitable activities and the resources that it generates as a result are illustrated in the table below. This table clearly indicates the types of expenditure being incurred on those activities: direct salaries, wages and casual staffing costs; direct costs fully attributable to the individual activities such as the purchase of catering supplies, services purchased relating to activities; and allocated overheads which represent those costs relating to the use of the assets of the trust and the sections whose staff provide services to all the individual activities.

Management and administration costs are those incurred in connection with the management of the Charities assets, organisational administration and compliance with constitutional and statutory requirements.

The interest paid relates to that due to the London Borough of Haringey in respect of the indemnification and provision, for previous years revenue deficits, as discussed fully in note 7 to these accounts.

|  | Direct Staffing Costs<br>£000's | Direct Costs<br>£000's | Allocated Overheads<br>£000's | Total Expenditure<br>£000's | Total Income<br>£000's | Net Expenditure<br>£000's |
|--|---------------------------------|------------------------|-------------------------------|-----------------------------|------------------------|---------------------------|
| <b>Direct Charitable Expenditure/Income:</b> |                                 |                        |                               |                             |                        |                           |
| <b>Trust Activities</b>                      |                                 |                        |                               |                             |                        |                           |
| Events                                       | 757                             | 1,307                  | 1,462                         | 3,526                       | (3,744)                | (218)                     |
| Ice Rink                                     | 196                             | 165                    | 376                           | 737                         | (539)                  | 198                       |
| Phoenix Pub                                  | 167                             | 203                    | 87                            | 457                         | (472)                  | (15)                      |
| Other  | 192                             | 70                     | 33                            | 295                         | (106)                  | 189                       |
| <b>Total Resources Arising/Used in Year</b>  | <b>1,312</b>                    | <b>1,745</b>           | <b>1,958</b>                  | <b>5,015</b>                | <b>(4,861)</b>         | <b>154</b>                |
| <b>Other:</b>                                |                                 |                        |                               |                             |                        |                           |
| Management and Administration                | 230                             | 255                    | 87                            | 572                         |                        | 572                       |
| Interest                                     |                                 | 998                    |                               | 998                         |                        | 998                       |
| <b>Total Expenditure and Income</b>          | <b>1,542</b>                    | <b>2,998</b>           | <b>2,045</b>                  | <b>6,585</b>                | <b>(4,861)</b>         | <b>1,724</b>              |

# ALEXANDRA PARK AND PALACE

## NOTES TO THE ACCOUNTS

### 2. ANALYSIS OF RESOURCES USED

The table below shows a breakdown of the total expenditure of the Park and Palace in 1996/97.

| Total Expenditure                  | 1996/97<br>£000's | 1995/96<br>£000's |
|------------------------------------|-------------------|-------------------|
| <b>Staff Costs:</b>                |                   |                   |
| Wages and Salaries                 | 2,285             | 2,244             |
| Social Security Costs              | 114               | 106               |
| Pension Costs                      | 60                | 43                |
| <b>TOTAL STAFF COSTS</b>           | <b>2,459</b>      | <b>2,393</b>      |
| <b>Other Expenditure:</b>          |                   |                   |
| Catering Costs                     | 654               | 649               |
| Supplies and Services              | 636               | 706               |
| Transport                          | 21                | 11                |
| Rates                              | 87                | 84                |
| Repairs, Maintenance and Equipment | 422               | 340               |
| Insurance                          | 234               | 220               |
| Utilities                          | 263               | 288               |
| Marketing                          | 112               | 161               |
| Park Contract                      | 193               | 211               |
| Office Expenses                    | 245               | 244               |
| Interest                           | 998               | 834               |
| Development Costs                  | 201               | -                 |
| Provision                          | 60                | -                 |
| <b>EXPENDITURE</b>                 | <b>4,126</b>      | <b>3,748</b>      |
| <b>TOTAL EXPENDITURE</b>           | <b>6,585</b>      | <b>6,141</b>      |

### 3. VALUATION OF FIXED ASSETS

The valuation of fixed assets reflects the inalienable nature of the assets of Alexandra Park and Palace and the value shown in the balance sheet is Nil.

