

Company Number 3819988

# **ALEXANDRA PALACE TRADING LIMITED**

**Financial statements  
31 March 2007**

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**ALEXANDRA PALACE TRADING LIMITED**

**Financial statements for the year ended 31 March 2007**

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## **ALEXANDRA PALACE TRADING LIMITED**

### **Directors, officers and advisers**

#### **Directors as at the 31<sup>st</sup> March 2007**

C O Adje (Chair)  
P Egan (Vice Chair)  
G N Golby  
T E Golding  
B Hare  
K E Holder  
S Peacock

#### **Secretary**

Ken Harrington ( resigned 13<sup>th</sup> Feb 2008)  
Yvonne Fullerton ( appointed 13<sup>th</sup> Feb 2008 )

#### **Registered office**

Alexandra Palace  
Alexandra Palace Way  
Wood Green  
London  
N22 7AY

#### **Auditors**

Deloitte & Touche LLP  
180 Strand  
London WC2R 1BL

#### **Bankers**

The Co-operative Bank  
195 High Road  
London  
N22 6DP

#### **Solicitors**

Bates, Wells & Braithwaite  
Cheapside House  
London  
EC2V 6BB

ALEXANDRA PALACE TRADING LIMITED

ALEXANDRA PALACE TRADING LIMITED

**Directors' report for the year ended 31 March 2007**

The directors submit their report together with the audited financial statements for the year ended 31 March 2007

**Principal activity and review of the business**

The principal activity of the company during the year was to raise funds for its parent charity Alexandra Park & Palace Charitable Trust through the hiring of halls and catering for exhibitions, banquets, conferences, weddings and other events and the running of the Phoenix Public House

The company retained a small profit this year and the remainder of its taxable profits were gift aided to Alexandra Park & Palace Charitable Trust. The deed of covenant/gift aid payment for the year was £405,885 (2006 £1,000,000). The retained loss for the year, as detailed on page 7, was £29,457 (2006 Profit £39,076).

During recent years the Trust has been undertaking a process to lease the Palace to a third party, at which point the Company would have ceased trading as the principal asset from which it operated would no longer be available. During the course of 2007, the license to operate from the Palace held by the Company was terminated and a temporary license granted to a proposed lessee, and the Company's employees seconded to that lessee. Subsequently, a judicial review of the Charity Commission's decision to make an order to approve the lease resulted in that order being quashed. As a result, the temporary license was terminated and a license granted to the Company which continues to operate from the Palace. On the basis of current information available from the Trustees of the Trust, the license will be in place for at least twelve months prior to any future grant of a lease. On this basis, the directors of the Company believe it is appropriate to prepare these accounts on a going concern basis.

## **ALEXANDRA PALACE TRADING LIMITED**

### **Directors' report for the year ended 31 March 2007**

#### **Directors and their interests**

The directors of the company during the year and to the date of this report, none of which had any interests in the share capital, were as follows

V H Manheim (Chair)	(resigned 5 <sup>th</sup> July 2006)
D Dillon	(resigned 5 <sup>th</sup> July 2006)
G N Golby	(resigned 31 <sup>st</sup> March 2007 – reappointed 1 <sup>st</sup> Dec. 2007)
T E Golding	(resigned 31 <sup>st</sup> March 2007 – reappointed 1 <sup>st</sup> Dec 2007)
K E Holder	(resigned 31 <sup>st</sup> March 2007)
A Krokou	(resigned 5 <sup>th</sup> July 2006)
R A Reynolds	(resigned 5 <sup>th</sup> July 2006)
C Adje (Chair)	(appointed 5 <sup>th</sup> July 2006, resigned 29 <sup>th</sup> Oct 2007)
P Egan (Vice chair)	(appointed 5 <sup>th</sup> July 2006)
S Peacock	(appointed 5 <sup>th</sup> July 2006, resigned 22 <sup>nd</sup> Nov 2007)
B Hare	(appointed 5 <sup>th</sup> July 2006)
M Cooke (Chair)	(appointed 30 <sup>th</sup> October 2007)
J Oakes	(appointed 22 <sup>nd</sup> November 2007)
J Parker	(appointed 17 <sup>th</sup> December 2007)

