

# ALEXANDRA PALACE AND PARK ACCOUNTS

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 1999

	Resources Arising 1998/99 £000's	Resources Used 1998/99 £000's	Net Resources Used 1998/99 £000's	Net Resources Used 1997/98 £000's
<b>Direct Charitable Activities:</b>				
<b>Trust Activities</b>				
Events	(3,844)	3,641	(203)	(107)
Ice Rink	(637)	570	(67)	84
Phoenix Pub	(545)	548	3	(14)
Park and Concessions	(134)	570	436	163
<b>Sub Total</b>	<b>(5,160)</b>	<b>5,329</b>	<b>169</b>	<b>126</b>
<b>Other Expenditure:</b>				
Management and Administration		410	410	382
Interest		1,353	1,353	1,157
<b>Net Movement in Funds</b>	<b>(5,160)</b>	<b>7,092</b>	<b>1,932</b>	<b>1,665</b>
<b>Deficit Fund Balances Brought Forward at 1st April 1998</b>			<b>13,449</b>	<b>11,784</b>
<b>Deficit Fund Balances Carried Forward at 31st March 1999</b>			<b>15,381</b>	<b>13,449</b>

The notes on pages 4 to 9 form an integral part of these accounts. There were no other recognised gains or losses in either year except for those dealt with above.

# ALEXANDRA PALACE AND PARK ACCOUNTS

## BALANCE SHEET AT 31ST MARCH 1999

		31st March 1999 £000's	31st March 1998 £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	306	150
Stock	5	167	153
Cash at Bank and in Hand	6	1,624	888
<b>Total Current Assets</b>		<b>2,097</b>	<b>1,191</b>
<b>Liabilities:</b>			
Income in Advance	6	(86)	(251)
Creditors	6	(224)	(450)
London Borough of Haringey: Bank Account	6	(1,608)	(871)
Provisions	6	(30)	(30)
<b>Total Liabilities:</b>		<b>(1,948)</b>	<b>(1,602)</b>
<b>Net Current Assets/(Liabilities)</b>		<b>149</b>	<b>(411)</b>
<b>Total Assets Less Current Liabilities</b>		<b>149</b>	<b>(411)</b>
<b>Liabilities: Amounts Falling Due After More Than One Year:</b>			
London Borough of Haringey : Indemnification	7	(15,530)	(12,992)
Loan Account		(0)	(46)
<b>Total Long Term Liabilities</b>		<b>(15,530)</b>	<b>(13,038)</b>
<b>Total Net Liabilities</b>		<b>(15,381)</b>	<b>(13,449)</b>

<b>Accumulated Funds:</b>			
Unrestricted Funds (Deficit)	8	(15,381)	(13,449)
<b>TOTAL: Unrestricted Funds (Deficit)</b>		<b>(15,381)</b>	<b>(13,449)</b>

Approved by the Board of Trustees on 10 January 2000 and signed on its behalf by:

Councillor Nigel Willimott

The notes on pages 4 to 9 form an integral part of these accounts.

# ALEXANDRA PALACE AND PARK ACCOUNTS

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1999

	1998/99 £000's
<b>Reconciliation of Changes in Resources to Net Cash Inflow from Operating Activities:-</b>	
Change in Resources	(1,932)
Increase in Stocks	(14)
Increase in Debtors	(156)
Increase in Creditors	346
Increase in Long Term Creditors	2,538
Other Balances	(46)
<b>Net Cash Inflow from Operating Activities</b>	<b>736</b>
<b>Cashflow Statement:</b>	
Net Cash Inflow from Operating Activities	736
<b>Increase in cash</b>	<b>736</b>
Cash at 1st April 1998	888
<b>Cash at 31st March 1999</b>	<b>1,624</b>

## NOTES TO CASHFLOW STATEMENT

### 1. ANALYSIS OF CHANGES IN CASH

	31st March 1999 £000's	31st March 1998 £000's	Change in Year £000's
Cash in bank and in hand	1,624	888	736
<b>TOTAL</b>	<b>1,624</b>	<b>888</b>	<b>736</b>

# 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 the 31st March 1999, 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 deficits incurred fall due to 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 Charity's assets, organisational administration and compliance with constitutional and statutory requirements.

