

CABINET SUB-COMMITTEE (COUNCIL CHARITIES) 31 OCTOBER 2013
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*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 5
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TITLE OF REPORT: 2012/13 ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR HITCHIN TOWN HALL GYMNASIUM AND WORKMANS HALL TRUST

REPORT OF THE ACCOUNTANCY MANAGER

1. SUMMARY

- 1.1 To update the Sub-Committee following the independent examination of the financial statements for 2012/13.
- 1.2 To request approval of the 2012/13 Annual Report and Statement of Accounts prior to submission to the Charity Commission.

2. RECOMMENDATIONS

- 2.1 That the Sub-Committee notes the independent examination report, attached as Appendix 1.
- 2.2 That the Sub-Committee approves the 2012/13 Statement of Accounts, attached as Appendix 2.
- 2.3 That the Sub-Committee approves the 2012/13 Annual Report, attached as Appendix 3.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To comply with requirements of the Charity Commission.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Statement of Accounts is a report of fact and there are no alternative options to consider.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 There has not been any consultation with external organisations or ward members on the preparation of the accounts or annual report. Members have been consulted at regular intervals during the project for the North Hertfordshire District Museum and Community Facility to be developed on the site of the Trust's property.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 A local authority acting as corporate trustee, by virtue of section 210 of the Local Government Act 1972, to a registered charity must fulfil the reporting and accounting requirements lay down by the Charities Act 1993. The Act requires all registered charities to prepare a Trustees' Annual Report. Charities with gross income over £25,000 in the accounting year must file their trustees' report with the Charity Commission.
- 7.2 The form of the financial statements and other information that a charity's accounts must contain varies in accordance with the size of the charity, as do the external scrutiny requirements. The Council has been advised that the size of the Hitchin Town Hall Gymnasium and Workmans Hall Trust requires the accounts to have outside scrutiny but trustees may choose independent examination or audit by a registered auditor, unless the governing document stipulates one or the other.
- 7.3 The financial statements consist of a Statement of Financial Activities, Balance Sheet, statement of accounting policies and relevant notes to the accounts. A cash flow statement is not required.
- 7.4 At the meeting on the 9 October 2012 the sub-committee noted the points raised by the independent examiner and approved the 2011/12 Accounts and Annual Report.

8. ISSUES

2012/13 Statement of Accounts

- 8.1 The statement of accounts, presented at Appendix 2, have been prepared in accordance with applicable accounting standards and the Charities Act 1993 and on an accruals basis. The annual report is at Appendix 3.
- 8.2 The Statement of Financial Activities (SOFA) is a single accounting statement to show how the Trust has used its resources in furtherance of its objectives for the provision of benefit to its beneficiaries. It shows whether there has been a net inflow or outflow of resources, including capital gains and losses on assets, and provides a reconciliation of all movements in the charity's funds.
- 8.3 For the year ended 31 March 2013 there was a net outflow of resources of £2,672. Income from the hire of the hall was £4,276 (£16,301 in 2011/12) which, together with the contribution from the Council of £31,500 (£24,696 in 2011/12), nearly covered all expenditure. The facility was closed in October 2012 for redevelopment. This explains the reduction, year on year, of income from the hire of hall. There was a small overall compensating reduction of £2,388 in gross expenditure, year on year, but the Trust continues to incur some running expenditure even when the building is closed.
- 8.4 The balance sheet provides a snapshot of the charity's assets and liabilities at the end of the accounting year (31 March 2013) and how assets are split between the different types of funds. The objective of the balance sheet is to show the resources available to the Trust and whether these are freely available or have to be used for specific purposes because of legal restrictions on their use.
- 8.5 The fixed assets consist of the Gymnasium and Workman's Hall which was valued at £174,000 by the independent valuers, Lambert, Smith and Hampton in March 2012. The depreciated value is shown as 'restricted funds' in the reserves to reflect the specific purpose of the asset and restriction on its use.

- 8.6 The balance in the general unrestricted funds shows the extent of resources freely available to the Trust. At the 31 March 2013 there was a small deficit of £255 which is mainly due to the creditors outstanding at this date. This will be funded by the Council, as the creditors are paid in the new financial year.

Independent examination of accounts

- 8.7 The examination of the accounts has been completed by the appointed auditor, Gursh Bains CPFA. Gursh has experience of auditing Charity Accounts in previous roles at the Audit Commission. This is the fourth year Gursh has completed the examination.
- 8.8 The examination did not identify any issues which needed to be brought to the attention of the Trustees and the examiner's report is provided in Appendix 1.
- 8.9 The fee for the independent examination was £250. This is the same amount paid in 2011/12 and 2010/11.

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet Sub-Committee is the relevant body appointed by Cabinet to discharge the functions of the Council as Trustee of the property subject to the Trusts.
- 9.2 The level of income related to the Trust property is such that the Trust is registered with the Charity Commission. The Charity Commission require that accounts need to be filed on an annual basis together with an Annual Report and an Annual Return. The general principle is that the Annual Report needs to transparently set out what the charity is trying to do and how it goes about it. The Annual Return summarises information contained within the Statement of Accounts and Annual Report and will be completed online by officers.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no further financial implications to report as a result of the Statement of Accounts.

11. RISK IMPLICATIONS

- 11.1 There are no risk implications to report as a result of the Statement of Accounts.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1 October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5 April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 The Sub-Committee members acting on behalf of the Trust ensure that through the management of the building its objectives are met in the use of the Trusts areas for the provision of as much community benefit as may be possible. This is achieved by making available unrestricted use of the building to all members of the community, regardless of gender, sexual orientation, race, age, religious belief or disability for a

range of purposes. The list of users from April to October 2012, contained within the trustees' annual report attached at appendix 3, demonstrate the use of the facility by a wide range of community/activity groups.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12. Any individual award of a public service contract will be evaluated in terms of its social value through the Council's procurement processes.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no human resource implications as a result of this report.

15. APPENDICES

- 15.1 Appendix 1: Examiner's report.
Appendix 2: Statement of Accounts 2012/13.
Appendix 3: Annual Report 2012/13.

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17. BACKGROUND PAPERS

None.