
Halesowen Area Committee – 24th January 2008

Report of the Director of Finance

The Earls High School Foundation – Final Accounts

Purpose of Report

1. To consider, approve and sign the accounts and annual returns of the Trust.

Background

2. Dudley MBC is the Corporate Trustee of the Foundation, which is governed by a scheme dated 23rd August 1989, and is a registered charity No. 527585.
3. The annual income of the Trust may be applied under the terms of the Trust in one or more of the under-mentioned ways:-
 - a) In providing the school with such benefits of any kind not normally provided by the local education authority as may be agreed between the Trustees and the School Governors.
 - b) In promoting the education (including social and physical training) of persons under the age of 25 years who are attending or have attended the school and who are in need of financial assistance
4. The Statement of Accounts for the Trust is shown in Appendix 1.

Finance

5. The accounts of the Trust have been independently examined by the Head of Audit Services. The accounts and the signed Independent Examiner's certificate will be lodged with Charity Commissioners, after approval by the Trustees.
6. The investment of resources is regulated by the Trustee Investment Act 1961. This Act puts limits on the power of Trustees in investing the funds in stocks, shares and bonds

Law

7. The Council is successor the former Halesowen Council by virtue of the Local Government Act 1972
8. Section 139 of the Local Government Act , 1972 empowers the Council to accept, hold and administer gifts of property, where it enables them to discharge any of

their functions, and where the gifts are for the purposes of benefiting the inhabitants of their area

9. The conditions under which a gift is to be administered, are contained in the Deed creating the Trust, and any subsequent schemes made by the Charity Commission.
10. The law relating to Trusts, which are charitable, is contained in various Acts, the main ones being the Charities Act, 1960, the Charities Act 1992 and 1993 and the Trustee Investment Act, 1961

Equality Impact

11. The Trusts have been set up to benefit the certain groups of people as outlined in the Deed of Gift

Recommendation

12. It is recommended that:-
 - a) The Committee approve the accounts of the Trust, on behalf of the Council in their capacity as Trustees
 - b) The Chair be authorised to sign the accounts on behalf of the Committee



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Mike Williams
Director of Finance

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TRUSTEES ANNUAL REPORT FOR THE YEAR TO 31ST MARCH 2007

History, Objectives and Activities of the Trust

The Trustees present their Annual Report for the year ended 31st March 2007 for the Earls High School Foundation. The Trust is a registered charity, number 527585; set up under a scheme dated 1st April 1928 and amended by a scheme dated 23rd August 1989.

The Charity is established to use its net income for the following purposes:

- (1) In providing for the school such special benefits of any kind not normally provided by the local education authority as may be agreed between Trustee and the governors of the school.
- (2) In promoting the education (including social and physical training) of persons under the age of 25 years who are attending or have attended the school and who are in need of financial assistance.

Management and Governance Arrangements

The Trustee of the charity is Dudley Metropolitan Borough Council which has delegated its power to the Halesowen Area Committee.

The charity's address is:

The Council House
Priory Road
Dudley
West Midlands
DY1 1HF

Procedures and Policy for Grant making

Grant applications are reported to the Halesowen Area Committee which meets five times per year. These are considered as to their appropriateness & the available funds.

Financial Review

The Trust has a permanent endowment and general funds, some of which are designated for future major repairs of the Trust property.

The investments were re-valued at 31st March 2007 to be shown at the market value to comply with the Charities SORP 2005. The resulting unrealised loss of £135.93 was deducted from the value of the permanent endowment fund.

During the year the charity continued to receive interest, dividends and rent.

The expenditure incurred during the year from the general fund was £2565.50 for sundry repairs to trust property .

The Trustees have introduced a reserves policy which has been implemented during the financial year. This policy allows for the transfer of £2250 from the general fund to the designated fund being for future major property repairs to be continued .

The surplus of £10326 was transferred to the appropriate funds and this together with transfers between funds leaves £115210 in general funds, £15750 in designated funds and £127376 in the permanent endowment fund.

The level of reserves was considered to be reasonable to respond to the requests which may be presented from the school and others during future years.

The Trustees considered the state of the affairs of the charity to be satisfactory.

Future Plans

The Trustees intend to continue use the funds to maintain the assets of the Trust, to contribute to projects within the Earls High School as requested & consider any other suitable applications.

Statement of Trustees' Responsibilities

Charity law requires the Trustees to prepare financial statements for each financial year which show a true and fair view of the state of the affairs of the charity and its financial activities for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Examiner

The Trustees intend to ask Dudley Audit Services to undertake the independent examination of the Trust in the following year.

Chairman

Date

Signed on behalf of the Trustees.