#### **New directors' responsibilities requirement for 2007 accounts**

The directors are responsible for preparing the Directors Report and the financial statements. Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the company and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors Report which complies with the requirements of the Companies Act 1985

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions

## **ALEXANDRA PALACE TRADING LIMITED**

### **Directors' report for the year ended 31 March 2007**

#### **Fixed assets**

Changes in fixed assets are detailed in Note 7 to the financial statements

#### **Directors' liability insurance**

As permitted by Section 310 of the Companies Act 1985, the company has purchased insurance cover in respect of the directors' and officers' liability

#### **Provision of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information
- This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

The Director's report has been prepared in accordance with the special provisions relating to small companies in accordance with section 246(4) of the Companies Act 1985

#### **Auditors**

Deloitte & Touche LLP have declared their willingness to continue in office and a resolution to re-appoint them will be proposed to the members at the Annual General Meeting.

By Order of the Board



Yvonne Fullerton (appointed 13<sup>th</sup> Feb 2008)

Secretary

Date 4 March 2008

## **Independent auditors' report to the members of Alexandra Palace Trading Limited**

We have audited the financial statements of Alexandra Palace Trading Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

## ALEXANDRA PALACE TRADING LIMITED

### Independent auditors' report to the members of Alexandra Palace Trading Limited (continued)

#### Qualified opinion arising from disagreement over accounting for pensions

Seven employees of the company are members of a defined benefit pension scheme. As described in note 1 and the directors' report, the Directors have chosen to account for this scheme as if it were a defined contribution scheme. This does not comply with the requirements of FRS 17 *Retirement Benefits*. The effect of the failure to properly apply FRS 17 is to overstate losses for the year by £110,000, understate actuarial gains by £132,000 and overstate net assets by £302,000, as described more fully in note 13.

Except for the failure to account for the defined benefit pension scheme as such, in our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

*5 March 2008*



# ALEXANDRA PALACE TRADING LIMITED

## Profit and Loss account for the year ended 31 March 2007

	Notes	2007	2006
		£	£
Turnover	2	4,637,728	5,040,783
Cost of Sales		(3,372,237)	(3,589,849)
Gross profit		1,265,491	1,450,934
Administrative expenses		(952,711)	(490,426)
Operating profit	3	312,780	960,508
Interest receivable		63,648	78,568
Profit paid via gift aid to Alexandra Palace & Park		(405,885)	(1,000,000)
Profit on ordinary activities before taxation		(29,457)	39,076
Taxation	6	-	-
(Loss)/Profit for the financial year		(29,457)	39,076
Retained profit brought forward		40,675	1,599
Retained profit carried forward		11,218	40,675

There were no recognised gains and losses for the year other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

All the above amounts relate to continuing activities

The notes on pages 9 to 15 form an integral part of these financial statements

# ALEXANDRA PALACE TRADING LIMITED

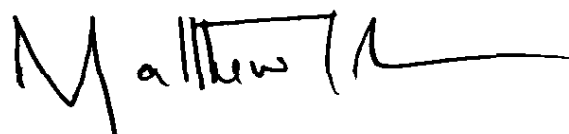
## Balance sheet at 31<sup>st</sup> March 2007

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	5,468	7,291
<b>Current assets</b>			
Stocks	8	69,591	116,920
Debtors	9	165,066	225,877
Cash at bank and in hand		1,055,918	1,772,415
		1,290,575	2,115,212
<b>Creditors: amounts falling due within one year</b>	10	(1,284,823)	(2,081,826)
<b>Net current assets</b>		5,752	33,386
<b>Total assets less current liabilities</b>		11,220	40,677
<b>Capital and reserves</b>			
Called up share capital		2	2
Profit and loss account		11,218	40,675
<b>Shareholders' funds</b>	11	11,220	40,677

The financial statements set out on pages 7 to 15 were approved by the Board of Directors on 4th March 2008 and were signed on its behalf by



) Directors  
)  
)



The notes on pages 9 to 15 form an integral part of these financial statements

# **ALEXANDRA PALACE TRADING LIMITED**

## **Notes to the financial statements**

**For the year ended 31 March 2007.**

### **1 Accounting policies**

#### **a) Basis of accounting**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards using the historical cost basis of accounting. Funds held in a custodial capacity are not included in the balance sheet.