### 4. DEBTORS

| Debtors             | 31.03.97<br>£000's | 31.03.96<br>£000's |
|---------------------|--------------------|--------------------|
| Payments in Advance | 192                | 158                |
| Other               | 89                 | 179                |
| <b>TOTAL</b>        | <b>281</b>         | <b>337</b>         |

Payments in Advance principally relates to annual insurance payments.

### 5. STOCK

Stocks valued at £161,000 as at the 31st March 1997 (£190,000 in 1995/96) consist of beverages, food, and other items, which are valued at the lower of cost or realisable value (as prepared by independent professional valuers).

### 6. CURRENT LIABILITIES

| Amounts Falling Due Within One Year       | 1997<br>£000's | 1996<br>£000's |
|---|----------------|----------------|
| Creditors                                 | 472            | 412            |
| Income in Advance                         | 401            | 398            |
| London Borough of Haringey - Bank Account | 5,119          | 3,358          |
| <b>TOTAL</b>                              | <b>5,992</b>   | <b>4,168</b>   |

Income in Advance comprises payments received in respect of events which will take place in future years.

The bank account is part of the London Borough of Haringey's pooled account. This amount is shown both as an asset and a liability to the trust as the bank account is due in its entirety to the London Borough of

# ALEXANDRA PARK AND PALACE

## NOTES TO THE ACCOUNTS

Haringey, the difference between the two sums of £16,000 relates to the Trusts cash float which is not part of that liability.

### 7. LONG TERM LIABILITIES: LONDON BOROUGH OF HARINGEY

| London Borough of Haringey                      | Deficit £000's | Interest £000's | Total £000's  |
|---|----------------|-----------------|---------------|
| Indemnification:-<br>1991/92 to<br>1994/95 (1)  | 5,005          | 2,500           | 7,505         |
| Indemnification:-<br>1995/96 and<br>1996/97 (2) | 1,874          | 229             | 2,103         |
| Provision:-<br>1988/89 to<br>1990/91 (3)        | 755            | 957             | 1,712         |
| <b>TOTAL</b>                                    | <b>7,634</b>   | <b>3,686</b>    | <b>11,320</b> |

- This is the amount which the Treasury Solicitor has agreed that the London Borough of Haringey is entitled to, in respect of expenditure incurred due to operational deficits in the financial years 1991/92 to 1994/95.
- This is the amount relating to the operational deficits for 1995/96 and 1996/97 to which the Treasury Solicitor has agreed in principle that the London Borough of Haringey is entitled to, but the final value for which has yet to be formally agreed.
- The London Borough of Haringey may also be entitled to indemnification in respect of the operational deficits in 1988/89 to 1990/91, so this amount has also been provided for.

In view of uncertainty created by the complex legislative position, the Council has resolved to seek the Directions of the Court regarding the precise duties of the Council as Trustees of Alexandra Palace and Park. The Directions are not expected to be received until 1999 and should determine the Trustees obligations to meet the liability noted above.

### 8. LOAN ACCOUNT

This is in respect of a brewery loan which was taken out for the Phoenix Pub. It takes the form of an advanced discount repayable from future beer purchases.

### 9. TRUSTEES FUNDS

The amount of £11,784,000 represents the deficit equity of the Trust.

### 10. INLAND REVENUE

The Inland Revenue is currently investigating the activities of the Trust. The Trustee's dispute that any of the activities of the Trust are of a profitable nature.

### 11. EMPLOYEES

#### 11.1 EMPLOYEES EARNING £40,000 PER ANNUM OR MORE

| Employees earning £40,000 per annum or more | Number |
|---|--------|
| £50,000 - £59,999                           | 1      |
| £70,000 - £79,999                           | 1      |

#### 11.2 AVERAGE NUMBER OF EMPLOYEES

The average number of employees analysed by function, is shown in the table below

| Employee Number | 1996/97    | 1995/96    |
|-----------------|------------|------------|
| Catering        | 49         | 37         |
| Phoenix Pub     | 35         | 33         |
| Ice Rink        | 45         | 33         |
| Security        | 10         | 13         |
| Operations      | 21         | 22         |
| Administration  | 55         | 55         |
| <b>TOTAL</b>    | <b>215</b> | <b>193</b> |

The table above includes both full time employees and casual staff. The number of full time salaried employees in 1996/97 was 54 (59 in 1995/96).

