
Halesowen Area Committee – 24th January 2007

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 Deed 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 who 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.
5. The Head of Dudley Audit Services has recommended that to comply with the Statement of Recommended Practice of Accounting by Charities the Trustees should consider and agree a policy on the reserves of the Trust.

Finance

6. The accounts of the Trust (Appendix 1) have been independently examined by the Head of Dudley Audit Services. The accounts and the signed Independent Examiner's certificate will be lodged with the Charity Commissioners, after approval by the Trustees.
7. 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

8. The Council is successor to the former Halesowen Council by virtue of the Local Government Act 1972.
9. 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.
10. 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.
11. 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

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

Recommendation

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



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Director of Finance

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List of Background Papers

Financial ledger source documents.
Bank Statements

TRUSTEES ANNUAL REPORT FOR THE YEAR TO 31ST MARCH 2006

History, Objectives and Activities of the Trust

The Trustees present their Annual Report for the year ended 31st March 2006 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.

Achievements and Performance of the Trust

During the year the Trust was able to contribute to the cost of the Earls High School visit to Baltimore, USA & take part in a Dance Festival.

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 2006 to be shown at the market value to comply with the Charities SORP 2005. The resulting unrealised profit of £4.53 was added to 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 £83 for sundry repairs to trust property and a grant of £4000 to the Earls High School.

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 £8200.15 was transferred to the appropriate funds and this together with transfers between funds leaves £107135 in general funds, £13500 in designated funds and £127511 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 2006

	<u>Note</u>	<u>Unrestricted Funds</u>		<u>Permanent Fund</u>	<u>Total Funds</u>	
		<u>General</u>	<u>Designated</u>		<u>2006</u>	<u>2005</u>
		£	£	£	£	£
Incoming Resources	(2)	12283	-	-	12283	12158
Resources Expended	(3)	4083	-	-	4083	306
Net Incoming Resources		8200	-	-	8200	11852
Other Recognised Gains & Losses						
Gain(Loss) on revaluation of investments	(5)	-	-	4	4	41238
Transfer of Funds	(6)	-2250	2250			
Net Movement of Funds		5950	2250	4	8204	53090
Total Funds Brought Forward		101185	11250	127507	239942	186852
				-	-	-
Total Funds Carried Forward		107135	13500	127511	248146	239942

EARLS HIGH SCHOOL FOUNDATION
BALANCE SHEET AS AT 31ST MARCH 2006

	<u>Note</u>	<u>2006</u>		<u>2005</u>	
		£	£	£	£
<u>Fixed Assets</u>					
<u>Land and Buildings</u>	(4)		73000		73000
<u>Investments</u>					
£1,510.43 Charinco Stock	(5)	2829		2825	
Dudley MBC		8133		6874	
COIF Charities Dep. Account		159713		152876	
Midland Bank PLC Dep. Account		4784		4680	
			175459		167255
<u>Current Assets</u>					
Midland Bank Current Account		507		507	
Debtors – Rent due		0		0	
		507		507	
<u>Current Liabilities</u>					
Dudley MBC		0		0	
Creditors – rent in Advance		820		820	
			(313)		(313)
<u>Net Current Assets/Liabilities</u>					
<u>Net Assets</u>			248146	239942	
<u>Permanent Endowment Fund</u>			127511		127507
<u>Unrestricted Funds</u>					
General		107135		101185	
Designated	(6)	13500		11250	
			120635		112435
			248146		239942

Chairman

Date

For and on behalf of the Trustees.

EARLS HIGH SCHOOL FOUNDATION

NOTES ON FINAL ACCOUNTS FOR YEAR TO 31ST MARCH 2006

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	2005
	£	£
Interest Received	7392	7267
Dividends	151	151
Rent	4740	4740
	<hr/> 12283	<hr/> 12158

3 Expenditure

The expenditure during the year was £4083 (£306 last year). This was made up of small sundry property repairs and a grant of £4000 to The Earls High School towards the cost of a school trip to Baltimore, USA

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. The surplus of £41250 on land & buildings and the decrease in value of the shares had resulted in £41238 being added to the value of the permanent fund in the accounts to 31st March 2005

5 **Investments**

The investments are shown in the Balance Sheet at the market value for 31st March 2006 to comply with guidelines in the Charities SORP 2005. There was an unrealised profit from the increase in the valuation of the investment of £4.53

	<u>Cost</u>	<u>Market Value</u> <u>31/03/06</u>	<u>Market Value</u> <u>31/03/05</u>	<u>Unrealised Gain/(Loss)</u> <u>31/03/06</u>
	£	£	£	£
£1510.43 Charinco Stock	1908	2829	2825	4

- 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	13500
Total	<u>13500</u>

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