EARLS HIGH SCHOOL FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR
TO 31ST MARCH 2007

	<u>Note</u>	<u>Unrestricted Funds</u>		<u>Permanent Fund</u>	<u>Total Funds</u>	
		<u>General</u>	<u>Designated</u>		<u>2007</u>	<u>2006</u>
		£	£		£	£
Incoming Resources	(2)	12891	-	-	12891	12283
Resources Expended	(3)	2565	-	-	2565	4083
Net Incoming Resources		10326	-	-	10326	8200
Other Recognised Gains & Losses						
Gain(Loss) on revaluation of investments	(5)		-	(136)	(136)	4
Transfer of Funds	(6)	(2250)	2250		-	
Net Movement of Funds		8076	2250	(136)	10190	8204
Total Funds Brought Forward		107134	13500	127512	248146	239942
				-	-	-
Total Funds Carried Forward		115210	15750	127376	258336	248146

EARLS HIGH SCHOOL FOUNDATION

BALANCE SHEET AS AT 31ST MARCH 2007

	<u>Note</u>	<u>2007</u>	<u>2006</u>
		£	£
<u>Fixed Assets</u>			
<u>Land and Buildings</u>	(4)	73000	73000
<u>Investments</u>			
£1,510.43 Charinco Stock	(5)	2693	2829
Dudley MBC		11165	8133
COIF Charities Dep. Account		167292	159713
Midland Bank PLC Dep. Account		4893	4784
		<hr/>	<hr/>
		186043	175459
<u>Current Assets</u>			
Midland Bank Current Account		508	507
Debtors – Rent due		0	0
		<hr/>	<hr/>
		508	507
<u>Current Liabilities</u>			
Dudley MBC		0	0
Creditors – rent in Advance		1215	820
		<hr/>	<hr/>
<u>Net Current Assets/Liabilities</u>		(707)	(313)
<u>Net Assets</u>		<hr/>	<hr/>
		258336	248146
<u>Permanent Endowment Fund</u>			
		127376	127511
<u>Unrestricted Funds</u>			
General		115210	107135
Designated	(6)	15750	13500
		<hr/>	<hr/>
		130960	120635
		<hr/>	<hr/>
		258336	248146
		<hr/>	<hr/>

Chairman

Date

For and on behalf of the Trustees.

EARLS HIGH SCHOOL FOUNDATION

NOTES ON FINAL ACCOUNTS FOR YEAR TO 31ST MARCH 2007

1 Accounting Policies

In preparing the accounts the following accounting policies have been complied with:

- These accounts have been prepared under the historic cost convention with the exception that the investments are valued at market value. The accounts are in accordance with applicable accounting standards and the Charities SORP 2005 (Accounting and Reporting by Charities) and comply with the Charities (Accounts and Reports) Regulations 2005 issued under the Charities Act 1993.
- Investment Income is recorded when receivable
- Expenditure on grants is recorded once the Trust has made a commitment to pay the grant and this is communicated to the beneficiary or the grant paid, whichever is the earlier.
- Other expenditure is included in the accounts on an accruals basis.
- Quoted investments have been valued at market value at the balance sheet date.
- Unrealised and realised investment gains and losses are shown net in the statement of financial activities.
- Depreciation is not provided for in the accounts. This is in line with current Council policy that depreciation is not accounted for on land and buildings which are properly maintained.

2 Income

Income received was as follows:

	2006	2007
	£	£
Interest Received	7392	8000
Dividends	151	151
Rent	4740	4740
	<u>12283</u>	<u>12891</u>

3 Expenditure

The expenditure during the year was £2565 (£4083 last year). This was made up of sundry property repairs.

4 Land & Buildings

The Land and Buildings were revalued as at 31st March 2005 by the Managements & Valuation section within the Law & Property Directorate of Dudley MBC. The valuation is on an existing use market value basis subject to the existing occupations of a secure tenant.

5

Investments

The investments are shown in the Balance Sheet at the market value for 31st March 2007 to comply with guidelines in the Charities SORP 2005. There was an unrealised loss from the decrease in the valuation of the investment of £135.93

	<u>Cost</u>	<u>Market Value</u> <u>31/03/06</u>	<u>Market Value</u> <u>31/03/07</u>	<u>Unrealised Gain/(Loss)</u> <u>31/03/07</u>
	£	£	£	£
£1510.43 Charinco Stock	1908	2829	2693	(136)

- 6 The managing agents of the property (Dudley MBC, Legal & Property Services) have recommended that it would be prudent for the Trustees to make an annual provision of £2250pa in the Accounts for future major repairs. This was transferred from the General Unrestricted Funds to the Designated Unrestricted Funds at the end of the year.

Therefore, the amount in Designated Unrestricted Funds comprises:-

£

Repairs Reserve	15750
Total	<u>15750</u>

- 7 The Foundation also owns land and buildings used by Earls High School.