#### **b) Going concern**

During recent years the Trust has been undertaking a process to lease the Palace to a third party, at which point the Company would have ceased trading as the principal asset from which it operated would no longer be available. During the course of 2007, the license to operate from the Palace held by the Company was terminated and a temporary license granted to a proposed lessee, and the Company's employees seconded to that lessee. Subsequently, a judicial review of the Charity Commission's decision to make an order to approve the lease resulted in that order being quashed. As a result, the temporary license was terminated and a license granted to the Company which continues to operate from the Palace. On the basis of current information available from the Trustees of the Trust, the license will be in place for at least twelve months prior to any future grant of a lease. On this basis, the directors of the Company believe it is appropriate to prepare these accounts on a going concern basis.

#### **c) Turnover**

Turnover represents the income from hiring of halls and catering for exhibitions, banquets, conferences, weddings and other events and excludes value added tax.

#### **d) Leased assets**

All leases are operating leases and the annual rentals are charged to the profit and loss account on a straight line basis.

#### **e) Tangible fixed assets**

Tangible fixed assets are shown at cost, less accumulated depreciation to date. Depreciation is provided on all tangible fixed assets and is calculated at rates designed to write off the cost of fixed assets over their expected useful lives. The rates applied are as follows:

Office equipment, furniture and fittings 25% on a reducing balance basis

# ALEXANDRA PALACE TRADING LIMITED

## Notes to the financial statements

For the year ended 31 March 2007.

### 1 Accounting policies (continued)

#### f) Stocks

Stocks are valued at the lower of cost and net realisable value. About 44% of the stocks comprise beers, wines and spirits and the company is actively running down stock levels in order to ensure that reorder levels are kept to a minimum. Any orders are being done solely on the basis of anticipated consumption. Other stocks being mainly perishable by nature have a high stock turnover ratio though the same policy is being pursued with regards to reorder levels.

#### g) Income in advance

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

#### h) Pension contributions

Costs are accounted for on a contributions payable basis for both the Local Government Pension Scheme (LGPS) and the Stakeholder Personal Pension scheme (see note 13). The company has not accounted for the LGPS in accordance with the requirements of FRS 17, although the relevant disclosures are provided in note 13.

#### i) Cashflow statement

The company has taken advantage of the exemption conferred on a wholly owned subsidiary by FRS 1 (revised) from the requirement to present a cashflow statement.

#### j) Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

### 2. Turnover

Turnover is wholly attributable to the company's principal activities and is wholly derived from trade within the United Kingdom.

### 3. Operating Profit

	2007	2006
Operating profit is stated after charging	£	£
Directors' remuneration (see note 4)	60,480	72,397
Auditors' remuneration - audit fees	25,500	16,500
Operating lease rental - land and building	290,896	290,896
- vehicle rentals	3,585	8,339
Depreciation	1,823	2,430

### 4. Directors' remuneration

	2007	2006
	£	£
Directors' emoluments	60,480	72,397

<b>5. Staff costs (including directors)</b>	<b>2007</b>	<b>2006</b>
Staff costs during the year.	£	£
Wages and salaries	924,103	1,092,091
Social security costs	95,472	98,835
	<hr/>	<hr/>
	1,019,575	1,190,926
Personal pension scheme contributions (note 14(b))	26,264	24,654
Defined benefit scheme contributions (note 14(a))	38,769	39,095
Defined benefit scheme deficit contribution	119,000	114,000
	<hr/>	<hr/>
	1,203,608	1,368,675

Average weekly number of persons employed during the year:

	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
Event management/operations	10	12
Catering	12	15
Pub	6	4
Sales and marketing	3	6
Management, administration and personnel	7	6
	<hr/>	<hr/>
	38	43

The directors' emoluments for the current year relate to one paid director and two paid non-executive directors. The other directors comprising four Trustees of the parent charity do not receive remuneration for their services. No directors are members of the pension scheme.

