

ALEXANDRA PALACE AND PARK ACCOUNTS

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 1998

	Resources Arising 1997/98 £000's	Resources Used 1997/98 £000's	Net Resources Used 1997/98 £000's	Net Resources Used 1996/97 £000's
Direct Charitable Activities:				
Trust Activities				
Events	(3,755)	3,648	(107)	(218)
Ice Rink	(623)	707	84	198
Phoenix Pub	(565)	551	(14)	(15)
Park and Concessions	(86)	249	163	189
Sub Total	(5,029)	5,155	126	154
Other Expenditure:				
Management and Administration		382	382	572
Interest		1,157	1,157	998
Net Movement in Funds	(5,029)	6,694	1,665	1,724
Deficit Fund Balances Brought Forward at 1st April 1997			11,784	10,060
Deficit Fund Balances Carried Forward at 31st March 1998			13,449	11,784

ALEXANDRA PALACE AND PARK ACCOUNTS

BALANCE SHEET AT 31ST MARCH 1998

		31st March 1998 £000's	31st March 1997 £000's
Fixed Assets:	Notes:		
Fixed Assets	3	0	0
Total Fixed Assets		0	0
Current Assets:			
Debtors	4	150	281
Stock	5	153	161
Cash at Bank and in Hand	6	888	5,135
Total Current Assets		1,191	5,577
Liabilities:			
Income in Advance	6	(251)	(401)
Creditors	6	(450)	(472)
London Borough of Haringey: Bank Account	6	(871)	(5,119)
Provisions		(30)	-
Total Liabilities:		(1,602)	(6,052)
Net Current Assets		(411)	(475)
Total Assets Less Current Liabilities		(411)	(475)
Liabilities: Amounts Falling Due After More Than One Year:			
London Borough of Haringey : Indemnification	7	(12,992)	(11,260)
Loan Account	8	(46)	(49)
Total Long Term Liabilities		(13,038)	(11,309)
Total Net Assets		(13,449)	(11,784)

Accumulated Funds:			
Unrestricted Funds (Deficit)	9	(13,449)	(11,784)
TOTAL: Unrestricted Funds (Deficit)		(13,449)	(11,784)

ALEXANDRA PALACE AND PARK ACCOUNTS

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1998

	1997/98 £000's	1996/97 £000's
Reconciliation of Changes in Resources to Net Cash Inflow from Operating Activities:-		
Change in Resources	(1,665)	(1,724)
Decrease in Stocks	8	29
Decrease in Debtors	131	56
Decrease in Creditors	(4,450)	1,824
Increase in Long Term Creditors	1,732	1,538
Other Balances	(3)	6
Net Cash Inflow from Operating Activities	(4,247)	1,769
Cashflow Statement:		
Net Cash Inflow from Operating Activities	(4,247)	1,769
Increase in cash	(4,247)	1,769
Cash at 1st April 1997	5,135	3,366
Cash at 31st March 1998	888	5,135

NOTES TO CASHFLOW STATEMENT

1. ANALYSIS OF CHANGES IN CASH

	31st March 1998 £000's	31st March 1997 £000's	Change in Year £000's
Cash in bank and in hand	888	5,135	4,247
TOTAL	888	5,135	4,247

ALEXANDRA PALACE AND PARK

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 but not received at 31st March 1998, and expenditure owed by the Trust, but not paid.

3. GOING CONCERN

Alexandra Palace and Park is a going concern in so far that Haringey Council has provided support for previous years' deficits. It is the Council's current policy to continue providing this support until responsibility for the assets passes to a private developer and the support of the Council is no longer required.

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

4. ALLOCATION OF EXPENDITURE

Charitable expenditure and administration costs count as direct expenditure. This includes 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 service the Trust provides. It allocates the costs of those activities on a fair and equitable basis

to arrive at the net movement in resources for each segment.

This format is used to enable the reader of these accounts to understand more fully the type of activity carried out by the Trust and the resources generated and utilised to pursue those activities.