The apportionment method for 1998/99 has been reconsidered and revised to provide a more accurate proportion. Therefore, the figures for 1998/99 are not comparable with 1997/98.

## 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 types of activities 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

Under the terms of the 1985 Alexandra Palace and Park Act, the Council is Trustee for the Palace and Park.

The day to day management of the Trust is undertaken by a board of 9 Councillors nominated by Haringey Council. These Councillors have responsibilities as Charity Trustees for Alexandra Palace and Park. All employees of the Trust are formally employees of Haringey Council as trustee and are included in the Council's pension arrangements.

Because of the uncertainty created by the complex legislative position, the Council has decided 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 2000.

# ALEXANDRA PALACE AND PARK ACCOUNTING POLICIES

## 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.

## 9. VALUATION OF FIXED ASSETS

The Act that established the Trust and set down the framework within which it should operate places restrictions on asset disposal. 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 and 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 up of payments that have been received for events that 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 that Haringey Council is entitled to indemnification for the revenue

deficits for 1991/92 to 1998/99. 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 1998/99 was 9.96% (1997/98: 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 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 Trust's 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.

The development proposals can only be progressed following parliamentary approval of amendments to the 1985 Alexandra Palace and Park Act. The amendments being sought will remove the current restrictions on leasing.

# NOTES TO THE ALEXANDRA PALACE AND PARK 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 relating 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 Charity's assets, organisational administration and compliance with constitutional and statutory requirements.

The interest paid is that owed to Haringey Council for the indemnification and provision for previous years' revenue deficits, as discussed fully in note 7 to these accounts.

1998/99	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
<b>Direct Charitable Expenditure/Income:</b>						
<b>Trust Activities</b>						
Events	1,273	1,682	686	3,641	(3,844)	(203)
Ice Rink	198	258	114	570	(637)	(67)
Phoenix Pub	181	270	97	548	(545)	3
Other	253	293	24	570	(134)	436
<b>Total Resources (Arising)/Used in Year</b>	<b>1,905</b>	<b>2,503</b>	<b>921</b>	<b>5,329</b>	<b>(5,160)</b>	<b>169</b>
<b>Other:</b>						
Management and Administration	182	174	54	410		410
Interest		1,353		1,353		1,353
<b>Total Expenditure and Income</b>	<b>2,087</b>	<b>4,030</b>	<b>975</b>	<b>7,092</b>	<b>(5,160)</b>	<b>1,932</b>

# NOTES TO THE ALEXANDRA PALACE AND PARK ACCOUNTS

## 2. ANALYSIS OF RESOURCES USED

The table below shows a breakdown of the total expenditure of the Park and Palace in 1998/99.

Total Expenditure	1998/99 £000's	1997/98 £000's
<b>Staff Costs:</b>		
Wages and Salaries	2,096	2,393
Social Security Costs	89	101
Pension Costs	86	74
<b>TOTAL STAFF COSTS</b>	<b>2,271</b>	<b>2,568</b>
<b>Other Expenditure:</b>		
Catering Costs	659	721
Supplies and Services	1138	797
Transport	28	23
Rates	92	89
Repairs, Maintenance and Equipment	412	241
Insurance	143	261
Utilities	289	267
Marketing	209	139
Park Contract	175	177
Office Expenses	319	228
Interest	1,353	1,157
Development Costs	4	26
<b>EXPENDITURE</b>	<b>4,821</b>	<b>4,126</b>
<b>TOTAL EXPENDITURE</b>	<b>7,092</b>	<b>6,694</b>

## 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	1998/99 £000's	1997/98 £000's
Payments in advance	134	66
Other	172	84
<b>TOTAL</b>	<b>306</b>	<b>150</b>

## 5. STOCK

Stock valued at £167,000 as at the 31st March 1999 (1997/98: £153,000) consist of beverages, food, and other items valued at the lower of cost or net realisable value.

## 6. CURRENT LIABILITIES

Amounts Falling due Within One Year	1998/99 £000's	1997/98 £000's
Creditors	224	450
Income in Advance	86	251
Haringey Council: Bank Account	1,608	871
Provisions	30	30
<b>TOTAL</b>	<b>1,948</b>	<b>1,602</b>

Income in Advance is payments received for events that 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 Trust as the bank account is owed in its entirety to the Council. The difference between the two sums of £15,700 relates to the Trust's cash float and is not part of that liability.