# ALEXANDRA PARK AND PALACE

## NOTES TO THE ACCOUNTS

### 11.3 EMPLOYEES SALARIES

The salaries paid to full and part-time employees in 1996/97 is illustrated in the table below.

| Employees Salaries and Wages | 1996/97<br>£000's | 1995/96<br>£999's |
|------------------------------|-------------------|-------------------|
| Catering                     | 308               | 290               |
| Phoenix Pub                  | 72                | 67                |
| Ice Rink                     | 208               | 177               |
| Security                     | 169               | 169               |
| Operations                   | 237               | 195               |
| Administration               | 620               | 551               |
| <b>TOTAL</b>                 | <b>1,614</b>      | <b>1,449</b>      |

### 12. RELATED PARTY TRANSACTIONS

Due to the nature of the relationship between Alexandra Park and Palace and the London Borough of Haringey there are a number of significant related party transactions. Although these amounts are consolidated into the Trust Accounts, due to the unique nature and structure of the relationship it thought appropriate to disclose these items and they are illustrated in the following table.

The staffing costs reflect those payments made in respect of Haringey employees who are seconded to the Trust. This table excludes those items directly paid by the Trust such as agency staff payments.

| Related Party Transactions | 1996/97<br>£000's |
|----------------------------|-------------------|
| Staffing Costs             | 1,555             |
| Rates                      | 87                |
| Central Administration     | 87                |
| Insurance                  | 274               |
| Entertainment Licences     | 33                |
| Development Costs          | 165               |
| Cash Collection            | 1                 |
| Printing                   | 2                 |
| Services - Security        | 1                 |
| <b>TOTAL</b>               | <b>2,205</b>      |

### 13. RESTATEMENT OF COMPARATIVE FIGURES

Due to the implementation of the SORP 'Accounting for Charities' and the Attorney General's decisions, the 1995/96 accounts will be restated. The tables below illustrates the changes made to the accounts that were published in December 1996.

The 1995/96 accounts have not been finalised due the outstanding objection in the Council's accounts and it is expected that the adjustments shown below will be put through those accounts before they are finalised.

| Restatement of 1995/96<br>Statement of Financial<br>Activities | £000's         |
|--|----------------|
| Published Unaudited Accounts                                   |                |
| Revenue Account Deficit  | (7,213)        |
| Audit Accrual Adjustments                                      | ( 58)          |
| Restatement Adjustments:-                                      |                |
| Depreciation written back on asset written off (see below)     | 1,646          |
| Reduction of Interest Payable                                  | 3,696          |
| Recategorisation of maintenance expenditure                    | (149)          |
| <b>Restated Deficit 1995/96</b>                                | <b>(2,078)</b> |

| Restatement of 1995/96<br>Balance Sheet         | £'000s        |
|---|---------------|
| Published Unaudited Accounts                    |               |
| Balance Brought Forward                         | (4,927)       |
| Audit Accrual Adjustments                       | (58)          |
| Bank Account previously netted off              | 3,358         |
| Haringey Council Creditor previously netted off | (3,358)       |
| Restatement Adjustments:-                       |               |
| Fixed Assets written off                        | (50,158)      |
| Reduction of Haringey Council Liability         | 45,083        |
| <b>Restated Balance Sheet</b>                   | <b>10,060</b> |

# ALEXANDRA PARK AND PALACE NOTES TO THE ACCOUNTS

## 14. AUDIT FEES

The external audit for these accounts is provided by the District Audit Service as part of the overall audit of the Council's accounts. The fee of the District Audit Service is met by the Council. The Charity Commission has required that the Board commission an audit by a Registered Auditor for 1996/97. The fee for this audit is £16,000.