#### 6. Taxation-

No current tax liability arises in the company as all of the company's taxable profits are covenanted back to its shareholder, Alexandra Park & Palace Charitable Trust.

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK 30% (2006 30%). The differences are explained below:

	<b>2007</b>	<b>2006</b>
	£	£
Profit on ordinary activities before tax and Gift Aid	376,428	1,039,076
Tax at 30% thereon	(112,929)	(311,723)
Effects of:		
Expenses not deductible for tax purpose	(1,080)	(623)
Capital allowances in excess of depreciation	(131)	(175)
Movement in short term timing differences	-	11,021
Gift Aid payment	114,140	300,000
Amount at Nil rate of corporation tax	-	1,500
	<hr/>	<hr/>
Current tax charge for period	£Nil	£Nil

		Office equipment fixtures & fittings	
7.	<b>Tangible fixed assets</b>		
	Cost:		£
	At 1st April 2006		32,512
	Additions		-
			<hr/>
	At 31st March 2007		32,512
			<hr/>
	Depreciation:		
	At 1 April 2006		25,221
	Charge for the year		1,823
			<hr/>
	At 31 March 2007		27,044
			<hr/>
	Net book value		
	At 31 March 2007		5,468
			<hr/>
	At 31 March 2006		7,291
8.	<b>Stocks</b>	<b>2007</b>	<b>2006</b>
	Stocks comprise:	£	£
	Beverages, food and disposables	58,716	104,698
	Stationery stock	10,875	12,222
		<hr/>	<hr/>
		69,591	116,920
		<hr/>	<hr/>
9.	<b>Debtors</b>	<b>2007</b>	<b>2006</b>
		£	£
	Trade debtors	92,828	162,623
	Other debtors	18,760	7,804
	Prepayments and accrued income	53,478	55,450
		<hr/>	<hr/>
		165,066	225,877
		<hr/>	<hr/>

10. Creditors: amounts falling due within one year	2007	2006
	£	£
Income in advance	247,543	458,297
Trade creditors	109,894	181,644
Other taxes and social security costs	-	192,302
Amount due to parent charity	264,375	157,406
Amount due under deed of covenant to parent charity	405,885	1,000,000
Accruals	257,126	92,177
	<u>1,284,823</u>	<u>2,081,826</u>

11. Reconciliation of movement in shareholders' funds	2007	2006
	£	£
Opening shareholders' funds	40,677	1,601
(loss)/profit for the financial year	(29,457)	39,076
Closing shareholders' funds	<u>11,220</u>	<u>40,677</u>

12. Commitments under operating leases	2007		2006	
	Land & buildings	Motor vehicle	Land & buildings	Motor vehicle
Payments due within one year on leases expiring				
Within 1 year	35,896		35,896	
Within 2-5 years	255,000		255,000	

### 13. Pension scheme

#### a) Defined benefit scheme

The trading company operates a defined benefit pension scheme for the benefit of scheme members who transferred to the trading company, from the Trust, on 1 November 1999. There are 7 (2006: 9) scheme members still in the employment of the trading company as at 31 March 2007. The assets of the Scheme are in a fund independent from the trading company and are administered by Haringey Council under the provisions of the Local Government Superannuation Act. The company has not complied with FRS 17 and has accounted for contributions on the basis of those payable.

The Fund is independently valued on a regular basis by a firm of actuaries. The last valuation took place in March 2007. The purpose is to assess the adequacy of the Fund's investments and contributions. The last actuarial valuation was carried out using the Projected Unit Method.