6. BASIS OF CONSOLIDATION

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

7. THE RELATIONSHIP BETWEEN THE TRUST AND THE LONDON BOROUGH OF HARINGEY

The relationship between Alexandra Palace and Park and Haringey Council 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 Palace and Park".

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

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

Because the uncertainty created by the complex legislative position, the Council has resolved to ascertain the legal position regarding the precise duties of the Council as Trustees of Alexandra Palace and Park. The legal directions are not expected to be received until 1999.

8. PERMANENT ENDOWMENT

Under the terms of the Alexandra Palace and Park Act, the freehold and fixed assets of the Trust cannot 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.

ALEXANDRA PALACE AND PARK ACCOUNTING POLICIES

9. VALUATION OF FIXED ASSETS

The Act which established the Trust and set down the framework within which it should operate was found to be restrictive. It has been accepted that a Parliamentary Scheme is necessary before any redevelopment can take place. Because the asset cannot be disposed of, the value at which it is shown in the accounts is nil.

10. VALUATION OF STOCK

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

11. BANK ACCOUNT

The Alexandra Palace and Park 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.

12. CURRENT LIABILITIES

Income in advance is made of payments which have been received for events which will take place in future years.

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

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

These accounts reflect the decision of the Attorney General confirming indemnification for the revenue deficits for 1991/92 to 1997/98. 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, which in 1997/98 was 10.05%.

14. TRUSTEES FUNDS

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

15. RELATED PARTY TRANSACTIONS

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

16. LEASES

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

17. PRIVATE DEVELOPER

In 1996/97, the Trust carried out a competition to find a private developer to take over the running of Alexandra Palace and Park. The resulting preferred developer offered a sum of £11,775 million plus a potential share of profits. Subsequent negotiations between the Trust and its preferred developers have, however, revealed that a reduced capital sum is likely to be receivable as a smaller scheme is being discussed.

ALEXANDRA PALACE AND PARK NOTES TO THE ACCOUNTS

1. BREAKDOWN OF EXPENDITURE AND INCOME

The Trust undertakes various activities to further its charitable activities. 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 for the activities, and allocated overheads. These represent costs related to the use of the Trust's assets 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 ¹³relates to that owed to the Haringey Council for the indemnification and provision for previous years revenue deficits, as discussed fully in note 7 to these accounts.

1997/98	Direct Staffing Costs £000's	Direct Costs £000's	Allocated Overheads £000's	Total Expenditure £000's	Total Income £000's	Net Expenditure £000's	1996/97 Net Expenditure £000's
Direct Charitable Expenditure/Income:							
Trust Activities							
Events	802	1,534	1,312	3,648	(3,755)	(107)	(218)
Ice Rink	201	169	337	707	(623)	84	198
Phoenix Pub	208	273	71	551	(565)	(13)	(15)
Other	176	51	21	249	(86)	162	189
Total Resources Arising/Used in Year	1,387	2,027	1,741	5,155	(5,029)	126	154
Other:							
Management and Administration	240	59	83	382		382	572
Interest		1,157		1,157		1,157	998
Total Expenditure and Income	1,627	3,243	1,824	6,694	(5,029)	1,665	1,724

ALEXANDRA PALACE AND PARK

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 1997/98.

TOTAL EXPENDITURE	1997/98 £000's	1996/97 £000's
Staff Costs:		
Wages and Salaries	2,393	2,285
Social Security Costs	101	114
Pension Costs	74	60
TOTAL STAFF COSTS	2,568	2,459
Other Expenditure:		
Catering Costs	721	654
Supplies and Services	796	636
Transport	23	21
Rates	89	87
Repairs, Maintenance and Equipment	241	422
Insurance	261	234
Utilities	267	263
Marketing	139	112
Park Contract	177	193
Office Expenses	228	245
Interest	1,157	998
Development Costs	26	201
Provision	0	60
EXPENDITURE	4,125	4,126
TOTAL EXPENDITURE	6,694	6,585

3. VALUATION OF FIXED ASSETS

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

4. DEBTORS

Debtors	31st March 1998 £000's	31st March 1997 £000's
Payments in Advance	66	192
Other	84	89
TOTAL	150	281

Payments In Advance principally relates to annual insurance payments.

