

**Halesowen Area Committee – 25th January 2006**

**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.
2. To consider and approve a Reserves policy for the Trust

**Background**

3. Dudley MBC is the Corporate Trustee of the Foundation, which is governed by a scheme dated 23<sup>rd</sup> August 1989, and is a registered charity No. 527585.
4. 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 provided the school with such benefits of any kind not normally provided by the local 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.
5. The Statement of Accounts for the Trust is shown in Appendix 1.
6. 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**

7. 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.
8. A recommended Reserves policy for the Trust is set out in Appendix 2

9. 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**

10. The Council is successor to the former Halesowen Council by virtue of the Local Government Act 1972.
11. 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.
12. 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.
13. 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**

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

### **Recommendation**

15. 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 returns on behalf of the Committee.
  - c.) The Committee agree the Reserves policy in their capacity as Trustee



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**Mike Williams**  
**Director of Finance**

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### **List of Background Papers**

Financial ledger source documents.  
Bank Statements  
E mail re Valuation for Land & Buildings

# ANNUAL REPORT FOR THE YEAR TO 31<sup>ST</sup> MARCH 2005

The Trustees present their Annual Report for the year ended 31<sup>st</sup> March 2005 for the Earls High School Foundation. The Trust is a registered charity, number 527585; set up under a scheme dated 1<sup>st</sup> April 1928 and amended by a scheme dated 23<sup>rd</sup> August 1989.

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

## Objectives and Activities

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.

## Financial Review

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

The expenditure incurred during the year from the general fund was £306 for sundry repairs to trust property.

The investments were re-valued at 31<sup>st</sup> March 2005 to be shown at the market value to comply with the Statement of Recommended Practice of Accounting by Charities. The resulting unrealised loss of £12 was deducted from the value of the permanent endowment fund.

The Land & Buildings were revalued at £73,000 by Management & Valuations section within Law & Property Directorate of Dudley MBC as at 31<sup>st</sup> March 2005. The surplus of £41, 250 has increased the value of the permanent fund.

The Trustees are considering a reserves policy which will be implemented during the next financial year.

However during this year the policy of transferring £2250 from the general fund to the designated fund being for future major property repairs was continued .

The surplus of £11852 was transferred to the appropriate funds and this together with transfers between funds leaves £101185 in general funds, £11250 in designated funds and £127507 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.

**Chairman** .....

**Date** .....

For and on behalf of the Trustees.

**EARLS HIGH SCHOOL FOUNDATION**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR**  
**TO 31<sup>ST</sup> MARCH 2005**

	<u>Note</u>	<u>Unrestricted Funds</u>		<u>Permanent</u>	<u>Total Funds</u>	
		<u>General</u>	<u>Designated</u>	<u>Fund</u>	<u>2005</u>	<u>2004</u>
		£	£	£	£	£
<b>Income</b>	(2)	12158	-	-	12158	10706
<b>Expenditure</b>	(3)	306	-	-	306	25258
<b>Surplus / (Deficit)</b>		11852		-	11852	(14552)
<b>Increase / (Decrease) in value of investments &amp; land &amp; property</b>	(4)	-	-	41238	41238	(83)
<b>Total Funds Brought Forward</b>		91583	9000	86269	186852	201487
<b>Transfer of Funds</b>	(5)	(2250)	2250	-	-	-
<b>Total Funds Carried Forward</b>		101185	11250	127507	239942	186852

**EARLS HIGH SCHOOL FOUNDATION**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2005**

	<u>Note</u>	<u>2005</u>		<u>2004</u>	
		£	£	£	£
<b><u>Fixed Assets</u></b>					
<b><u>Land and Buildings</u></b>					
			73000		31750
<b><u>Investments</u></b>					
£1,510.43 Charinco Stock	(4)	2825		2837	
Dudley MBC		6874		0	
COIF Charities Dep. Account		152876		151317	
Midland Bank PLC Dep. Account		4680		4585	
		167255		158739	
<b><u>Current Assets</u></b>					
Midland Bank Current Account		507		507	
Debtors – Rent due		0		0	
		507		507	
<b><u>Current Liabilities</u></b>					
Dudley MBC		0		3324	
Creditors – rent in Advance		820		820	
		(313)		(3637)	
<b><u>Net Current Assets/Liabilities</u></b>					
		239942		186852	
<b><u>Net Assets</u></b>					
<b><u>Permanent Endowment Fund</u></b>					
			127507		86269
<b><u>Unrestricted Funds</u></b>					
General		101185		91583	
Designated	(5)	11250		9000	
		112435		100583	
		239942		186852	

**Chairman** .....

**Date** .....

For and on behalf of the Trustees.

# EARLS HIGH SCHOOL FOUNDATION

## NOTES ON FINAL ACCOUNTS FOR YEAR TO 31<sup>ST</sup> MARCH 2005

### 1 Accounting Policies

#### General

These Accounts have been prepared under the historic cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities.

#### Depreciation

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:

	<b>2005</b>	<b>2004</b>
	£	£
Interest Received	7267	5815
Dividends	151	151
Rent	4740	4740
	<u>12158</u>	<u>10706</u>

### 3 Expenditure

The expenditure during the year was £306 (£25258 last year). This was made up of small sundry property repairs. Last year's figure included £25,000 donated to the School as agreed at the meeting on 10<sup>th</sup> July 2001 as contribution for Specialist status.

### 4 Investments

The investments are shown in the Balance Sheet at the market value for 31<sup>st</sup> March 2005 to comply with guidelines in the Statement of Recommended Practice for Charities. There was an unrealised loss from the decrease in the valuation of the investment of £12.

	<u>Cost</u>	<u>Market Value</u> <u>31/03/05</u>	<u>Market Value</u> <u>31/03/04</u>	<u>Unrealised</u> <u>Gain/(Loss)</u> <u>31/03/05</u>
	£	£	£	£
£1510.43 Charinco Stock	1908	2825	2837	(12)

The Land and Buildings were revalued as at 31<sup>st</sup> 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 has resulted in £41238 being added to the value of the permanent fund.

- 5 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:-

	<b>£</b>
Repairs Reserve	11250
<b>Total</b>	<b><u>11250</u></b>

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



## RESERVES POLICY

The Trustees have considered the reserve policy of the Trust. It has been agreed that:

1. An annual amount of £2250 will be transferred to a separate fund designated for future repairs of the Trust property.
2. The “real” spending power of the Permanent Endowment should be maintained. Therefore if the value of the Permanent Endowment after being adjusted using the retail price index should fall, this difference would need to be set aside from general reserves and the amount available for distribution would be reduced.
3. Funding is mainly provided to the Earls High School for large projects, therefore it would not be unreasonable for the level of reserves to fluctuate yearly. Therefore the Director of Finance from Dudley M.B.C. should review the level of the reserves annually & liaise with Headteacher of the school to ensure that the funds are spent on a regular basis.