The provisions are in respect of legal cases.

# NOTES TO THE ALEXANDRA PALACE AND PARK ACCOUNTS

## 7. LONG TERM LIABILITIES: HARINGEY COUNCIL

Haringey Council	Deficit £000's	Interest £000's	Total £000's
Indemnification:- 1991/92 to 1994/95 (1)	5,005	4,078	9,083
Indemnification:- 1995/96 to 1998/99 (2)	3,573	802	4,375
Provision:- 1988/89 to 1990/91 (3)	755	1,317	2,072
<b>TOTAL</b>	<b>9,333</b>	<b>6,197</b>	<b>15,530</b>

- This is the amount which the Attorney General 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 1998/99 which the Attorney General 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 from 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 Directions of the Court regarding its precise duties as Trustees of Alexandra Palace and Park. The directions are not expected until 2000.

## 8. TRUSTEES' FUNDS

The amount of £15,381,000 represents the deficit equity of the Trust.

## 9. INLAND REVENUE

The Inland Revenue has concluded that elements of the trading activities are outside the narrow definition of primary purpose and may give rise to a potential tax liability on profits generated. They have also concluded that a potential tax liability does not arise for all years up to and including 1993/94.

The Trust has resolved to conduct all such activity through a wholly owned trading company which covenants profits back to the Trust free of income tax. This company, Alexandra Palace Trading Ltd., commenced trading on 1<sup>st</sup> September 1999.

The Trust is currently in negotiation with Inland Revenue to determine the scope of any liability for the intervening period.

## 10. EMPLOYEES

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

Employees Earning £40,000 per annum or more	Number
£40,000 - £49,999	2
£60,000 - £69,999	1

### 10.2 AVERAGE NUMBER OF EMPLOYEES

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

Employee Number	1998/99		1997/98	
Catering	7	(6)	13	(9)
Phoenix Pub	7	(1)	8	(1)
Ice Rink	17	(8)	17	(7)
Security	7	(7)	8	(8)
Operations	8	(8)	10	(10)
Administration	23	(21)	22	(19)
<b>TOTAL</b>	<b>69</b>	<b>(51)</b>	<b>78</b>	<b>(54)</b>

The table above includes both permanent employees and casual staff (full-time equivalents). The number of permanent employees only in 1998/99 was 51 posts (54 in 1997/98), as illustrated by the figures shown in brackets.

The 1997/98 comparatives have been amended to be on a consistent basis.



# NOTES TO THE ALEXANDRA PALACE AND PARK ACCOUNTS

## 10.3 EMPLOYEES' SALARIES

The salaries paid to full and part-time employees in 1998/99 are illustrated in the table below.

Employees Salaries and Wages	1998/99 £000's	1997/98 £000's
Catering	705	642
Phoenix Pub	181	208
Ice Rink	198	201
Security	155	58
Operations	388	102
Administration	644	416
<b>TOTAL</b>	<b>2,271</b>	<b>1,627</b>

## 11. 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 payments made to employees of Haringey Council as trustee. This table excludes items paid directly by the Trust, such as agency staff payments.

Related Party Transactions	1998/99 £000's	1997/98 £000's
Staffing Costs	1,382	1,470
Rates	92	89
Central Administration	107	82
Insurance	143	261
Entertainment Licences	37	3
Cash Collection	-	1
Printing	2	3
Services - Security	1	1
<b>TOTAL</b>	<b>1,764</b>	<b>1,910</b>

## 12. AUDIT FEES

The District Audit Service as part of the overall audit of the Council's accounts provides the external audit for Alexandra Palace. The Council meets the fee of the District Audit Service. The Charity Commission has required that the Board also commission an audit by a Registered Auditor. The audit fee for the year was £17,000 (1997/98: £16,000).

# BINDER HAMLYN

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Andersen Worldwide

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## AUDITORS' REPORT TO THE TRUSTEES OF ALEXANDRA PARK AND PALACE

We have audited the financial statements on pages 1 to 9 which have been prepared under the historical cost convention and the accounting policies set out on pages 4 and 5.

### Respective responsibilities of trustees and auditor

As described in Appendix 1 to the attached Annual Report the charity's trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the charity, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.