5. STOCK

Stocks valued at £153,000 as at the 31st March 1998 (£161,000 in 1996/97) consists of beverages, food, and other items valued at the lower of cost or realisable value (as prepared by independent professional valuers).

6. CURRENT LIABILITIES

Amounts falling due within one year	31st March 1998 £000's	31st March 1997 £000's
Creditors	450	472
Income in advance	251	401
Haringey Council: Bank Account	871	5119
Provisions	30	-
TOTAL	1,602	5,992

Income in Advance is payments received for events which will take place in future years.

The bank account is part of Haringey Council's pooled account. This amount is shown both as an asset and a liability to the

ALEXANDRA PALACE AND PARK NOTES TO THE ACCOUNTS

Trust as the bank account is owed in its entirety to the council. The difference between the two sums of £17,000 relates to the Trusts cash float and is not part of that liability.

The provisions are in respect of legal cases.

7. LONG TERM LIABILITIES: HARINGEY COUNCIL

	London Borough of Haringey	Deficit £000's	Interest £000's	Total £000's
(1)	Indemnification:- 1991/92 to 1994/95	5,005	3,254	8,259
(2)	Indemnification:- 1995/96 to 1997/98	2,389	460	2,849
(3)	Provision:- 1988/89 to 1990/91	755	1,129	1,884
	TOTAL	8,149	4,843	12,992

- This is the amount which the Treasury Solicitor 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.
- This is the amount relating to the operational deficits for 1995/96 to 1997/98 to which the Treasury Solicitor has agreed in principle that Haringey Council is entitled to. The final value has yet to be formally agreed.
- Haringey Council may also be entitled to indemnification for the operational deficits in 1988/89 to 1990/91, so this amount has also been provided for.

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

8. LOAN ACCOUNT

This concerns 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 £13,449,000 represents the deficit equity of the Trust.

10. INLAND REVENUE

Having taken advice the Trustees feel that in all likelihood the activities of the charity will not give rise to any material taxation liability on the basis that most activities qualify for tax exempt under Section 505 of the Income and Corporal Tax Act 1988. They are satisfied that any activities which do not so qualify are unlikely to have a material exposure to tax. This matter is currently being pursued with the Inland Revenue. On the basis of the above no provision for any tax has been included in these accounts.

11. EMPLOYEES

11.1 EMPLOYEES EARNING £40,000 PER ANNUM OR MORE

Employees Earning £40,000 a year or more	Number
£40,000 - £49,999	3
£50,000 - £59,999	1

11.2 AVERAGE NUMBER OF EMPLOYEES

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

Employee Number	1997/98		1996/97	
Catering	29	(9)	49	(12)
Phoenix Pub	40	(1)	35	(3)
Ice Rink	42	(7)	45	(8)
Security	8	(8)	10	(8)
Operations	11	(10)	21	(9)
Administration	53	(19)	55	(22)
TOTAL	183	(54)	215	(62)

ALEXANDRA PALACE AND PARK NOTES TO THE ACCOUNTS

The table above includes both full time employees and casual staff. The number of full-time and part-time employees in 1997/98 was 54 (62 in 1996/97), as illustrated by the figures shown in brackets.

11.3 EMPLOYEES SALARIES

The salaries paid to full and part-time employees in 1997/98 are illustrated in the table below.

Employees Salaries and Wages	1997/98 £000's	1996/97 £000's
Catering	642	308
Phoenix Pub	208	72
Ice Rink	201	208
Security	58	169
Operations	102	237
Administration	416	620
TOTAL	1,627	1,614

12. RELATED PARTY TRANSACTIONS

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

The staffing costs reflect those payments made to 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	1997/98 £000's	1996/97 £000's
Staffing Costs	1,470	1,555
Rates	89	87
Central Administration	82	87
Insurance	261	274
Entertainment Licences	3	33
Development Costs	-	165
Cash Collection	1	1
Printing	3	2
Services – Security	1	1
TOTAL	1,910	2,205

13. AUDIT FEES

The external audit for these services 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 1997/98.