Economic and statistical assumptions were used. The assumptions which have the most significant effect on the results of the valuation are:

	Nominal % per annum
Rate of investment - equities	- 7.8 % per annum compound
Rate of investment - bonds	- 4.9 % per annum compound
Rate of pensionable salary increases (excluding increments)	- 4.7 % per annum compound
Rate of price inflation/pensions increases	- 3.2 % per annum compound
Discount rate	- 5.4 % per annum compound

The market value of the Fund at the time of the last valuation was £619 million for the whole of the scheme of which £1,737,000 is the share for Alexandra Palace Trading Limited. Alexandra Palace

Trading Limited employer's contribution is 16 2% of salary Alexandra Palace Trading Limited is also paying additional monetary amounts of £119,000 for the year ended 31 March 2007, and £125,000 for the year ended 31 March 2008 The pension contribution for the year was £38,769 (2006 £39,095)

The actuarial valuation described above has been updated at 31 March 2007 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17 Investments have been valued, for this purpose, at fair value

The major assumptions used for the actuarial valuation were

	Nominal % per annum compound		
	2007	2006	2005
Price increases	3.20	3 10	2 90
Rate of pensionable salary increases (excluding increments)	4 70	4 60	4 40
Rate of price inflation/pensions increases	3 20	3 10	2 90
Discount rate	5 40	4 90	5 40

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were

	2007	2007	2006	2006	2005	2005
	%	£	%	£	%	£
Equities	7 8	1,255,000	7 4	1,092,000	7 7	755,000
Bonds	4 9	331,000	4.6	274,000	4.8	215,000
Property	5 8	97,000	5 5	72,000	5 7	52,000
Cash	4 9	54,000	4 6	46,000	4 0	36,000
Total fair value of assets		1,737,000		1,484,000		1,058,000
Present value of scheme liabilities		2,039,000		2,028,000		1,643,000
Net pension asset		(302,000)		(544,000)		(585,000)

For the year ended 31 March 2007, the expected return on the above assets was £108,000 (2006 £78,000) less the interest on pension scheme liabilities of £101,000 (2006 £90,000) gives a net return of £7,000 (2006 (£12,000)) as the amount credited from other finance income Therefore overall the net cost to the revenue account for the year ended 31 March 2007 is £49,000 (2006 £57,000) after deduction of the service cost



## Analysis of amount recognised in statement of total recognised Gains and Losses (STRGL):

Changes in financial assumptions underlying the present value of the scheme liabilities	138,000	(259,000)
Actuarial gain/(loss) in pension plan	132,000	(66,000)
Increase in irrecoverable surplus from membership fall and other factors		
Actuarial gain/(loss) recognised in STRGL	132,000	(66,000)
<b>Movement in Deficit during the year</b>	<b>2007</b>	<b>2006</b>
	£	£
Deficit at beginning of the year	(544,000)	(585,000)
Current service cost	(56,000)	(45,000)
Employers contributions	159,000	164,000
Net return on assets	7,000	(12,000)
Actuarial gains/(losses)	132,000	(66,000)
Deficit at the end of the year	(302,000)	(544,000)

History of Experience Gains and Losses	2007	2006	2005	2004	2003
	£	£	£	£	£
Difference between the expected and actual return on assets	(5,000)	194,000	38,000	126,000	(297,000)
Value of assets	1,737,000	1,484,000	1,058,000	1,010,000	787,000
Percentage of assets	(0.30)%	13.0%	3.60%	12.50%	(37.7%)
Experience losses on liabilities	(1,000)	(1,000)	(16,000)	(2,000)	(22,000)
Present value of liabilities	2,039,000	2,028,000	1,643,000	1,557,000	1,339,000
Percentage of the present value of liabilities	0.0%	(0.0%)	(1.0%)	(0.1%)	(1.6%)
Actuarial gains/(losses)	132,000	(66,000)	(20,000)	26,000	(370,000)
Present value of liabilities	2,039,000	2,028,000	1,643,000	1,557,000	1,339,000
Percentage of the present value of liabilities	6.5%	(3.3%)	(1.2%)	1.70%	(27.6%)

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement

### b) Stakeholder personal pension scheme

For new employees to the trading company since 1 September 1999, the trading company has established a stakeholder pension and contributes personal pension contributions into this scheme. The employer's contribution is 10% of salary and the pension contribution for the year was £26,264 (2006 £24,654). There are no accrued employer contributions included within the creditors.

## 14. Controlling party

The controlling party is Alexandra Park & Palace Charitable Trust (Charity number 281991). Copies of the consolidated accounts can be obtained from Alexandra Park & Palace Charitable Trust, Alexandra Palace, Alexandra Palace Way, London N22 7AY.